

LONDON MINING PLC

London Mining Plc

8 August 2008

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

STRATEGIC COAL EXPANSION - FIRST ACQUISITION; SOUTH AFRICA

London Mining today announces its strategic expansion into the coal industry. With a 2.36 billion tonne portfolio of iron assets supplying, and being developed for, the global steel industry, London Mining believes that an expansion into coal extraction can deliver significant value for shareholders. In addition to this first coal acquisition in South Africa, the Company will continue to build up its production and resource base in order to become a significant supplier to the steel and energy markets. Coal assets for the supply of energy markets will be brought into the Company where London Mining's development experience can be easily applied in order to generate near-term and expanding cash flow and value for shareholders.

Both the iron and coal divisions will be overseen at group level with the possibility of mutually beneficial funding, development and off take agreements being made for the complementary projects. Experienced technical and operating management teams shall operate at project level. London Mining believes that its multi asset approach to supplying the steel industry with raw materials will enable it to establish favourable partnering agreements with steel producers and realise benefits from geographic and development stage diversification. With production and late stage development already successfully realised by the Company, replicating that success in its coal division, as well as further building its base of iron ore assets, is the next strategic step.

Iron Division

- Strategic review of Brazilian iron ore operations continuing as planned, with review process expected to conclude before end of Q3 2008, at which stage London Mining will update the market
- Mexico development underway with first production expected early 2009
- Sierra Leone infrastructure program and port negotiations in progress
- Saudi Arabia and Greenland co-development assessment near completion

Coal Division - acquisition of interest in DMC Energy

London Mining is pleased to announce that it has reached agreement with Delta Mining Consolidated (Pty) Ltd ("DMC") to subscribe for up to 50.5% of DMC Energy (Pty) Ltd ("DMC Energy"), a subsidiary of DMC, for a total of up to USD120million in staged payments, with the first such payment subject only to receipt of regulatory approvals in South Africa.

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(No. 5424040)

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Following completion of an internal reorganisation by DMC, DMC Energy will own the following interests in South African mining assets:

- 70% of Ashante Mineral Resource (Pty) Ltd, which holds the Rietkuil coal project ("Rietkuil") (Inferred In-Situ Resource of up to 288 million tonnes of coal). Rietkuil is situated 13 km from Eskom's Kendel power station and 43 km from Eskom's refurbished Grootvlei power station. Road, rail and power infrastructure is all available on site.
- 30.35% (to increase to 69.65% upon completion of London Mining investment and DMC Energy reorganisation) of DMC Coal Mining (Pty) Ltd ("DMC Coal"), which holds the Limpopo coal project ("Limpopo") and the Pixley Ka Seme ("PKS") coal and torbanite project. The potential resource of the Limpopo project is 426 million tonnes in situ resource of metallurgical and thermal coal. The PKS project includes a coal deposit in excess of 234 million tonnes in situ as well as 73 million tonnes torbanite (high yielding oil shale) with estimated yield of 1 barrel of synthetic crude per tonne of shale. Coal deposits include anthracite, steam coals and metallurgical coal.

DMC has also secured an irrevocable 40mtpa port allocation through the future Porto du Bella Vista port in Mozambique and is in the process of acquiring additional coal exploration assets in Botswana (70%), Zimbabwe (65%) and Swaziland (70%). These assets will be transferred to DMC Energy after registration is complete and all coal projects developed by DMC shall be developed through DMC Energy.

Christopher Brown, Managing Director of London Mining said "This acquisition will form the basis of London Mining's new Coal Division which we hope to grow rapidly in the future. We are particularly excited about entering into the coal business due to the strong demand from steel making and power generation that has resulted in major price increases this year, in a similar manner to iron ore. We are very impressed with the professionalism of the DMC Energy management team and the assets they have assembled. Rietkuil is being fast tracked into production and the other projects have substantial export potential through the new port in Mozambique. This acquisition will add substantial value to London Mining."

Under the terms of the subscription and loan agreement, London Mining has agreed:

- (i) to acquire, through a wholly owned subsidiary, for an aggregate cash consideration of US\$16.5million, 39.3% of DMC Coal by acquiring the entire issued share capital of Torbanite One Ltd ("Torbanite One"), a company whose sole asset is a 39.3% holding of DMC Coal ;
- (ii) subject to regulatory approval, to make a secured loan to DMC Energy in the sum of USD18.5million, to be drawn down as to USD4.5million immediately upon receipt of South African regulatory approvals, USD5million on 31 August 2008 and USD9million on 30 September 2008. This funding will be sourced from London Mining's existing cash resources;
- (iii) upon receipt of South African regulatory approvals, and following completion of the internal reorganisation by DMC, to acquire 21% of DMC Energy, such subscription to be satisfied by way of the contribution of Torbanite One shares or the 39.3% interest in DMC Coal to DMC Energy and by conversion of USD4.5million of the loan to equity;

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- (iv) upon receipt of regulatory approvals and the parties having entered into a shareholders' agreement in relation to DMC Energy, to increase its interest in DMC Energy shares to 28%, such further subscription to be satisfied by the conversion to equity of the balance of the loan, being USD14million, by the end of September 2008.

