LONDON MINING PLC

Quoted on London AIM (LOND LN) and Oslo Axess (LOND NO)

("London Mining" or the "Company")

Operations and Financial Review for the three months to 31 March 2010

Operations review

Highlights (including post-period)

Marampa

- Total Inferred Resource for primary orebody increased by over 300% to 392Mt @ 31% Fe
- Total Indicated Resource for tailings orebody estimated as 42Mt @ 21% Fe
- Phase 1 on track for first shipment in Q2 2011 with ability to expand to 3Mtpa within 12 months
- Initial test work for primary orebody confirms suitability for blast furnace pellet feed
- Mining licence agreement ratified by Sierra Leone parliament

Wadi Sawawin

- Resource upgrade allows planning to extend mine life to over 20 years

Isua

- Resource increased to 951Mt @ 36% Fe in an optimised pit shell
- PFS completed on 5Mtpa operation, revised study commenced on 10Mtpa operation

China

- Concentrate production of 75,817t (on 100% basis)
- Funding discussions on consolidation of expanded licence continuing

Corporate

- Cash position at the end of 31 March was USD 191m
- Acquisition of remaining 80% International Coal Company in Colombia, with first coke production expected in 2011
- Exploration programme underway at Chile iron ore project
- Offer agreed with Sable Mining for the disposal of London Mining shares in DMC

Commenting on the results, Chief Executive Officer Graeme Hossie said:
"We are very pleased to report the upgrade to the resource base at Marampa to over 400Mt. This significant resource combined with initial metallurgical testwork underpins our confidence in an operation producing 8Mtpa of high quality iron ore concentrate. We now have a detailed low capex logistics plan in place which will support all our future production plans. We are on track at Marampa to begin export of 1.5Mtpa from Q2 2011 and expand quickly to 3Mtpa. We have also made significant progress at our other operated iron ore and coal projects."

Marampa, Sierra Leone

Following ratification of the Mining Licence Agreement for the Marampa project in Sierra Leone in February, London Mining has completed a comprehensive review of its capex and timeline for the delivery of the first phase of the project. We are also pleased to report continued success of the mineral resource development programme at Marampa where our work on the primary orebody has identified a long-life and sustainable resource of 392Mt. This larger resource underpins our Phase 2 expansion and our target to produce 8Mtpa from the primary orebody.

<u>Resource</u>
A final resource estimate for the tailings was provided by Snowden Mining Industry Consultants ("Snowden") and announced on 31 March 2010 along with a preliminary estimate of the Ghafal primary ore deposit. This primary resource has now been expanded to include the Masaboin Hill deposit. Snowden have estimated an Indicated Resource for the tailings portion of the resource to be 42Mt grading 21% Fe at a 10% cut-off, an Inferred Resource for the Ghafal portion of the primary ore body of 122Mt grading 31.2% Fe at a 15% Fe cut-off and an Inferred Resource of 269Mt grading 30.5% Fe at a 15% Fe cut-off. for Masaboin Hill. Resources are reported in accordance with the JORC Code 2004.

Marampa Tailings Resources as at March 2010 at a 10% Fe cut-off

Category	Tonnes (Mt)	Fe (%)	Al2O3 (%)	SiO2 (%)	CaO (%)	P (%)	S (%)
Indicated	42	21.24	10.16	50.54	0.08	0.06	0.01
Inferred	-	-	-	-	-	-	-
Total	**42**	**21.24**	**10.16**	**50.54**	**0.08**	**0.06**	**0.01**

Primary ore resource as at March 2010 at a 15% Fe cut-off

Deposit	Category	Tonnes (Mt)	Fe (%)	Al2O3 (%)	SiO2 (%)	CaO (%)	P (%)	S (%)
Masaboin Hill	Inferred	269	30.48	5.01	40.79	2.45	0.14	0.03
Ghafal	Inferred	123	31.19	4.67	39.40	2.35	0.14	0.01
Total	**Inferred**	**392**	**30.70**	**4.90**	**40.35**	**2.42**	**0.14**	**0.02**

<u>Phase 1 (Tailings)</u>
Phase 1 is being designed to produce 1.5Mtpa initially with the ability to expand to 3Mtpa within 12 months of first production. Additional engineering studies have been undertaken to increase the level of accuracy of capital forecasts from the initial scoping level study and to facilitate the expansion to 3Mtpa. As a result the capex for 1.5Mtpa is now estimated at USD 114m including contingency (an increase of USD 32m). This revised estimate includes infrastructure and preparation for later expansion, and also changes of plant configuration to reduce operational risks and improve product specification. Of particular note in the revised estimate are the inclusion of EPCM costs for the plant, additional dredging and a switch from hydraulic to dry mining using trucks and front-end loaders.

It is anticipated that the expansion to 3Mtpa could be completed for an incremental USD 51m giving the 3Mtpa project a capital intensity of USD55/t. The operating cost for the tailings remains at USD31/t concentrate.

London Mining expects to begin mining in Q1 2011 with first production and export of concentrate in Q2 2011. The main long lead item namely the Wet High Intensity Magnetic Separation (WHIMS) plant was ordered from Outotec in April and is scheduled for delivery within 25 weeks.

Logistics
An audit of the planned logistics route has been completed by Sandwell Engineering who have confirmed capacity of 5Mtpa using London Mining's proposed solution of trucks and barges. At higher volumes the Sandwell study recommends construction of a dedicated haul road instead of using the 22km section of public road or a pipeline to the barge loading facility.

The expanded logistics route will be determined by a trade-off study to be included in the expansion prefeasibility study ("PFS") for the primary orebody to be completed in Q4 2010. A Memorandum of Understanding ("MOU") has now been signed with Louis Dreyfus Armateurs to supply barges and floating cranes with a capacity of 5 to 10Mtpa within 18 months. The longest lead item is the floating crane but in the interim London Mining expects to tranship to self-loading handymax class vessels.

Louis Dreyfus plans to use a fleet of three tugs and five barges (capable of transporting between 5,000 to 8,000t of iron ore per barge). This equipment has been calculated to work when the tide is low but tidal assistance will be considered to optimise loading sequences and ensure a loading rate of 20,000t/day. A meteorological study has determined that weather conditions will not affect loading operations more than 10 days per year.

Phase 2 (Primary Ore)
London Mining now has sufficient resources in place to commence scoping and pre-feasibility work on an expanded operation targeting 8Mtpa production with a prefeasibility study scheduled for completion in Q4 2010.

Primary ore metallurgy
Ammtec Consultants have completed lab scale metallurgical testwork that shows a concentrate suitable for use as a blast furnace pellet feed can be produced from Marampa ore using two stage WHIMS and flotation. The process is expected to produce a product with the following specifications:

Fe (%)	SiO2 (%)	Al203 (%)	Mg (%)	Ca (%)	P (%)	Mass Recovery (%)	Fe Recovery (%)
65	1.71	0.85	0.60	1.37	0.01	41.8	>80

Metallurgical lab scale test work continues to optimize the process and increase Fe recovery.

Ongoing exploration
A drill programme of 27,689m is now planned for the primary ore deposits (made up of Masaboin, Ghafal, the area between Masaboin Hill and Ghafal and surrounding satellite deposits) in 2010. This drilling is intended to both expand and further define the existing resource. At the end of April 9,260m of the programme had been completed.

