

LONDON MINING PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5424040)

Registered Office:
39 Sloane Street
London
SW1X 9LP

21 October 2009

*To registered holders of ordinary shares of GBP 0.002 each ("**Ordinary Shares**" and "**Registered Shareholders**") and holders of beneficial interests in Ordinary Shares in VPS ("**VPS Shareholders**")*

Dear Shareholders,

Proposed admission to AIM

1. Introduction

On 16 October 2009, London Mining plc (the "**Company**") announced that the proposed admission of its Ordinary Shares to trading on the AIM market of the London Stock Exchange ("**Admission**") is expected to take place in November 2009.

The Company has undertaken the process to list on AIM to benefit from the presence of established mining sector research coverage in London and improved access to global investors. The Company is not seeking to raise any new money upon Admission, but some existing shareholders have indicated that they may be willing to place some shares with new investors in order to increase the free float and facilitate an appropriate level of liquidity in the London market.

The Company plans to maintain its listing on the Oslo Axess market; however the Company will review the status of the Oslo Axess listing after an appropriate period of time.

In connection with the proposed Admission, a Competent Person's Report on the Company's four principal assets has been prepared by Wardell Armstrong International. A copy of the report, together with the announcement referred to above and an announcement dated 12 October 2009 providing an update on the Company's business, are available on the Company's website (www.londonmining.co.uk).

The purpose of this letter is to provide further details of the impact that Admission will have on settlement arrangements and the action to be taken if you are a VPS Shareholder or a Registered Shareholder and wish to hold Ordinary Shares in dematerialised form in CREST.

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2. Trading on AIM and Oslo Axess following Admission

The default electronic settlement system for trades on AIM is the CREST system and the default electronic settlement system for trades on Oslo Axess is the VPS system. Therefore if you hold your Ordinary Shares in VPS and you decide to trade them on AIM, the timetable for settling the trade may be longer than would be the case if the Ordinary Shares are held in your (or your nominee's) name in CREST. Likewise if you hold Ordinary Shares in CREST and you decide to trade Ordinary Shares on Oslo Axess, the timetable for settling the trade may be longer than would be the case if the Ordinary Shares are held in VPS. Such extended settlement dates may restrict the demand for Ordinary Shares settled in this way. Therefore, if you wish to trade Ordinary Shares on AIM, it may be better for you to transfer your Ordinary Shares into the CREST electronic settlement system instead of maintaining them in the VPS electronic settlement system.

3. Action to be taken

If you are a VPS Shareholder and wish to hold your Ordinary Shares in CREST with effect from Admission, you must take the action specified in section 4 of this letter. If you are a Registered Shareholder and wish to hold your Ordinary Shares in CREST with effect from Admission, you must take the action specified in section 5 of this letter.

If you are a VPS Shareholder and do not take any action you will continue to hold your Ordinary Shares in VPS. If, following Admission, you decide that you wish to hold your Ordinary Shares in CREST, you should telephone DnB NOR Bank ASA ("**DnB NOR**") on + 47 22 48 35 20 who will provide you with a Form of Instruction and, if appropriate, a Transfer Form and instructions on how to complete them. It is expected that transferring Ordinary Shares held in VPS to CREST will take approximately five working days.

If you are a Registered Shareholder and do not take any action you will continue to hold your Ordinary Shares in certificated form. If, following Admission, you decide that you wish to hold your Ordinary Shares in CREST, you must contact your stockbroker who will provide you with the required CREST transfer form and instructions on how to complete it so that your Ordinary Shares can be dematerialised into the CREST system.

If you are in any doubt about what action you should take, you should consult your stockbroker, bank manager, solicitor or other appropriate independent financial adviser authorised under the UK Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

4. VPS Shareholders

If you are a VPS Shareholder and you wish to hold Ordinary Shares in CREST with effect from Admission, you must:

- instruct your VPS account operator to transfer your Ordinary Shares to DnB NOR's intermediary cross border account in accordance with the instructions set out at (i) below;

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- complete the enclosed Form of Instruction in accordance with the instructions set out at (ii) below); and
- instruct your CREST account operator to input the CREST matching criteria in accordance with the instructions set out at (iii) below.

Failure to do any of the above by the dates specified below is likely to result in your Ordinary Shares not being put into the CREST system by Admission.

(i) Transfer to DnB NOR's intermediary cross border account

The first stage is to instruct your VPS account operator to transfer your Ordinary Shares to DnB NOR's intermediary cross border account with HSBC Global Custody Nominee (UK) Ltd ("**HSBC**").

If DnB NOR is your VPS account operator, please complete and sign the enclosed Transfer Form and return it to DnB NOR Bank ASA, Verdipapirservice/K. G. Berg, Stranden 21, 0021 Oslo, Norway to arrive as soon as possible and, in any event, by no later than 5.00 p.m. (London time) on 30 October 2009 to be certain that your shares will be in the CREST system on Admission. Alternatively, you may send the completed Transfer Form to Kjetil Berg at DnB NOR by fax to + 47 22 94 90 20. There can be no guarantee that Transfer Forms received after 30 October 2009 will be processed in time for Admission. DnB NOR will charge a fee of NOK 100 for processing the transfer of your Ordinary Shares to its intermediary cross border account, such fee to be invoiced following the transfer.

