

Administrator's progress report

Name of Company

London Mining Plc

Company Number

05424040

In the

High Court of Justice, Chancery Division, Companies Court

(full name of court)

Court case number

7398 of 2014

(a) Insert full name(s) and
address(es) of
administrator(s)

I/ We (a) Peter David Dickens and Russell Downs of

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

Administrators of the above company attach a progress report for the period

from

to

(b) 26 September 2015

(b) 25 March 2016

(b) Insert dates

Signed



Joint Administrator

Dated 22 April 2016

Contact Details:

You do not have to give any contact information in the box opposite but if you do it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Sahil Aggarwal

7 More London Riverside, London SE1 2RT

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**London Mining Plc – in Administration
High Court of Justice, Chancery Division, Companies Court
Case No. 7398 of 2014**

Joint Administrators' progress report from 26 September 2015 to 25 March 2016

22 April 2016

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1. Joint Administrators' progress report for the period from 26 September 2015 to 25 March 2016

Introduction

In accordance with Rule 2.47 of the Insolvency Rules 1986 ("IR86"), the Joint Administrators (the "Administrators") write to update creditors on the progress of the Administration of London Mining Plc (the "Company") for the six months to 25 March 2016.

The Administrators are required to provide certain statutory information, which is included in Section 2.

Progress of the Administration

Asset realisations

Principal assets

As detailed in the Administrators' previous reports, the business and assets of the Company's principal operating subsidiary, London Mining Company Limited ("LMCL"), were sold by its joint receivers on 31 October 2014. As part of the overall transaction, the Company sold its intellectual property rights in LMCL.

The Company's other principal assets, being interests located in Greenland and Saudi Arabia, were sold in January and April 2015 respectively. Combined sale proceeds totalled \$1.575 million. Further consideration may become payable in due course for the surrender of tax losses in Greenland but the timing and amount, if any, remain uncertain.

The Administrators have also recovered cash at bank of circa \$3.4 million and realised chattel assets for \$65k.

Other assets

The Company holds deferred consideration and guarantee claim interests in respect of its former investments in South Africa.

The Administrators are continuing to explore options to realise value for the Company's South African claim and have conducted discussions with several parties. Pending further developments, no assessment of potential realisations (or associated costs) can be made at this stage.

The Administrators still consider that realisations from the Company's asset in Colombia are unlikely for the foreseeable future. The Company's options will be reviewed again prior to conclusion of the Administration.

During the period under review, the Administrators have agreed the Company's pre-appointment VAT position with HM Revenue & Customs ("HMRC"). This has resulted in VAT refunds of \$242k.

In addition, a \$16k business rate refund has been recovered in respect of the Company's former leasehold premises.

Discharging statutory obligations

Investigations

No matters have come to light during the period under review to suggest that the Administrators need to conduct any work additional to their review of the Company's affairs before the Administration and compliance with their obligations under the Company Directors' Disqualification Act 1986.

Corporate tax and VAT

Since their previous report, the Administrators have filed VAT returns for the quarters ending 31 October 2015 and 31 January 2016. No queries have been raised to date by HMRC in regard to VAT compliance.

The Administrators have prepared and filed the Company's final pre-appointment corporation tax return. Following correspondence with HMRC, no further returns are required and tax clearance has been granted.

The Administrators have also prepared and submitted forms that are now required under new foreign account tax and overseas territories regulations (known as FATCA and CDOT) due to the Company's foreign accounts and overseas holdings.

1. Joint Administrators' progress report for the period from 26 September 2015 to 25 March 2016

Receipts and payments account

An account of the receipts and payments in the Administration from 26 September 2015 to 25 March 2016 is set out in Section 3

Administration expenses

A statement of the expenses incurred by the Administrators for the period 26 September 2015 to 25 March 2016 and an estimate of future expenses is included at Section 4. The statement excludes any potential tax liabilities that may be payable as an expense of the Administration in due course

Administrators' remuneration and disbursements

The Administrators' remuneration has been approved on a time costs basis by the secured creditors ("Lenders") To date, remuneration of \$1.4 million has been drawn in respect of the Administrators' time costs for the period 16 October to 31 December 2014