Wadi Sawawin, Saudi Arabia

On 31 March, London Mining announced an expanded resource for Wadi Sawawin as part of its bankable feasibility study ("BFS") optimisation programme. Snowden estimated a resource for the project of 382 Mt at 39.6% Fe comprising an Indicated Resource of 247.5 Mt at 39.8% Fe and an Inferred Resource 134.5 Mt at 39.2% Fe. All resources are reported in accordance with the JORC Code 2004 and based on a cut-off of 30% Fe.

Wadi Sawawin Resources as at March 2010, at a 30% Fe cut-off.

Category	Tonnes (Mt)	Fe (%)	Al2O3 (%)	SiO2 (%)	CaO (%)	P (%)	S (%)
Indicated	247.5	39.79	2.48	31.00	3.81	0.31	0.13
Inferred	134.5	39.15	2.43	31.90	3.85	0.30	0.11
Total	**382.0**	**39.56**	**2.46**	**31.32**	**3.82**	**0.31**	**0.12**

These resources allow London Mining to plan for a mine life beyond 20 years, at an annual production rate of approximately 12Mtpa of ore to the process plant for 5Mtpa of direct reduced ("DR") quality pellets. The increase in the Wadi Sawawin resource reflects the inclusion of drill results completed since the reporting of the resource in December 2009. London Mining expects to report the results of an optimised feasibility study in Q2 2010.

Isua, Greenland

A prefeasibility study ("PFS") was completed for the Isua Project in February. This determined that the project could be built for an estimated capex of USD1.74 billion (+/- 25%), complete with all the supporting facilities necessary to produce 5Mtpa of 70.8% DR pellet feed. It was also shown that a 23 year life-of-mine project can be operated at an average annual cost of USD37/tonne on an FOB basis. A desk top scoping study was also completed showing that the economics of Isua are greatly improved if a 10Mtpa operation is considered producing a high grade, low impurity, blast furnace pellet feed concentrate that can also feed HYL-type DRI plants. If this alternative higher volume configuration is considered, the operating cost could be reduced to USD27/t FOB with estimated capex of USD 2.4 billion. London Mining plans to undertake a prefeasibility study on an enlarged operation which it expects to complete during Q2 2010 and is confident of reducing capex by working with Chinese engineering firms with whom we are in preliminary discussions.

An expanded resource for Isua was announced on 31 March with 951Mt grading 36% Fe falling within an optimised open pit shell.

Isua open pit resource as at March 2010, at a 20 % Fe cut-off

Category	Tonnes (Mt)	Fe %	Al_2O_3 %	SiO_2 %	CaO (%)	S %	P %
Indicated	114	37.1	0.40	41.10	-	0.17	0.03
Inferred	837	36.4	-	-	-	-	-
Total	**951**	**36.4**	**-**	**-**	**-**	**-**	**-**

In the same announcement London Mining reported the results of a programme of Davis Tube testwork on 100 drill core samples from Isua. The bulk of the samples (91) were sourced from within a pit shell which approximates the first 5 years of production from Isua and are presented in the table below. The testwork confirms that the Isua banded iron formation ("BIF") resource can produce a high grade Fe concentrate using magnetic separation.

Average Davis Tube results from within initial Isua 5 year pit shell

Fe (%)	SiO2 (%)	Al203 (%)	Mg (%)	Ca (%)	S (%)	Mass Recovery (%)	Fe Recovery (%)
67.63	6.05	0.06	0.26	0.17	0.16	55.11	91.15

A further flotation stage may be used to obtain the final product specification with reduced impurities and increased Fe content. The exploration programme for the 2010 season has now been confirmed with 5,500m of rock drilling now planned.

CGMR, China (50% Joint Venture)

The CGMR joint venture produced 75,817t of concentrate in Q1 at an average cash cost of USD 45.7/t and sold 77,092t of concentrate at an average price of USD88/t. Cash costs have increased due to development stripping of the XNS pit. Operations have recently been halted to allow for the tailings dam to be raised as a precautionary measure following recent heavy rains. Operations are expected to resume in due course. CGMR continues to advance discussions with Chinese and International groups regarding funding to consolidate the expanded licence.

International Coal Company, Colombia (100%)

In May London Mining completed the acquisition of the remaining 80% of International Coal Company Limited ("ICC") that it did not already own for an initial consideration of USD 5.5 million cash and 3.5 million newly issued London Mining shares, with a potential further consideration of up to USD 8.5 million and up to 6.3 million shares payable subject to the satisfaction of performance conditions. ICC will provide near-term coke and coking coal production, deliverable logistics solutions and scaleable coking coal production. London Mining's acquisition of ICC will allow immediate funding of the construction of the coke ovens following detailed preparatory work already carried out by ICC.

The acquisition of ICC provides the Company with first mover advantage in an area of what management believe to be a huge resource potential. Coking coal is a highly sought after commodity, and ICC will provide us with comparatively low cost production in a major coal exporting region.

<u>Assets</u>
ICC comprises the following assets: three coking coal concessions in the Socha coking coal region of Colombia with an aggregate area of 606 hectares; a contract with Invercoal to develop and earn a 51% interest in a 250ktpa low volatile coking coal mine; land, environmental and construction permits and detailed plans to build coke ovens with a nameplate capacity of 200ktpa, with potential to ramp up to 400ktpa. ICC's management team is highly experienced in coking coal and mining operations in Colombia.

<u>Capex</u>
London Mining expects to invest a total of about USD 40m over the next 18 months in ICC.
The split in capex is expected to be as follows:

Coke ovens (200kpta capacity)	USD 23m
Development capex for London Mining's 51% interest in the 250ktpa coking coal mine for the Invercoal joint venture, subject to confirmation of resources	US 12m
Exploration around the Socha coal region and overheads	USD 5m
Total capex	**USD 40m**

<u>Strategy</u>
The strategy of ICC is to develop and consolidate the region with the aim of producing over 2mtpa of coking coal in the medium term. To deliver early cash flow and fund further development, coke ovens with a capacity of 200ktpa will be constructed over 15 months, with first cash flow expected within 12 months. Expansion to 400ktpa is expected to be funded from ICC's internal cash flow. The coking coal for the coke ovens will initially be bought in from local sources, although ultimately ICC's own production from a combination of development of existing and/or new concessions, joint ventures and acquisitions is expected to supply the ovens.

<u>Delta Mining Consolidated Ltd (DMC)</u>

On 23 April 2010 London Mining announced it had accepted an offer from Sable Mining Africa Limited ("Sable"), an AIM listed resource company focused on mining assets in sub-Saharan Africa, for USD 24.8m in cash in respect of London Mining's 27.5% interest in Delta Mining Consolidated Limited. The offer is subject only to regulatory approvals relating to change of control in DMC and anti-trust matters. As a result of the transaction, through a private agreement, London Mining is also due to receive USD 15.2m of Sable shares, or cash equivalent, from the private investment vehicles of Heine van Niekerk and Pieter Wiese, the CEO and CFO of DMC respectively.

