

LONDON MINING PLC

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

RESULTS OF BANKABLE FEASIBILITY STUDY, WADI SAWAWIN, SAUDI ARABIA

Highlights

- **Study focussed on 5Mtpa direct reduction pellet operations**
- **Capex of USD1.6bn versus USD1.8bn for pre-feasibility study on a like-for-like basis**
- **Opex of USD47.4/t direct reduction pellets FOB Red Sea**
- **CRU Strategies believes that the regional market could support a supply increase of least 10Mtpa of direct reduction pellets**
- **Extended mine life to 20 years expected in February 2010 following additional work on resources currently in the proposed mining area**
- **Resources identified to allow mine life extension and further capacity increase**
- **Analysis demonstrated that both 5Mtpa and 10Mtpa operations are feasible**

London Mining today announces the results of its bankable feasibility study ("BFS") for the Wadi Sawawin project. London Mining owns 50% of the Wadi Sawawin project though its interest in the Saudi London Iron joint venture ("SLI") with the Saudi Arabian National Mining Company ("NMC"). The Chairman of SLI is Prince Nawaf bin Sultan bin Abdul Aziz al Saud, who is also the Chairman of NMC. Under the terms of the joint venture, NMC has committed to provide the exploitation licence comprising the Wadi Sawawin project and three exploration licences and London Mining has conducted, funded and now completed a BFS. The results of the BFS have been presented to the Ministry Of Petroleum and Mines in Jeddah, who continue to be supportive of the project.

The Wadi Sawawin Project is of strategic and economic importance to Saudi Arabia. Wadi Sawawin will provide Saudi Arabia with a domestic source of Direct Reduction ("DR") pellets for use in the DRI steel plants which account for 90% of steel production in the Middle East and North African region. The location of Wadi Sawawin will provide it with a competitive advantage over competing Brazilian and European supply through reduced freight rates from its deep water port in the Red Sea and access to low cost Saudi Arabian oil. In addition, the project will assist in the programme of diversification of the economy which is an important element of Saudi Arabian economic policy, and the government is expected to provide low cost funding via the PIF and SIDF.

The BFS included an updated market study undertaken by CRU Strategies, which assumes a long-term price of USD119/t FOB Red Sea for DR pellets, incorporating CRU Strategies estimate that Wadi Sawawin pellets would also benefit from a long-term USD21/t freight premium to Brazilian Tuberao pellets. The study also identifies a sustained 17Mt supply deficit for DR pellets in the MENA region in 2013.

The BFS confirms the Wadi Sawawin project to be feasible at 5Mtpa. The project configuration envisages mining and primary crushing at mine site after which ore will be transported 52km by road

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to a beneficiation and pelletizing plant on the coast, adjacent to the proposed deep-water port and related power and desalination facilities. The project process, based on the British Steel flowsheet, will employ fine grinding and reverse flotation to produce pellets suitable for use in Direct Reduction Iron ("DRI") plants and the port will be built with sufficient capacity to load Suez-size and coastal ships. The capex consists of USD184m for the mine and ore transportation, USD399m for processing, filtering and tailings, USD246 for pelletising, and USD556m for port, power, desalination plant and other infrastructure, leading to a total installed cost of USD1,385m. Construction, EPCM services, design allowance, owners costs and contingencies result in total capex of USD2.0bn. Operating cost is USD47.4/dmt, consisting of USD22.7 for processing, USD8.0 for pelletising and port, with the remainder incorporating mining, road transport and administration.

The key economic parameters for a 5Mtpa project, based on the detailed analysis undertaken in the BFS, are:

- total capex excluding power and desalination plant of USD1.6bn, a USD180m reduction versus the pre-feasibility study
- total capex, including power and desalination plant, of USD2.0bn
- operating costs of USD47.44/t pellets, or circa USD58/t pellets if power and water acquired from a dedicated third party provider including a capital charge payable over 14 years
- project IRR of 9.4%, which produces an equity IRR of 13.5% based on 60% leverage
- estimated project IRR of 10% producing equity IRR of 14%, if power and water provided by third party
- NPV8 of USD225m, or USD282m if power and water provided by third parties

In addition, London Mining has undertaken a further analysis on the 5Mtpa project to reflect the company's views that a further USD75m reduction in capex is achievable based on a desktop study and the expectation of a long-term price USD15/t higher at USD134/t :

- project IRR of 11.9%, which produces equity IRR of 18.4% based on 65% leverage
- project IRR of 13% producing equity IRR of 20%, if power and water provided by third party
- NPV8 of USD668m, or USD734m if power and water provided by third parties

The current JORC resource is sufficient for a mine life of 14 years at the run rate of 5Mtpa. London Mining expects to confirm sufficient measured and indicated resources to JORC standards in Q1 2010 to confirm a 20 year mine life. The current resource is based entirely on the exploitation licence of 3.5km² with exploration licences of 211.2km² to be investigated in 2010. London Mining plans an 8,000m drilling programme in 2010 to delineate further economic mineralisation which would allow for the expansion of the resource to enable 10Mtpa DR pellet production for 20 years.