The Administrators' fees in respect of their time costs from 1 January 2015 onwards have not yet been drawn and are subject to the consent of Lenders

The time cost charges incurred in the six months to 25 March 2016 are \$262k This does not necessarily reflect the amount that will be approved and drawn as remuneration by the Administrators for this period

In accordance with the revised requirements of Statement of Insolvency Practice 9, which took effect from 1 December 2015, details of the Administrators' time costs and other information from 26 September 2015 to 25 March 2016 are provided in Section 5.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 2.48A IR86 Any request must be in writing Creditors can also challenge the Administrators' fees and expenses

within eight weeks of receiving this report as set out in Rule 2.109 This information can also be found in the guide to fees at

<http://www.jcaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-administrators-fees-final.pdf>

A copy (free of charge) can be obtained by telephoning Matt Tang on +44 (0)207 804 2226.

Outcome for creditors

Secured creditors

As previously reported, distributions to the Lenders under their security will depend upon what value can be realised from the Company's remaining assets and Administration expenses

The overall outcome for the Lenders is also subject to the developments in the receivership of LMCL, which is a guarantor of the Company's debt

Preferential creditors

The Administrators do not expect any preferential claims

Unsecured creditors/Prescribed Part

The Administrators still consider that there will be a relatively small sum available for distribution to the Company's unsecured creditors under the Prescribed Part The rate of any dividend will be dependent upon future asset realisations, costs of the Administration and the level of admissible unsecured claims in the estate

1. Joint Administrators' progress report for the period from 26 September 2015 to 25 March 2016

The Prescribed Part (Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003) applies where there are floating charge realisations, net of costs ("net property"), to be set aside for unsecured creditors. This equates to

- 50% of net property up to £10k
- 20% of net property in excess of £10k
- Subject to a maximum amount of £600k (circa US\$942k)

The Prescribed Part applies in this case because the Lenders' charges were created and registered at Companies House following the Prescribed Part Order coming into force on 15 September 2003

Creditors who have not yet done so are asked to submit details of their claim by using the statement of claim form which is available to download at www.pwc.co.uk/londonmining.

Other matters

In this period, the Administrators received and are dealing with pre-legal action correspondence from an unsecured creditor with respect to the sale of business and assets of LMCL by LMCL's receivers

Next report

The Administrators anticipate that they will circulate their next report to creditors in approximately six months



Russell Downs
Joint Administrator of London Mining Plc

Peter David Dickens and Russell Downs have been appointed as joint administrators of London Mining Plc to manage its affairs, business and property as its agents. Peter David Dickens and Russell Downs are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

The joint administrators are bound by the Insolvency Code of Ethics which can be found at <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration

2. Statutory and other information

Court details for the Administration:	High Court of Justice, Chancery Division, Companies Court , Court Case No 7398 of 2014
Company's registered name:	London Mining Plc
Trading name:	London Mining
Registered number:	05424040
Registered address:	7 More London Riverside, London SE1 2RT
Date of the Administration appointment:	16 October 2014
Extension to the initial period of appointment:	12 months to 15 October 2016 consented to by the secured creditors
Administrators' names and addresses:	Peter David Dickens and Russell Downs of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT
Appointor's / applicant's name and address:	The directors of the company c/o 7 More London Riverside, London SE1 2RT
Objective being pursued by the Administrators:	Objective (b), achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)
Division of the Administrators' responsibilities:	For the purposes of paragraph 100(2) Sch B1 IA86, in relation to the Company, all of the functions, powers and duties of Russell Downs and Peter David Dickens of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT (each an "Administrator" and together the "Administrators") may be exercised by all or any of the Administrators. In this statement references to an Administrator or the Administrators shall include reference to any person appointed to act jointly or concurrently as an administrator of the Company