Chile

As announced on 12 October 2009, London Mining made a convertible loan and entered into an arrangement with a Chinese group to develop iron ore deposits in the Atacama Region of Chile. London Mining's role has been to provide technical assistance and funding of the drilling programme through a further loan. Good progress has been made with exploration and iron ore has been identified at surface which could be beneficiated using a simple dry separation process. The project is located approximately 65km by road from the nearest port at Channaral and logistics arrangements for export to China are being investigated. London Mining has now completed 770m of drilling out of a total planned programme of 3,500m and expects to be able to report initial results from the campaign in Q3 2010.

Michael Andrew, Divisional Manager Applied Geosciences of Snowden Mining Industry Consultants BSc, MAUSIMM, who meets the criteria of a qualified person under the AIM Rules - Guidance for Mining, Oil and Gas Companies, has reviewed and approved the information that relates specifically to the reporting of resources for Marampa, Wadi Sawawin and Isua projects contained within this announcement.

Other than as detailed above in this Operations Review, there have been no material events or transactions in the period from 1 January 2010 to 31 March 2010.

For more information, please contact:

London Mining Plc
Graeme Hossie, Chief Executive Officer +44 20 7201 5000
Rachel Rhodes, Finance Director
Thomas Credland, Head of Investor Relations

Liberum Capital (Nominated Advisor/Broker)
Clayton Bush/Ellen Francis +44 20 3100 2000

Crux Kommunikasjon AS
Charlotte Knudsen +47 97 56 1959

Brunswick Group
Carole Cable / Daniel Thöle +44 20 7404 5959

The Company's website can be found at www.londonmining.co.uk.

About London Mining
London Mining is focused on identifying, developing and operating scaleable mines to become a mid-tier supplier to the global steel industry. Its four principal assets in Sierra Leone, Saudi Arabia, Greenland and China all have deliverable production with potential for expansion. The Company listed on the Oslo Axess on 9 October 2007 and on AIM in London on 6 November 2009. It trades under the symbols LOND.L and LOND.NO (Reuters) and LOND LN and LOND NO (Bloomberg).

Glossary of Technical Terms:

"Al2O3"	Alumina
"EPCM"	Engineering, Procurement and Construction Management
"Fe"	Iron
"inferred mineral resource"	The part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
"indicated mineral resource"	the part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations, such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
"JORC"	Australasian Institute of Mining and Metallurgy Joint Ore Reserves Committee (JORC) code on mineral resources and ore reserves.
"measured mineral resource"	The part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

"mineral resource"	A concentration or occurrence of natural, solid, inorganic or fossilised organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.
"Mt"	Million metric tonnes.
"Mtpa"	A million metric tonnes per annum.
"ore"	A natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.
"sinter"	Process for agglomerating ore concentrate in which partial reduction of minerals may take place and some impurities may be expelled prior to subsequent smelting and refining
"sinter feed"	Iron ore product used to make sinter.
"SiO2"	Silica

Financial review

1. Income statement

The principal key performance indicator by which the Company measures the performance of its projects going forward is earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA for the three months ended 31 March 2010 is a loss of USD 4.4 million (equivalent Q1 2009: loss of USD 4.1 million).

The quarter on quarter movement is the result of a USD 2.8 million increase in administration expenses (2010: USD 7.0 million, 2009: USD 4.2 million) largely due to increased staff related and travel costs as the Group has increased its overall head count, offset by the positive EBITDA of USD 2.2 million, (2009: USD nil) from the proportionally consolidated results from the Chinese joint venture. The prior period included no equivalent operating results as the Chinese joint venture was acquired on 23 April 2009.

EBITDA for the quarter ended 31 March 2010 represents loss from operations of USD 5.2 million, (2009: USD 4.2 million) excluding depreciation included in cost of sales of USD 0.6 million, (2009: nil) and excluding depreciation included in administration expenses of USD 0.2 million, (2009: USD 0.1 million). Included in loss from operations is:

- USD 1.2 million (2009: USD nil) gross profit in respect of 50% of the profits of Chinese operations held by the joint venture;
- USD 0.7 million (2009: USD nil) net management fee receivable by the Group from the joint venture after eliminating the Group's 50% share of the cost on consolidation;
- USD 7.0 million (2009: USD 4.2 million) of administration costs, including

  i) staff related costs of USD 3.6 million (2009: USD 2.1 million) comprising:

  - USD 0.7 million (2009: USD 1.0 million) charge arising from the return bonus plan[1]; this charge reflects the non-cash IFRS 2 charge: cash payments for the return bonus plan during the quarter were USD 0.5 million (2009 USD nil) and a further USD 6.7 million is due (subject to the return bonus plan rules), payable over the next three years, of which USD 1.4 million will be covered by proceeds from the exercise of respective options.
  - USD 0.9 million (2009: USD 0.3 million) staff costs for Directors and key management. This increase is the result of increased staff numbers.
  - USD 1.0 million of other staff costs (2009: USD 0.8 million).
  - A non-cash charge of USD 1.0 million (2009: gain of USD 0.2 million) of share based payments to staff, Directors and key management. The credit in 2009 arose from the reversal of prior charges following the lapse of awards made to the previous CEO on his resignation in February 2009.

  ii) Other costs:

  - USD 1.2 million (2009: USD 1.0 million) of consultancy and legal fees.
  - USD 0.7 million (2009: USD 0.2 million) of travel costs. The increase is the result of higher activity from a larger technical and corporate teams and significant developments occurring at key projects.
  - USD 0.1 million (2009: nil) listing fees (excluding amounts paid to auditors, which are disclosed separately) incurred on the Company's listing on the AIM market of the London Stock Exchange in November 2009.

Loss on disposal of subsidiary
On 31 March 2010 the Company received net cash proceeds of USD 0.8m in relation to the disposal of its investment in Compania Minera Suizo-Mexicana, SA de CV Ltd, ("CMSM") a Mexican incorporated entity. CMSM has been deconsolidated from that date and a loss recognised on disposal of USD 0.2 million.

---

[1] Compensation payments made under the Return Bonus Plan relate to the "Return of Cash" to shareholders in the second half of 2008. Full details of the compensation scheme are disclosed in the 2008 annual report. In summary, participants in the Company's share-based remuneration schemes receive an equivalent compensation payment for the loss of value in awards held at the time of the Return of Cash. The compensation payment vests in accordance with underlying terms of the original award to which it relates.

1. Income statement *(continued)*

Share of results of associate
During the quarter the Group recognised a loss of USD 0.7 million in relation to the re-structured investment in Delta Mining Consolidated, ("DMC"), see note 12 to the financial statements. The loss included restructuring and redundancy costs.

Taxation
Tax is payable on the local Chinese profits earned by Xiaonanshan Mining Co Limited (XNS) and Nanjing Sudan Mining Co Limited (Sudan).

2. Balance sheet

Equity attributable to equity holders of the parent has fallen from USD 327.2 million at 31 December 2009 to USD 321.8 million at 31 March 2010. This was principally due to the loss for the quarter of USD 6.4 million offset by the increase in the warrant and option reserve of USD 1.0 million in relation to the share based payment charge.