London Mining also undertook a desktop study to examine the economics of constructing a 10Mtpa pellet producing mine:

- total capex of USD3.2bn, including power and desalination plant, equating to 1.6x the 5Mtpa capex on a like-for-like basis
- total opex of circa USD36/t pellets, vs USD47.4/t for 5Mtpa production
- project IRR of 14.5%, which produces equity IRR of 22.1% based on 60% leverage

- project IRR of 17%, which produces equity IRR of 28% based on 65% leverage and London Mining's views on further capex savings and expected long-term price
- NPV8 of USD1,127m, or based on London Mining's views on further capex savings and expected long-term price, an NPV8 of USD1,775m

The BFS process was managed by the London Mining project team, based primarily in Oman, who engaged a team of consultants comprising: WorleyParsons (project management, transport, bathymetry and ESHIA studies), Ausenco (mineral processing and plant engineering), Snowden Group (geology and mine planning), AMMTEC (ore variability testing), Corus Consulting (formerly British Steel Consulting Overseas, mineral processing), CRU Strategies (market report) and Southern Mining Consultants (financial analysis). The study also included a series of optimisation studies covering: ore transport method (road train, rail, conveyor or pipeline), processing plant location (mine or coast) and scale (3Mtpa, 5Mtpa or 10Mtpa). The study used historic work undertaken by British Steel between 1976 and 1994 including 5,657m of drilling and process testwork that demonstrated that Wadi Sawawin ore could be processed to produce a DR pellet with >67.2% Fe and <2.2% of silica (SiO₂) plus alumina (Al₂O₃). The BFS has been conducted to ensure the operation will meet Equator Principles.

SLI is in discussions with the Saudi Binladin Group regarding financing and offtake arrangements, as previously announced. Standard Chartered, Milbank Tweed and Al Sawaf have been engaged to advise on the financing process. The joint venture expects to raise financing to build the project through a combination of funding from local sources (including PIF and SIDF), commercial debt and the provision of offtake arrangements in exchange for an equity stake. The minimum leverage achievable is expected to be 60%.

The next milestone for the project is the completion of an updated JORC resource in Q1 2010 ahead of commencement of the financing process, which is targeted to be concluded by the end of 2010. Construction is anticipated to take 27 months with commissioning currently anticipated in Q2 of 2013.

Graeme Hossie, CEO of London Mining, said *"The BFS has shown that the Wadi Sawawin mining and DR pellet project provides a substantial economic opportunity and is of significant importance to steelmaking in the region. The project has been shown to be technically and economically sound, scalable with a large resource base and possesses areas of strategic and competitive advantage over alternative sources of DR pellet supply due to market proximity and competitive operating costs. There is very substantial exploration potential adjacent to the immediate mining area and London Mining expects to increase measured, indicated and inferred resources through the ongoing drilling campaign. The results of the Wadi Sawawin BFS has allowed Saudi London Iron to now commence offtake and financing discussions with parties in the region and we expect to give updates on progress in due course."*

As regards the Company's Marampa iron ore mine in Sierra Leone, an update on the project, including a JORC resource update on the tailings, is expected to be released in January 2010.

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

Notes to Editors

Glossary of Technical Terms:

“bathymetry”	The study of the underwater depth of the ocean floor.
“Bankable Feasibility Study” or “BFS”	A comprehensive design and costing study of the selected option for the development of a mineral project in which appropriate assessments have been made of realistically assumed, geological, mining, metallurgical, economic, marketing, legal, environmental, social governmental, engineering, operational and all other modifying factors which are considered in sufficient detail to demonstrate at the time of reporting (i) that extraction is reasonably justified (economically mineable) and (ii) the factors finance the development of the project.
“ESHIA”	Environmental, Social and Health Impact Assessment
“Fe”	Iron
“FOB”	Free on Board (FOB) indicates that the seller will pay for all charges regarding transportation and loading on to the vessel.
“JORC”	Australasian Institute of Mining and Metallurgy Joint Ore Reserves Committee (JORC) code on mineral resources and ore reserves.
“Mt”	Million metric tonnes.
“Mtpa”	A million metric tonnes per annum.
“NPV8”	Net Present Value at an 8% discount rate.
“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.

“reverse flotation”

A process whereby the unwanted material rises to the top of the flotation tank and is skimmed off, and the target material descends to the bottom of the tank and is collected.

“pellet”

A small spherical marble-sized ball of iron ore used in steelmaking.

“PIF”

The Public Investment Fund was established by the kingdom of Saudi Arabia to provide financing for commercial projects which have significant importance in developing the economy.

“SIDF”

The Saudi Industrial Development Fund provides loans to industrial projects to facilitate the industrialization of Saudi Arabia.