3. Receipts and payments account

	<i>Estimated to realise as per the directors' Statement of Affairs as at 16 October 2014</i>		<i>As at 25 September 2015</i>		<i>From 26 September 2015 to 25 March 2016</i>		<i>Total</i>	
	<i>Fixed charge</i>	<i>Floating charge</i>	<i>Fixed charge</i>	<i>Floating charge</i>	<i>Fixed charge</i>	<i>Floating charge</i>	<i>Fixed charge</i>	<i>Floating charge</i>
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Receipts								
Pre-appointment bank balances recovered	-	3.4	-	3.4	-	-	-	3.4
Sundry debts	-	0.3	-	0.4	-	0.3	-	0.7
Sale of intellectual property rights	0.1	-	0.1	-	-	-	0.1	-
Sale of office furniture and equipment	-	-	-	0.1	-	-	-	0.1
Pre-appointment refunds	-	-	-	0.1	-	0.2	-	0.3
Other asset realisations	-	-	-	-	-	-	-	-
- Greenland	-	-	-	1.3	-	-	-	1.3
- Saudi Arabia	-	-	0.3	-	-	-	0.3	-
	0.1	3.7	0.4	5.3	-	0.5	0.4	5.8
Payments								
Office costs - Salaries, rent, etc	-	-	-	(1.2)	-	-	-	(1.2)
Legal and professional costs	-	-	-	(0.7)	-	(0.1)	-	(0.8)
Irrecoverable VAT	-	-	-	(0.1)	-	-	-	(0.1)
Pre-Administration costs	-	-	-	(0.2)	-	-	-	(0.2)
Administrators' remuneration	-	-	-	(1.4)	-	-	-	(1.4)
Distributions to lenders	-	-	(0.1)	-	-	-	(0.1)	-
	(0.1)	-	(0.1)	(3.6)	-	(0.1)	(0.1)	(3.7)
Cash at bank	0.3	1.7	0.3	1.7	-	0.4	0.3	2.1

Notes

- 1) An exchange rate of £1 \$1.4117 has been used.
- 2) A US dollar equivalent of \$1.1m is held in GBP
- 3) All funds are held on interest bearing accounts
- 4) Irrecoverable VAT incurred from foreign transactions

4. Administration expenses

Administration expenses are amounts properly payable by the Administrators and include their fees but exclude distributions to creditors. Potential tax liabilities are also excluded because amounts becoming due will depend on the position and any changes in tax law at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account in Section 3, which shows expenses actually paid during the period and to date.

All amounts are in US\$ millions

	Unpaid expenses brought forward from preceding period	Incurred in the period and not paid	Cumulative accrued expenses	Estimated future	Anticipated total
Administrators' remuneration	0.9	0.3	1.2	Uncertain	Uncertain
Legal costs, records storage and other	-	0.1	0.1		
Total	0.9	0.4	1.3		

Notes:

- 1) An indicative exchange rate of £ \$1.4117 has been applied.
- 2) These costs are contingent on potential litigation as a result of the pre-action correspondence received by the Administrators. As a result, it is not possible to provide a meaningful estimate of future and therefore total expenses.

5. Remuneration update

a) Charging and disbursements policy

The time charged in attending to the Administration is by reference to the time properly given by Administrators and their staff. It is the Administrators' policy to delegate tasks to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or the Administrators themselves.

All staff working on the Administration (including cashiers, support and secretarial staff) charge time directly and are included within any analysis of time costs. Each grade of staff is allocated an hourly charge out rate which is reviewed from time to time. Work undertaken by cashiers, support and secretarial staff is charged separately and is not included in the hourly rates charged by partners or other members of staff. Time is charged by reference to actual work carried out in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). There is no allocation of any general costs or overhead costs. Set out below are the relevant charge-out rates per hour worked for the office holders' staff actually and likely to be involved.

Grade	Up to 30 June 2015 £	From 1 July 2015 £
Partner	795	825
Director	695	725
Senior manager / associate director	540	550
Manager / associate manager	460	470
Senior associate – qualified	380	390
Senior associate – unqualified	285	290
Associate / associate 2	240	245
Support staff	120	123

Specialist departments within the office holders' firms such as Tax, VAT, Property and Pensions are also used where the office holders require their expert advice. Such specialists' rates do vary but the figures below provide an indication of the maximum rate per hour. The rates shown are shown inclusive of any pre agreed discounts.