Intangible assets
The Group continued to invest in exploration and evaluation activity, principally in Sierra Leone, Saudi Arabia and Greenland with these direct costs being capitalised as intangible assets. Intangible assets increased from USD 49.3 million at 31 December 2009 to USD 55.8 million at 31 March 2010. At 31 March 2010, Group intangible assets largely comprised USD 15.0 million for Sierra Leone (2009: USD 12.7 million), USD 19.8 million for Saudi Arabia (2009: USD 15.7 million) and USD 20.9 million for Greenland, (USD 19.4 million). The increase of USD 3.7 million in the quarter for Saudi Arabia was the result of drilling costs to increase and confirm the resources to JORC and continuing project development.

Investment in associates
The Group's investment in associates has increased to USD 32.6 million from USD 14.9 million at 31 December 2009. In January 2010 London Mining converted both its USD 18.5 million loan to DMC Energy (previously held in Non-current loans and receivables) and its associate holding in DMC Coal Mining (USD 10.4 million) to a 27.5% holding in DMC on a fully diluted basis, (see note 12 to the financial statements). The Group's total investment in DMC as at 31 March 2010 is USD 28.3 million. The remaining investment in associate of USD 4.3 million relates to the 20% equity investment in International Coal Company Ltd (ICC), (see Events after the balance sheet date at note 17 to the financial statements).

Non –current loans and receivables
The USD 33.1 million (2009: USD 51.0 million) non-current loans and receivables has reduced primarily due to the conversion of the loan to DMC Energy noted in investments in associates above.

Deferred consideration payable
The USD 8.7 million deferred consideration is the Group's 50% share of the residual acquisition cost payable to the vendor of the Chinese operations. It has been included within current liabilities on the balance sheet; however, the joint venture is in discussions with the vendor to defer payment in light of its plans to raise external finance prior to seeking a listing on the Hong Kong stock exchange.

Movements in equity
The shares held in the employee benefit trust reserve has reduced by USD 10.0 million to USD 4.2 million (2009: USD 14.2 million), as a result of the transfer of shares by the trust of 4.7 million shares to the Chief Executive Officer following the exercise of nil-cost share awards which vested during the period. The transfer of USD 10.0 million is at the weighted average cost of shares acquired by the trust.

The warrant and option reserve reduced by USD 3.5 million during the quarter to USD 12.6 million, (2009: USD 16.1 million) as a result of a transfer to retained earnings of USD 4.5 million in respect of the exercise of nil-cost options by the Chief Executive Officer, offset by the share based payment charge for the quarter of USD 1.0 million.

3. Cash flow

Total cash decreased during the quarter to 31 March 2010 by USD 14.0 million (net of foreign exchange) to USD 191.1 million.

In summary the net decrease in cash during the period resulted from:

- USD 4.6 million net outflow from operating activities, (2009: USD 3.4 million); and
- USD 9.4 million net outflow from investing activities, (2009: USD 46.3 million outflow).

Operating cash outflow:

The USD 4.6 million operating cash outflow has arisen from the USD 6.4 million loss for the year adjusted for non cash items, including:

- USD 1.0 million share based payment expense;
- USD 0.8 million loss from associates; and
- USD 0.7 million working capital outflow largely as a result of an increase in receivables from the net management fee payable to the Group from the Chinese joint venture. Accruals for capital expenditure are excluded from operating cash flows

Investing cash outflows:

The investing cash outflow for 31 March 2009 of USD 46.3 million included USD 44.5 million in respect of the investment in the Chinese joint venture (see note 11). Investing cash out flow of 9.4 million for the quarter included:

- USD 1.5 million convertible loan to ICC, (see note 14).
- USD 2.0 million repayment on the outstanding loan from Wits Basin, the joint venture partner (see note 11).
- USD 10.7 million spent on intangible and tangible assets, reflecting the Group's ongoing development of its projects as follows:
  - USD 2.5 million Marampa, Sierra Leone;
  - USD 5.1 million Wadi Sawawin, Saudi Arabia;
  - USD 2.9 million Isua, Greenland; and
  - USD 0.2 million onshore Chinese stay-in-business capital expenditure.

Financing cash outflow:

- The USD 6.3 million financing cash outflow in 2009 related to a loan to the Group's Employee Benefit Trust to acquire additional London Mining plc shares on the market. No additional share purchases have been made in 2010.

4. Liquidity and going concern

At 31 March 2010, the Group had cash of USD 191.1 million and no material borrowings.

Under the terms of the Substantial Shareholder Exemption (SSE), which granted the 2008 disposal of the Group's Brazilian operations tax free status, the Group is to reinvest a significant proportion of the proceeds into qualifying trading activities. Original clearance was sought and received from HMRC in July 2008 and updated on 17 September 2009 which reflects the Group's current plans. The Group remains committed to delivering its approved strategy and believes the SSE clearance is still effective.

It's the Group's intention to fund the near term production operations of Sierra Leone tailings and Colombia coke production through its own capital investment, as well as with the further feasibility work to be performed on the Sierra Leone primary ore production, Greenland and Saudi Arabia.

It is noted that following revisions to cash flow forecasts and projections to reflect in particular, the Sierra Leone Phase 1 capital cost update, which includes improvements in product specification, reduction in operational risks and preparations to allow accelerated ramp up to 3mtpa; and also the acquisition of ICC in May 2010 (see the operations review, above), the Group will need to raise additional funds for these near term production operations. The Group intends to fund this through either off take agreements or debt finance and is in advanced discussions to secure a possible bank financing facility. As the Group currently has no borrowings and all assets are free of security pledges, management is confident sufficient additional financing can be secured.

Production funding for the more capital intensive projects in Greenland and Saudi Arabia will be sought from external funding into these projects directly.

External funding at the Hong Kong joint venture level is also being sought to finance the expected consolidation and growth of the Chinese operations.

The Group has minimal committed expenditure and retains the ability to defer certain forecast capital expenditures as required were the securing of external facilities to be delayed. The Group currently has substantial cash and no material borrowings and accordingly the Group continues to adopt the going concern basis.

5. Forward looking information

This financial report contains certain forward looking statements with respect to the financial condition, results, operations and business of the Group. These statements and forecasts involve risk and uncertainty because they relate to events that depend on circumstances in the future. There are a number of factors that could cause actual results or developments to differ from those expressed or implied by these forward looking statements.

6. Events after the balance sheet date

On 30 March 2010 London Mining announced the acquisition of the remaining 80% of International Coal Company for initial consideration of USD 5.5 million cash and 3.5 million newly issued London Mining shares. The acquisition was conditional on various completion requirements which were satisfied on 5 May 2010 when the transaction completed and the initial consideration transferred, (see note 17 to the financial statements).

London Mining plc
Consolidated income statement

	Note	**Unaudited Three months ended 31 March 2010 $'000**	Unaudited Three months ended 31 March 2009 $'000
Continuing operations			
Revenue		**3,383**	-
Cost of sales		**(2,178)**	-
Gross profit		**1,205**	-
Other operating income		**659**	-
Administrative expenses	**5**	**(7,037)**	(4,221)
Loss from operations		**(5,173)**	(4,221)
Loss on disposal of subsidiary	**6**	**(236)**	-
Share of results of associates (net of tax)		**(828)**	(122)
Finance income	**7**	**752**	686
Finance costs	**8**	**(602)**	(317)
Loss before taxation		**(6,087)**	(3,974)
Taxation		**(266)**	-
Loss for the period		**(6,353)**	(3,974)
Attributable to:			
- Equity holders of parent		**(6,353)**	(3,947)
- Minority interest		**-**	(27)
		(6,353)	(3,974)
Basic & diluted (loss) per share (USD per share)	**9**	**(0.06)**	(0.04)
Loss for the period		**(6,353)**	(3,974)
Exchange difference on consolidation of non USD operations(1)		**51**	94
Total comprehensive income for the period		**(6,302)**	(3,880)

(1) The exchange differences on translating foreign operations is entirely attributable to the equity holders of the parent.