If DnB NOR is not your VPS account operator, you must contact your account operator and request that such operator effects the transfer of your Ordinary Shares to DnB NOR's intermediary cross border account as soon as possible and, in any event, to allow for settlement on 30 October 2009 to be certain that your shares will be in the CREST system on Admission. In addition to your VPS account number and the number of Ordinary Shares to be transferred, your account operator will also need the following information:

Trade Date: 30 October 2009

Settlement Date: 30 October 2009

VPS account into which the Ordinary Shares are to be transferred: This is the DnB NOR intermediary cross border VPS account no. 05952.9999993.

Name of recipient party in VPS: DnB NOR Bank ASA, Registrars Department.

Your VPS account operator may charge a nominal fee for processing the transfer of your Ordinary Shares to DnB NOR's intermediary cross border account.

Following the transfer of your Ordinary Shares to DnB NOR's intermediary cross border account, you will not be able to trade your shares on Oslo Axess easily as to do so you would have to restore your shares to VPS nor will you be able to trade your Ordinary Shares on AIM until Admission. If a decision is taken by the Board not to proceed with Admission by 30 November 2009, DnB NOR will transfer your Ordinary Shares back to your VPS account operator.

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(ii) Form of Instruction

The Form of Instruction instructs DnB NOR to instruct HSBC to transfer the legal ownership of the Ordinary Shares held in DnB NOR's intermediary cross border account with HSBC to the CREST account of the VPS Shareholder or his nominee.

The details of the CREST account into which your Ordinary Shares will be transferred should be entered on the Form of Instruction. Your CREST account operator will be able to confirm details of your participant ID and the member account ID under which your Ordinary Shares will be held.

Please complete and sign the enclosed Form of Instruction and return it to DnB NOR Bank ASA, Verdepapirservice/K. G. Berg, Stranden 21, 0021 Oslo, Norway to arrive as soon as possible and, in any event, by no later than 5.00 p.m. (London time) on 30 October 2009 to be certain that your shares will be in the CREST system on Admission. Alternatively, you may send the completed Form of Instruction to Kjetil Berg at DnB NOR by fax to + 47 22 94 90 20. There can be no guarantee that Forms of Instruction received after 30 October 2009 will be processed in time for Admission.

DnB NOR will charge an administration fee of NOK 650 (regardless of the number of Ordinary Shares being transferred to CREST) for processing the Form of Instruction. Payment can either be deducted by DnB NOR from your NOK account with DnB NOR (if you have one) or be transferred by you to DnB NOR's account. The payment details for the transfer of funds are set out in the Form of Instruction. DnB NOR will not process a Form of Instruction unless it receives evidence from you that your bank has been instructed to make the payment (for example, a copy of the instruction to your bank to make the payment to DnB NOR).

If you have any queries regarding completion of the Form of Instruction or the method of payment, please telephone DnB NOR on + 47 22 48 35 86.

(iii) CREST matching instructions

In order to complete the transfer of your Ordinary Shares into CREST, you should instruct your CREST account operator to input the matching criteria set out below in CREST by no later than noon (London time) on the business day before the expected date of Admission if you wish your shares to be in the CREST system on Admission:

Trade Date:	Admission date
Settlement Date:	Admission date
Consideration:	Nil
Company:	London Mining plc
Security Description:	Ordinary Shares of GBP 0.002
Number of securities:	Insert number of securities being transferred to CREST
ISIN Code:	GB00B1VZK334
HSBC participant account ID:	BH01
HSBC member account ID:	744889

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When available, the Company will contact those VPS Shareholders who have transferred their Ordinary Shares to DnB NOR's intermediary cross border account and completed a valid Form of Instruction (on the telephone number given on the Form of Instruction) to notify the VPS Shareholder of the expected date of Admission.

5. Registered Shareholders

The Company has appointed Computershare Investor Services PLC ("**Computershare**") to be its registrar in the UK and therefore, with effect from 23 October 2009 Computershare will maintain the Company's share register.

If you are a Registered Shareholder and, with effect from Admission, wish to hold your Ordinary Shares in CREST, you must contact your stockbroker who will provide you with the required CREST transfer form and instructions on how to complete it so that your Ordinary Shares can be dematerialised into the CREST system ahead of Admission.

6. Changes to VPS arrangements

In order to comply with the Norwegian requirement that shares listed on the Oslo Axess market are capable of being settled in VPS (Norway's paperless centralised securities registry), the Company maintains a register in VPS operated by DnB NOR. For the purposes of English law, DnB NOR is the legal owner of the Ordinary Shares that are in the VPS system and it holds such Ordinary Shares as nominee on behalf of the holders of the beneficial interests who are recorded in the VPS register.

Prior to Admission, DnB NOR intends to dematerialise all of the Ordinary Shares held by it in VPS and place them within the CREST system by transferring them to the CREST account of HSBC (acting as custodian for DnB NOR, in its capacity as operator of the VPS register). The proposed dematerialisation and transfer to HSBC will facilitate the cross border settlement of Ordinary Shares following Admission. Following the transfer of the Ordinary Shares, HSBC will be the legal owner of all the Ordinary Shares that are in the VPS system.