This funding will be used by DMC Energy for the following purposes:

- a. to complete a Bankable Feasibility Study on the Rietkuil project and carry out preparation stages for the commencement of mining at Rietkuil targeted for late 2009
- b. to acquire the shares in Rietkuil for DMC energy which are not already held by DMC Group;
- c. to extend the exploration programme on Limpopo;
- d. acquisition of assets in Botswana and other areas;
- e. project and support costs for existing projects;
- f. acquisition of outstanding warrants in relation to DMC Coal shares; and
- g. funding of DMC Energy's restructuring costs and certain transaction costs.

In addition, the parties have agreed that:

- (i) subject to the transfer of DMC's interests in coal assets in Botswana, Zimbabwe and Swaziland (referred to above) to DMC Energy by 31 October 2008, London Mining will, subject to obtaining committed funds and regulatory approvals, increase its interest in DMC Energy to 42% with a cash subscription of USD35million by the end of October 2008; and
- (ii) subject to completion of a bankable feasibility study on the Rietkuil coal project and the commencement of mining preparation as outlined in the study by mid-2009, London Mining will, subject to obtaining committed funds and regulatory approvals, increase its interest in DMC Energy to 50.5% through a further USD50million cash subscription to be made over a 12 month period from May 2009 in accordance with an agreed business plan.

It is envisaged that the cash funding required for subscriptions (i) and (ii) above will be sourced from cash resources held by the London Mining group at that time or through alternative funding arrangements as appropriate.

The coal assets described above will be operated by DMC Energy, which has an office based in Johannesburg. DMC Energy has an experienced board of three executive directors, Pieter Wiese; Maritza Schoeman and Mike Davison and a ten person technical team led by Jac Le Roux. London Mining will also be represented on the board of DMC Energy. Heine van Niekerk, CEO of the Delta Group also sits on the board of DMC Coal. All Black Economic

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Empowerment requirements for the projects have been met as per the South African minerals legislation and are in place at the operating entity level which holds the mineral rights. The most advanced asset, Rietkuil, is currently being drilled up to JORC Measured-Indicated Resource standard with a view to confirming ore reserves later this year prior to completing a Bankable Feasibility Study by mid-2009 on a 1.8mtpa open pit coal operation.

(Please see Appendix for Management Bios and Project Descriptions.)

For further information, please contact:

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Notes to the Editors:

London Mining is incorporated and registered in the UK, and is developing mines to supply the global steel industry. The Company has operational mining, exploration and development projects located in Brazil, Sierra Leone, Saudi Arabia, Greenland, Mexico and South Africa, and has total iron ore resources of 2.36 billion tonnes containing an estimated 867Mt of iron. 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. 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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APPENDIX

Description of DMC Energy projects:

Rietkuil (70% owned by DMC through its interest in Ashante Mineral Resources (Pty) Ltd)

- The Rietkuil project is situated on the farm Rietkuil 249 IR, 8 km east of the town Delmas in Mpumalanga. Rietkuil borders on the Leeupan Mine of Exxaro and is just north of Kuyasa Mining. The R50 main road and the rail spur to Delmas Colliery runs over Rietkuil
- This 2,713 ha area contains a substantial resource of coal and is well situated for both local and export markets. The inferred gross in situ resource is calculated at 288 million tonnes at a JORC indicated drill grid
- DMC Coal has managed to obtain the data of 51 drill logs that was drilled in this area, of which 27 boreholes are on this property. A drilling program is currently underway for a JORC measured grid with an additional 48 holes drilled since April 2008
- An independent resource statement is not currently available but a Measured JORC statement is expected in the 4th quarter of 2008.

Strategic significance:

- Road, rail and power infrastructure is all available on site
- Rietkuil is situated 13 km from Eskom's Kendel power station and 43 km from Eskom's refurbished Grootvlei power station

Limpopo (30.35% owned by DMC, increasing to 69.65%, through its interest in DMC Coal)

- The Limpopo project is situated in the Limpopo province, directly to the east of Coal of Africa's Tuli project. The total area of this project is in excess of 9 500 ha.
- The potential resource of this project is 426 million tonnes in situ resource. Included in the resource are indications for a large resource of metallurgical coal (semi soft coking) (113 million tonnes in situ) as well as middling suitable for steam coal (144 million tonnes in situ).
- The prospecting started in May 2008, and drilling commenced shortly after. No current resource statement is available at this stage.