London Mining plc
Consolidated balance sheet
As at 31 March 2010

	Note	Unaudited As at 31 March 2010 $'000	Audited As at 31December 2009 $'000
Non-current assets			
Intangible assets		**55,809**	49,292
Property, plant and equipment		**48,015**	48,270
Investment in associates	**12**	**32,632**	14,910
Inventories		**600**	600
Loans and receivables	**10**	**33,050**	51,020
		170,106	164,092
Current assets			
Inventories		**71**	66
Receivables	**10**	**3,675**	3,705
Cash and cash equivalents		**191,149**	205,455
		194,895	209,226
Total assets		**365,001**	373,318
Current liabilities			
Trade and other payables		**(18,991)**	(21,906)
Deferred consideration		**(8,741)**	(8,659)
Current tax liabilities		**(635)**	(328)
		(28,367)	(30,893)
Net current assets		**166,528**	178,333
Non-current liabilities			
Other non-current liabilities		**(4,857)**	(4,889)
Provisions		**(1,425)**	(1,412)
Deferred tax liabilities		**(8,534)**	(8,565)
		(14,816)	(14,866)
Total liabilities		**(43,183)**	(45,759)
Total net assets		**321,818**	327,559
Equity			
Share capital		**398**	398
Share premium account		**20,094**	20,094
Shares held in employee benefit trust		**(4,205)**	(14,167)
Other reserves		**18,089**	21,523
Retained earnings		**287,442**	299,312
Equity attributable to equity holders of the parent		**321,818**	327,160
Minority interest		**-**	399
Total equity		**321,818**	327,559

London Mining plc

Consolidated statement of changes in equity (unaudited)
For the three months ended 31 March 2010

	Share capital $'000	Share premium account $'000	Shares held in employee benefit trust $'000	Retained Earnings $'000	[1] Warrant and option Reserve $'000	Foreign exchange reserve $'000	Equity attributable to equity holders of the parent $'000	Minority interest $'000	Total equity $'000
Balance at 31 December 2008	398	19,954	(5,159)	332,858	15,061	4,482	367,594	439	368,033
Changes in equity for the three months ended 31 March 2009									
Exchange difference on consolidation of non USD operations	-	-	-	-	-	94	94	-	94
Recognition of share-based payments	-	-	-	-	(184)	-	(184)	-	(184)
Acquisition of shares for employee benefit trust	-	-	(6,308)	-	-	-	(6,308)	-	(6,308)
Loss for the period	-	-	-	(3,947)	-	-	(3,947)	(27)	(3,974)
Balance at 31 March 2009	**398**	**19,954**	**(11,467)**	**328,911**	**14,877**	**4,576**	**357,249**	**412**	**357,661**
Changes in equity for the nine months ended 31 December 2009									
Exchange difference on consolidation of non USD operations	-	-	(288)	-	-	822	534	-	534
Recognition of share-based payments	-	-	2,386	809	1,248	-	4,443	-	4,443
Issue of share capital (net of expenses) on exercise of options	-	140	-	-	-	-	140	-	140
Acquisition of shares for employee benefit trust	-	-	(4,798)	-	-	-	(4,798)	-	(4,798)
Loss for the period	-	-	-	(30,408)	-	-	(30,408)	(13)	(30,421)
Balance at 31 December 2009	**398**	**20,094**	**(14,167)**	**299,312**	**16,125**	**5,398**	**327,160**	**399**	**327,559**
Changes in equity for the three months ended 31 March 2010									
Exchange difference on consolidation of non USD operations	-	-	-	-	-	51	51	-	51
Recognition of share-based payments	-	-	-	4,445	(3,485)	-	960	-	960
Exercise of LTIP awards	-	-	9,962	(9,962)	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	(399)	(399)
Loss for the period	-	-	-	(6,353)	-	-	(6,353)	-	(6,353)
Balance at 31 March 2010	**398**	**20,094**	**(4,205)**	**287,442**	**12,640**	**5,449**	**321,818**	**-**	**321,818**

[1] The warrant and option reserve includes warrants and options granted as equity settled employee benefits and warrants issued for cash.

London Mining plc
Consolidated cash flow statement
For the three months ended 31 March 2010

		Three months ended 31 March	
		Unaudited	Unaudited
		2010	2009
	Note	**$'000**	$'000
Cash flows from operating activities			
Cash used by operations	**13**	**(4,639)**	(3,698)
Interest received		**53**	294
Interest paid		**-**	(10)
Net cash outflow from operating activities		**(4,586)**	(3,414)
Cash flows from investing activities			
Loans and investments in joint ventures	**11**	**-**	(38,727)
Loans and investments in associates		**(1,500)**	(11)
Other loans and investments	**11**	**2,000**	(5,750)
Payments to acquire intangible assets		**(10,176)**	(1,266)
Purchase of property, plant and equipment		**(516)**	(51)
Proceeds from sale of subsidiary	**6**	**756**	-
Proceeds from sale of discontinued operations, net of transaction costs and cash disposed		**-**	(541)
Net cash outflow from investing activities		**(9,436)**	(46,346)
Cash flows from financing activities			
Acquisition of shares by the Employee Benefit Trust		**-**	(6,308)
Net cash outflow from financing activities		**-**	(6,308)
Net decrease in cash and cash equivalents		**(14,022)**	(56,068)
Cash and cash equivalents at beginning of period		**205,455**	316,286
Exchange differences		**(284)**	34
Cash and cash equivalents at the end of the year		**191,149**	260,252

Prior period cash flows have been reclassified to be consistent with current period presentation.

1. General information

London Mining plc is a company incorporated in the United Kingdom under the Companies Act and during the year ended 31 December 2009 was listed on the Oslo Axess stock exchange throughout. The Company listed on the London AIM stock exchange on 6 November 2009. The address of the registered office is 39 Sloane Street, London, SW1X 9LP.

The financial information for the period ended 31 March 2010 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2009 have been delivered to the Registrar of Companies and are available on the Group's website www.londonmining.co.uk. The auditors reported on those accounts, their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the condensed financial statements. Further details are in included in the "Liquidity and going concern" section of the Financial Review.

2. New and revised International Financial Reporting Standards

(a) Adoption of new and revised International Financial Reporting Standards

The Group has adopted the new and amended IFRSs effective from of 1 July 2009. being, IFRS 3 (revised) 'Business combinations' and IAS 27 (revised) 'Consolidated and separate financial statements'.

These new and revised changes have not had any impact on these interim financial statements.

3. Accounting policies

The annual financial statements of London Mining plc are prepared in accordance with International Financial Reporting Standards as adopted for use by the European Union (IFRSs). The condensed consolidated financial statements included in this report have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

The same accounting policies, presentation and methods of computation are followed in these condensed consolidated financial statements as applied in the Group's financial statements for the year ended 31 December 2009.