HSBC and DnB NOR have entered into a custodian agreement whereby HSBC has agreed to pass on any dividends that it receives from the Company to DnB NOR for onward transmission to VPS Shareholders and to exercise voting rights in accordance with the instructions of DnB NOR. Accordingly, investors registered as owners in VPS must continue to look to DnB NOR to exercise rights arising in respect of the Ordinary Shares. In all other respects, the proposed dematerialisation and transfer to HSBC will not have any impact on VPS Shareholders. Although HSBC will hold Ordinary Shares in CREST it will only do so as legal owner and custodian for DnB NOR and VPS Shareholders will continue to trade Ordinary Shares in VPS. Therefore if you are a VPS Shareholder and wish to hold Ordinary Shares in your (or your nominee's) name in CREST, you must take the action specified in this letter.

7. Stamp duty and stamp duty reserve tax ("SDRT") on transfers of Ordinary Shares

You should note that transfers of Ordinary Shares may give rise to liabilities to UK stamp duty and SDRT.

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Transfers from VPS to the CREST system

Prior to Admission, all the Ordinary Shares held by DnB NOR (as nominee on behalf of shareholders in the VPS System) will be dematerialised, placed within the CREST system and held within a CREST account in the name of HSBC (acting as custodian for DnB NOR). The transfer of the Ordinary Shares to HSBC will not give rise to any UK stamp duty or SDRT.

Upon a VPS Shareholder validly electing to hold his Ordinary Shares in CREST, HSBC will transfer Ordinary Shares to the CREST account of such VPS Shareholder. The transfer of the Ordinary Shares to the VPS Shareholder's CREST account will not give rise to any UK stamp duty or SDRT provided that there is no change in the holder of the beneficial interest in the Ordinary Shares.

Sales of Ordinary Shares on or following Admission

Following Admission, sales of Ordinary Shares traded on AIM will be capable of being settled within CREST. Similarly, sales of Ordinary Shares traded on Oslo Axess will continue to be settled within VPS. Therefore, if you wish to trade your Ordinary Shares on AIM, it is likely that your Ordinary Shares will need to be moved to CREST or put in registered form. Similarly if you want to trade your Ordinary Shares on Oslo Axess it is likely that your Ordinary Shares will need to be in VPS.

If a sale of Ordinary Shares is settled within CREST (i.e. the transferred Ordinary Shares are credited to a CREST account of the purchaser) the purchaser will generally be liable to account for SDRT at the rate of 0.5% of the consideration paid whether or not the shares were previously held within VPS. This tax is collected through the CREST system.

If Ordinary Shares are sold within the VPS system alone (i.e. the seller and the purchaser each hold VPS accounts which are debited and credited by the number of shares transferred, with no adjustments to any CREST accounts) then the transfer will be exempt from SDRT.

If transfers of Ordinary Shares are effected outside either CREST or VPS, then the instruments effecting the transfers will generally be subject to UK stamp duty, normally at the rate of 0.5% (rounded up to the nearest £5) of the amount or value of the consideration.

If Ordinary Shares are not held within the VPS system by the seller, but the purchaser wishes to hold the Ordinary Shares in a VPS account, the transfer into VPS on that purchase of the Ordinary Shares will give rise to an SDRT liability on VPS of 1.5% of the amount of the consideration paid by the purchaser for the transfer. This tax is collected by HSBC on behalf of VPS when the shares are credited to HSBC's CREST account. The Company anticipates that VPS will require that such tax is met by the purchaser as a condition to processing the settlement of the transfer.

Transfers out of and back to VPS

An SDRT charge arises when an existing holder of Ordinary Shares transfers those shares (whether held in CREST or otherwise outside the VPS system) to the VPS system at 1.5% of the market value of the Ordinary Shares at the time of transfer. Therefore, if you choose to transfer your Ordinary Shares to CREST and then wish to transfer them back to the VPS system, an SDRT charge of 1.5% of

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the market value of the Ordinary Shares at the time of transfer will be payable by VPS which the Company anticipates you will be required to fund as a condition of the transaction proceeding.

In a recent case, the European Court of Justice found the 1.5% SDRT charge on the issue of new shares into clearance systems to be prohibited under European law. However, this very recent decision will only apply to new shares being issued into the VPS system and would not appear to affect the obligation to pay 1.5% SDRT where existing shares are transferred into that system.

In consequence of this decision, the UK government is reviewing the law relevant to SDRT and clearance systems, so the position relating to transfers within or into the VPS system may change.

8. Further information

If you have any questions relating to the Admission or the settlement arrangements described in this letter, please telephone either DnB NOR on + 47 22 48 35 20 or Computershare on 0870 7071810. Neither DnB NOR nor Computershare can provide advice on the merits of the settlement arrangements nor give any financial, accounting, legal or tax advice.

Yours sincerely,



Dr Colin Knight

(Non-executive Chairman)

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