Strategic significance:

- Semi soft coking coal also suitable for PCI (pulverised coal injection)
- The potential for a new power station to generate electricity

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Pixley ka Seme (30.35% owned by DMC, increasing to 69.65%, through its interest in DMC Coal)

- The Pixley Ka Seme (PKS) project is situated on the boundary between Mpumalanga and KwaZulu Natal, between the towns of Volksrust and Piet Retief and covers an area in excess of 20 000 ha.
- The PKS project includes a coal deposit in excess of 234 million tonnes in situ as well as 73 million tonnes torbanite (high yielding oil shale) with estimated yield of 1 barrel of synthetic crude per tonne of shale. Coal deposits include anthracite, steam coals and metallurgical coal.
- DMC Coal Mining has obtained historic data of 74 boreholes, and has entered into negotiations to purchase additional data from the IDC that will reduce the number of boreholes required for a resource statement. No official resource statement has been produced to date. The granting of the PKS rights is currently subject to judicial review which, if successful, could result in these prospecting rights lapsing.

Strategic significance:

- The PKS project is well situated with paved roads running through the property
- The PKS projects hold one of the largest Torbanite deposits in South Africa

DMC Energy's executive management team is comprised of the following people:

Chief Executive Officer of DMC Energy and Director of DMC – Pieter Wiese

Pieter holds both B.Com and B.Com Honours degrees from the University of Pretoria. He is a Chartered Accountant and a Member of the South African Institute of Chartered Accountants. He began his career as a trainee at Deloitte and Touche, and in 2004 joined Australian-listed Nkwe Platinum as a project accountant. He subsequently moved to Sasol to head the reporting division of Sasol Gas. Pieter joined the DMC stable in May 2007 as Managing Director of their Coal operations and has been responsible for the acquisition, development and consolidation of the Group's energy and related projects, under the umbrella of DMC Energy.

Director of DMC Energy – Maritza Schoeman

Maritza joined the Group in November 2007. She is a qualified Chartered Accountant (CA (SA)) in 2002 with a B.Comm (Acc) and Hons B.Compt degree. In 2000 she joined Sasol Oil as accountant and moved in 2004 to Sasol Gas as Chief Accountant with strong reference to Corporate Governance and reporting standards management. Her experience gained in the energy sector and her strong capability in project analysis and international accounting reporting standards, places her in strong position to ensure the Group meets the standards demanded by international financiers.

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Consulting Geologist – Jac le Roux

Jac Le Roux heads the geology team for DMC Coal Mining. He began his studies with the attainment of his B.Sc and went on to do his honours in the same field. Jac later concluded his M.Sc in 1985 at the University of Pretoria. He went on to work at the Department of Minerals and Energy Affairs, with a specific focus on Coal and the establishment of the National Coal Data Base. Subsequently, Jac moved into the private sector where he worked with local and international mining houses and managed projects from an initial exploration drilling phase and negotiations to mine planning and final commissioning phases. Other projects Jac has been involved in was joining a research team from Rand Afrikaans University, headed by Prof. W. Pretorius, which worked on a policy formulation procedure for the National Energy Council. He joined the DMC group in 2007 and still continues to act as a Consulting Geologist on various other mining projects.

DMC Group Chief Executive Officer - Heine van Niekerk

Heine's legal background and considerable experience and business contacts in Europe, UK and Sub-Saharan Africa uniquely qualify him to direct the DMC group of companies in achieving its objectives. The DMC group of companies was established by Heine some nine years ago and during this time significant relationships have been formed and important research has been conducted which has allowed the group to expand and grow to its current stature. Heine further brings an extensive African government-level network, complemented by a thorough understanding of the subtleties and nuances of African business and culture, to the Group.

DMC Group Chief Financial Officer and Director of DMC Energy - Mike Davison

Mike, a Chartered Accountant (South African registered), a member of the Institute of Directors and Institute of Management Consultants, joined the group in 2007. His corporate career, after Deloitte's auditing and management consultants, includes 6 years as finance director of General Tyre and Rubber Company, 2 years with Mathieson and Ashley and 12 years as managing director of Bridgestone Firestone Maxiprest (which included UK and Southern African subsidiaries), all JSE listed entities. Recently he spent 4 years as an independent corporate advisor focusing on corporate structuring, particularly BEE implementation and financing in South African companies which included the South African entities of The Marubeni Corporation of Japan and director of a cobalt mine operation in the Democratic Republic of Congo advising on the restructuring of the company and the ultimate sale in 2006. His experience gained in these positions in Sub-Saharan business operations, mergers, acquisitions, corporate financing and governance, and relationships with corporate boards and investors places him in strong position to direct the group to achieve its objectives.

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