4. Segment reporting

The Group operates in four principal geographical areas, Sierra Leone, Saudi Arabia, Greenland and China.

The comparative data has been restated to be on a consistent basis

4. Segment reporting *(continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment. The key segment result presented to the Board of Directors for strategic decision making and allocation of resources is EBITDA. Group EBITDA represents loss from operations excluding depreciation, (and therefore excludes share of results of associates and impairment of investment in associate). Group EBITDA is analysed below.

The analysis of the Group's revenue and results from continuing operations by reportable segment for the three months ended 31 March 2010 is as follows:

		Segment revenue		Segment result	
		Unaudited Three months ended 31 March 2010 $'000	Unaudited Three months ended 31 March 2009 $'000	**Unaudited Three months ended 31 March 2010 $'000**	Unaudited Three months ended 31 March 2009 $'000
Iron ore projects	- Sierra Leone	**-**	-	**(1,335)**	(989)
	- Saudi Arabia	**-**	-	**(184)**	(280)
	- Greenland	**-**	-	**(164)**	(70)
	- China	**3,383**	-	**2,237**	-
Unallocated costs including corporate		**-**	-	**(4,940)**	(2,765)
Group Revenue		**3,383**	-		
Group EBITDA				**(4,386)**	(4,104)
Total depreciation charge for the year				**(787)**	(117)
Loss from operations				**(5,173)**	(4,221)
Loss on disposal of subsidiary				**(236)**	-
Share of results of associates (net of tax)				**(828)**	(122)
Finance income				**752**	686
Finance costs				**(602)**	(317)
Loss before tax				**(6,087)**	(3,974)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2009: Nil). All revenue relates to the sale of iron ore concentrate made by CGMR and is made to several local buyers and traders.

EBITDA includes unallocated costs for non-cash charges in relation to share based payments. There are no other material non-cash charges included in EBITDA.

4. Segment reporting *(continued)*

Segment assets and liabilities

		Segment assets		Segment liabilities	
		Unaudited 31 March 2010 $'000	Audited 31 December 2009 $'000	**Unaudited 31 March 2010 $'000**	Audited 31 December 2009 $'000
Iron ore projects	- Sierra Leone	**18,238**	15,724	**(1,047)**	**(991)**
	- Saudi Arabia	**20,529**	16,039	**(2,336)**	**(2,196)**
	- Greenland	**22,340**	21,041	**(47)**	**(1,483)**
	- China	**68,882**	67,643	**(24,156)**	**(23,890)**
Total		**129,989**	120,447	**(27,586)**	**(28,560)**
Group investment in associates		**32,632**	14,910	**-**	**-**
Unallocated including corporate		**202,380**	237,961	**(15,597)**	**(17,199)**
Total		**365,001**	373,318	**(43,183)**	**(45,759)**

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than investments in associates and convertible loans and other investments, which are classified as "unallocated".

All liabilities are allocated to reportable segments other than liabilities held within the corporate head office.

Included in unallocated assets is the USD 5.0 million convertible loan made to Atacama Mining Resources (BVI), a company with the option to acquire certain exploration and mining licenses in Chile – see note 10.

5. Administrative expenses

The key components of administrative expenses are as follows:

	Unaudited Three months ended 31 March 2010	Unaudited Three months ended 31 March 2009
	$'000	$'000
Return Bonus Plan[1]	**701**	1,023
Staff costs		
Share-based payments to staff, directors and key management[2]	**960**	(184)
Directors and key management remuneration excluding share-based payments	**876**	329
Other staff costs	**1,070**	813
Professional and legal fees	**907**	759
Depreciation [3]	**222**	117
Fees payable to the Group's auditors for the audit of the Group's annual and interim accounts	**209**	40
Fees payable to the Group's auditors for other services to the Group [4]	**84**	151
Fees payable to other audit firms	**9**	-
Operating lease costs – property	**180**	141
AIM listing fees (excluding amounts paid to auditors)	**107**	-

[1] Following the approval of the Return of Cash to shareholders of 200 pence per ordinary share at the General Meeting held on 10 November 2008, bonus awards were made under the Return Bonus Plan to certain option holders and two LTIP award holders. Payments are due on vesting of the related option / LTIP award. The USD 0.7 million charge to the income statement represents the non-cash charge. Cash payments in the quarter were USD 0.5 million (2009: USD nil) and a further USD 6.7 million is due (subject to the return bonus plan rules), payable over the next three years, of which USD 1.4 million will be covered by proceeds from the exercise of respective options.

[2] The amount in respect of share-based payments is non-cash and relates solely to equity settled arrangements.

[3] Depreciation of USD 565,000 is included within cost of sales in the income statement relating to CGMR BVI for the three months ended 31 March 2010, (2009: USD nil).

[3] Other services undertaken by the Group's auditors included taxation services of USD 27,000 and other corporate finance and advisory services of USD 57,000.

6. Loss on disposal of subsidiary

On 31 March 2010 London Mining received net cash proceeds of USD 756,000 in relation to the disposal by Anglo Mexican Mining Ltd, (a London Mining investment holding company) of Compania Minera Suizo-Mexicana, SA de CV Ltd, ("CMSM") a Mexican incorporated entity. CMSM was deconsolidated at that date and a subsequent loss recognised on disposal of USD 236,000. The disposal does not represent a major line of business or geographical area of operations. The amounts included within the current period income statement have therefore not been reclassified as discontinued and are immaterial in nature.

7. Finance income

	Unaudited Three months ended 31 March 2010 $'000	Unaudited Three months ended 31 March 2009 $'000
Finance income		
Interest income from cash and cash equivalents	**53**	294
Interest income from loans receivable	**123**	-
Unwinding of discount on net loan receivable from joint venture	**137**	-
Exchange gains	**439**	392
	752	686

8. Finance costs

	Unaudited Three months ended 31 March 2010 $'000	Unaudited Three months ended 31 March 2009 $'000
Finance costs		
Interest expense	**6**	10
Unwinding of discount on long term liabilities	**120**	-
Exchange losses	**476**	307
	602	317

9. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the earnings / (loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, excluding shares held by the Employee Benefit Trust.

	Unaudited Three months ended 31 March 2010 $'000	Unaudited Three months ended 31 March 2009 $'000
Loss from operations attributable to equity holders of the Company	**(6,353)**	(3,947)
Weighted average number of ordinary shares in issue	**102,872,582**	106,180,114

Losss per share attributable to equity holders of the Company (USD per share)	**Unaudited Three months ended 31 March 2010 $'000**	Unaudited Three months ended 31 March 2009 $'000
Continuing operations	**(0.06)**	(0.04)

(b) Diluted

The outstanding options, warrants and LTIP awards at 31 March 2010 and 2009 represent anti-dilutive potential ordinary shares. Therefore, basic and diluted earnings per share are the same for the current and prior period.

10. Loans and receivables

	Note	Unaudited 31 March 2010 $'000	Audited 31 December 2009 $'000
Non-current			
Prepayments		**582**	590
Loan to joint venture partner	11	**3,992**	5,750
Loan to joint venture	11	**17,987**	17,850
Management fee receivable from joint venture	11	**2,989**	2,330
Convertible loans receivable (1)		**5,000**	5,000
Convertible loans to associates (2)		**2,500**	19,500
		33,050	51,020
Current			
Prepayments		**474**	595
Receivable from joint venture partner		**172**	690
Convertible loan receivable from joint venture partner (3)		**1,000**	1,000
Receivable from joint venture		**606**	559
Other receivables		**1,423**	861
		3,675	3,705
		36,725	54,725

(1) Convertible loans receivable of USD 5.0 million relate to a loan made to Atacama Mining Resources (BVI), a company with the option to acquire certain exploration and mining licences in Chile. The loan is unsecured and interest free. The loan is convertible at any time by London Mining into 50% of Atacama Mining Resources (BVI).

(2) Convertible loans to associates of USD 2.5 million (2008 USD 19.5 million). These include the USD 1 million convertible loan advanced to ICC in November 2009 and an additional USD 1.5 million convertible loan advanced to ICC in January 2010. Interest is charged on these loans at 8% per annum. The loans are due for repayment at the earliest of any date after 27 November 2011, or on a change of control of ICC. The 2008 comparative includes a USD 18.5 million receivable from the DMC Group, which, along with the Group's 39.3% share of DMC Coal Mining (Pty) Limited, has been converted into a 28% holding in DMC Consolidated in January 2010 (see note 12).

(3) A convertible loan with the Chinese Joint Venture partner Wits Basins which is convertible into shares in Wits Basin at USD 0.10 per share. This loan is convertible on demand following written notice provided to Wits Basin. Interest is accrued on this at 8% per annum.

11. Investment by London Mining plc in the CGMR BVI joint venture

On 23 April 2009, the Company completed a joint venture agreement with Wits Basin Precious Minerals, Inc. (Wits Basin) in relation to a 50:50 joint venture company, China Global Mining Resources (BVI) Limited (CGMR BVI). CGMR BVI through its wholly owned subsidiary, China Global mining Resources Limited, (CGMR HK), a Hong Kong entity has a 100% interest in two Chinese companies: Xiaonanshan Mining Co Limited (XNS) and Nanjing Sudan Mining Co (Sudan). Under the terms of the agreement, the Company subscribed USD 38.7 million and made a direct loan to Wits Basin for USD 5.75 million, making a total initial investment of USD 44.5 million.

Full details of the transaction are included in note 24 of the Company's 2009 Annual Report.

Accounting for CGMR BVI by London Mining

The Company has proportionately consolidated 50% of CGMR BVI from 23 April 2009. For accounting purposes the USD 38.7 million investment in CGMR BVI is treated as debt due from the joint venture of USD 34.9 million (discounted for the timings of the anticipated cash inflows) and an equity contribution to the joint venture of USD 3.8 million (in exchange for the Group's 50% interest). The Group's consolidated balance sheet at 31 March 2010 shows:

- USD 4.0 million non-current 'loan to joint venture partner' representing the interest-bearing loan to Wits Basin (included in non-current loans and receivables note 10). In January 2010 Wits Basin made a USD 2 million repayment of the loan, of which USD 1.8 million was against the loan principal;
- USD 18.0 million net non-current 'loan to joint venture' representing the joint venture partner's 50% share of the USD 36.0 million liability in CGMR BVI representing the original USD 34.9 million debt due, as noted above, accreted for the period to 31 March 2010 for the timings of the anticipated cash inflows (included in non-current loans and receivables note 10); and
- USD 3.0 million net management fee receivable into the Group from the joint venture (included in non-current loans and receivables note 10)

11. Investment by London Mining plc in the CGMR BVI joint venture *(continued)*

The acquisition balance sheet has now been finalised and unaudited fair value of the net assets of CGMR BVI at the date of acquisition and the related net cash outflow are shown below:

		Book value of assets acquired by CGMR BVI 100%	Fair value adjustment and acquisition entries $'000	CGMR BVI fair value 100% $'000	CGMR BVI fair value 50% $'000	London Mining Fair value adjustment $'000	London Mining Total 50% share $'000
Net assets acquired							
Mineral resources	(a)	**-**	**59,428**	**59,428**	**29,714**	**5,008**	**34,722**
Mining rights		**2,935**	**-**	**2,935**	**1,468**	**-**	**1,468**
Tangible assets	(b)	**7,605**	**11,224**	**18,829**	**9,415**	**-**	**9,415**
Other non-current assets		**917**	**-**	**917**	**459**	**-**	**459**
Current assets		**568**	**-**	**568**	**284**	**-**	**284**
Completion balance sheet adjustments		**-**	**-**	**-**	**-**	**-**	**-**
Loan due to London Mining plc [(1)]	(c)	**-**	**(34,994)**	**(34,994)**	**(17,497)**	**-**	**(17,497)**
Deferred transaction costs payable by joint venture	(c)	**-**	**(3,088)**	**(3,088)**	**(1,544)**	**-**	**(1,544)**
Wits Basin liabilities assumed by CGMR BVI	(c)	**-**	**(4,244)**	**(4,244)**	**(2,122)**	**-**	**(2,122)**
Transaction costs recoverable from joint venture		**-**	**(1,600)**	**(1,600)**	**(800)**	**-**	**(800)**
Deferred consideration to vendor	(d)	**-**	**(16,953)**	**(16,953)**	**(8,477)**	**-**	**(8,477)**
Current liabilities		**(4,002)**	**-**	**(4,002)**	**(2,001)**	**-**	**(2,001)**
Provisions	(e)	**-**	**(2,747)**	**(2,747)**	**(1,374)**	**-**	**(1,374)**
Deferred tax payable	(a)	**(192)**	**(14,857)**	**(15,049)**	**(7,525)**	**(1,252)**	**(8,777)**
Net assets acquired		**7,831**	**(7,831)**	**-**	**-**	**3,756**	**3,756**
Satisfied by:							
Equity contribution by London Mining plc							**3,756**

[(1)] As there is a contractual obligation for London Mining to receive an amount equal to its initial investment in the CGMR BVI as priority dividends, the cash paid by London Mining on the acquisition of its China investment is accounted for as a debtor due from the joint venture and not a cost of investment. This loan is interest free and is classified as non-current and has been discounted to present value.

Fair value adjustments

Fair value adjustments made to the underlying book value of assets and liabilities acquired by London Mining Plc in CGMR BVI as follows:

(a) The valuation of mineral reserves and resources purchased, grossed up for the respective deferred tax liability, calculated at 25%, being the local rate in the People's Republic of China.

(b) A fair value increase to the book value of tangible assets acquired.

(c) All non-interest bearing long term financial liabilities or assets recognised on acquisition are discounted to net present value to record their fair values at the date of acquisition. The discount is unwound until the expected repayment date through net finance income.

11. Investment by London Mining plc in the CGMR BVI joint venture *(continued)*

(d) The deferred consideration shown above is, at present, due for immediate payment and has therefore been included within current liabilities in the Group's balance sheet. The joint venture is in discussions with the vendor to defer payment in light of its plans to raise external finance prior to seeking a listing on the Hong Kong stock exchange.

(e) The recognition of a provision at the date of acquisition to cover restoration and rehabilitation costs were for the mine to be rehabilitated

The unaudited results for the three months ended 31 March 2010 includes:

Income statement	**Share of joint venture $'000**	**London Mining plc $'000**	**Total profit attributable to Chinese operations $'000**
Revenue	**3,383**	**-**	**3,383**
Cost of sales [1]	**(1,613)**	**-**	**(1,613)**
Administrative expenses	**(192)**	**-**	**(192)**
Profit from operations, before London Mining management fee	**1,578**	**-**	**1,578**
London Mining management fee	**(659)**	**1,318**	**659**
EBITDA	**919**	**1,318**	**2,237**
Depreciation	**(522)**	**(43)**	**(565)**
(Loss) / profit from operations	**397**	**1,275**	**1,672**
Net finance income	**(262)**	**273**	**11**
(Loss) / profit before taxation	**135**	**1,548**	**1,683**
Taxation	**(277)**	**11**	**(266)**
(Loss) / profit	**(142)**	**1,559**	**1,417**

[1] Excluding depreciation

12. Investment in associate

On 13 January 2010, London Mining converted the USD 18.5 million convertible loan due from DMC Group and its 39.3% net equity investment in DMC Coal Liming (Pty) Limited into 28% of the issued share capital of DMC Group, on a fully diluted basis. The 28% holding was diluted during the three months to 31 March 2010 to 27.5%. As at 31 March 2010 London Mining has accounted for its 27.5% share of DMC Group within investments in associates.

13. Notes to the cash flow statement

	Unaudited Three months ended 31 March 2010	Unaudited Three months ended 31 March 2009
Operating activities	**$'000**	$'000
Reconciliation of the loss for the three months to cash outflows from operating activities		
Loss for the period	**(6,353)**	(3,974)
Adjusted for:		
Share of results from associates	**828**	122
Loss on disposal of subsidiary	**236**	-
Depreciation	**787**	117
Finance income	**(752)**	(686)
Finance costs	**602**	317
Share-based payments expense	**960**	(184)
Tax expense	**266**	-
	(3,426)	(4,288)
Increase in non-current receivables	**(659)**	-
Decrease in current receivables	**671**	223
Increase inventories	**(5)**	-
(Decrease) / increase in payables	**(1,220)**	367
Cash outflow from operating activities	**(4,639)**	(3,698)

Prior period cash flows have been reclassified to be consistent with current period presentation.

14. Related party transactions

At 31 March 2010 the Directors of the Group and their related parties, and entities in which they had a beneficial interest, controlled 6.60% (2009: 3.9%) of the ordinary shares of the Company.

The Group has a related party relationship with its subsidiaries, joint venture and its associates. Transactions between Group entities are eliminated on consolidation and are not included in this note.

During the three months to 31 March 2010, a management fee of USD 1.3 million (2009: USD 0.2 million) of which the Group's share is USD 0.7 million was accrued from CGMR BVI to London Mining. At 31 March 2010, London Mining had advanced an amount of USD 38.7 million to CGMR BVI, which will be recovered via priority dividends from available cash of the operations. The Group's share of this balance, which, for reasons outlined in note 11, is recorded on consolidation as a loan at its estimated fair value, of USD 18.2 million. London Mining has also recognised an amount due of USD 1.2 million which relates to legal fees recoverable from the joint venture.

During the period to 31 March 2010 the Group held a 20% investment in International Coal Company Limited (ICC). G Hossie, the Chief Executive Officer of London Mining plc has a beneficial interest of 12% in ICC. As a consequence of this interest, Mr Hossie does not represent London Mining on the ICC board and does not participate in any decisions of the London Mining board in relation to ICC.

14. Related party transactions *(continued)*

On 27 November 2009, a convertible loan of USD 1.0 million was issued by London Mining plc to ICC. This loan bears interest at a rate of 8% per annum and is repayable on the earlier of: (i) 27 November 2011; or (ii) a change of control of ICC. The loan can be converted on any date after 27 November 2010, and will be converted at a price where USD 1 million equals 3% of the fully diluted share capital of ICC.

On 19 January 2010, a second convertible loan of USD 1.5 million was issued by London Mining plc to ICC. This loan bears interest at a rate of 8% per annum and is repayable on the earlier of: (i) 27 November 2011; or (ii) a change of control of ICC. The loan can be converted on any date after 19 January 2010, and will be converted at a price where USD 1.5 million equals 4.5% of the fully diluted share capital of ICC.

On 30 March 2010 London Mining announced the acquisition of the remaining 80% of ICC – see note 17. On completion of the transaction on 5 May 2010 at which point the loans above became intergroup loans.

15. Contingent liabilities

As part of the disposal of the Brazilian operations, London Mining granted certain warranties and indemnities to the purchaser, ArcelorMittal. Having taken appropriate legal advice, the Group believes the likelihood of a material liability arising is remote.

As part of the acquisition of its Chinese joint venture described in note 11, the vendor has an entitlement to receive further consideration of up to USD 38.6 million under consulting agreements payable subject to continuing employment for up to 8 years and available cash in CGMR after the priority repayment of the Group’s USD 44.5 million initial investment and subsequent ongoing distribution rights. The Group has not recognised any provision at 31 March 2010 based on the Directors’ current expectation that the likelihood of the vendor being entitled to a material balance is remote.

16. Capital commitments

	Unaudited 2009 $’000	2008 $’000
Commitments for the acquisition of intangible assets	**978**	-
Total	**978**	-

The Group’s share of the capital commitments of its jointly controlled operations is USD nil.

17. Events after the balance sheet date

(a) Delta Mining Consolidated

On 23 April 2010 London Mining accepted an offer from Sable Mining Africa Limited, ("Sable") for USD 24.8 million in cash for its 27.5% interest in DMC. The offer is subject only to regulatory approvals relating to change of control in DMC and anti-trust matters.

In addition London Mining entered into an agreement on 19 January 2010 with private investment vehicles of Heine van Niekerk and Pieter Wiese, (CEO and CFO respectively of DMC), which, inter alia, guaranteed that London Mining would receive total proceeds of USD 40 million in the event of the sale of DMC. London Mining has accepted the offer for USD 24.8 million cash from Sable for its 27.5% stake in DMC, and is therefore due under the private agreement a further USD 15.2 million, which it expects to be paid in Sable shares. The Company is currently in discussions with Heine van Niekerk and Pieter Wiese regarding the application of the agreement, which requires regulatory approval.

(b) International Coal Company Ltd

On 30 March 2010, London Mining announced the acquisition of the remaining 80% issued share capital of International Coal Company in Colombia for initial consideration of USD 5.5 million cash and 3.5 million newly issued London Mining shares. The acquisition was conditional on various completion requirements which were satisfied on 5 May 2010 when the acquisition was completed and initial consideration transferred.

London Mining now holds 100% of this investment. ICC is a Cayman Islands incorporated company with operations in Colombia, South America. ICC's strategy is to become a fully integrated developer of coal properties for the international steel and energy markets.

Potential further consideration of up to USD 8.5 million cash and up to 6.3 million shares are payable subject to performance conditions.

ICC's assets are not yet operational and there were no profits attributable in 2009 to the USD 3.0 million of assets on the balance sheet as at 31 December 2009.