Grade	Up to 30 June 2015 £	From 1 July 2015 £
Partner	961	1,012
Director	901	930
Senior manager	816	710
Manager	540	565
Senior associate	395	417
Associate	191	204
Support staff	111	128

5. Remuneration update

In common with all professional firms, the scale rates used by the office holders periodically rise (for example to cover annual inflationary cost increases) Any increase in rates will be reported in subsequent reports

There is no statutory requirement for the Administrators to seek approval to draw expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that where an administrator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the administrator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses are known as "Category 2" disbursements and they must be directly incurred on the case and subject to a reasonable method of calculation and allocation

Category 2 disbursements in the assignment are likely to comprise

- The time costs and expenses of overseas firms within the wider PricewaterhouseCoopers organisation which are assisting with the realisation of assets, including in Ghana, Sierra Leone, South Africa, the British Virgin Isles, Jersey and Colombia,
- Printing at 10 pence per sheet copied (only charged for circulars to creditors and exceptional amounts of copying), and
- Mileage at a maximum of 67 pence per mile (engine size up to 2,000cc) or 80 pence per mile (engine size over 2,000cc)

Category 1 disbursements posted to the Administrators' time recording system in the period totalled \$590 and comprised

- Accrued travel costs of \$573
- Postage of \$17

No Category 2 disbursements were incurred in the period

5. Remuneration update

b) Narrative of work carried out in the six months to 25 March 2016

Area of work		Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors or whether it was required by statute
Strategy and planning		<ul style="list-style-type: none"> Monitoring of time spent by the Administrators and their staff to support allocation of work Reviews of costs against budget and consideration of future resource requirements Internal meetings to discuss key issues and preparation for prescribed part distribution Considering requirements for administration extension 	<ul style="list-style-type: none"> To resolve outstanding matters in line with the purpose of administration to achieve a better outcome for creditors than would be the case if the Company went into liquidation (without first being in Administration) 	<ul style="list-style-type: none"> The Administrators are required by statute to perform their functions as quickly and efficiently as possible
	Statutory and compliance	<ul style="list-style-type: none"> Ongoing compliance with internal risk and quality procedures Maintaining internal systems, including electronic filing of correspondence Management of company books and records and electronic data Drafting and distributing statutory extension report to the Lenders dated 2 October 2015 Drafting statutory notices and distributing extension report to creditors, court and Companies House 	<ul style="list-style-type: none"> To comply with regulatory requirements or statute 	<ul style="list-style-type: none"> Required by Insolvency Act 1986/IR86, regulatory requirement
	Reporting to / liaison with secured creditors	<ul style="list-style-type: none"> Conference calls with the Lenders Responding to Lenders' queries Liaising with Lenders in regard to seeking extension approval 	<ul style="list-style-type: none"> To discuss progress of the Administration 	<ul style="list-style-type: none"> The Administrators have a duty to act in the best interests of creditors as a whole

5. Remuneration update

Accounting and treasury	<ul style="list-style-type: none"> Processing of receipts, payments and journals Reviewing and settling invoices for Administration expenses Undertaking regular bank reconciliations 	<ul style="list-style-type: none"> To maintain the books and records Pay Administration expenses 	<ul style="list-style-type: none"> Statutory duties to manage the affairs, business and property of the Company, settle expenses in the prescribed order of priority, and keep proper books and records
Other assets	<ul style="list-style-type: none"> Ongoing work to realise value for a South African guarantee claim asset Settling of costs for subsidiary companies Liaising with local council to recover former Wymore Street premises' business rates Liaising with HM Revenue & Customs to agree pre-appointment VAT position and recover refund 	<ul style="list-style-type: none"> To ensure that all realisable assets are recovered 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole
Tax & VAT	<ul style="list-style-type: none"> Preparing and submitting the post-appointment VAT returns for the quarters ending 31 October 2015 and 31 January 2016 Applying to HMRC for VAT deregistration Preparing FATCA and CDOT forms in response to new overseas accounting tax requirements 	<ul style="list-style-type: none"> In compliance with duties as proper officers for tax 	<ul style="list-style-type: none"> Governance To ensure tax accounting is accurate for the benefit of creditors as a whole
Creditors and other stakeholders	<ul style="list-style-type: none"> Dealing with general queries from creditors and shareholders Corresponding with Jersey Bondholders with guarantee claims against the Company Updating creditor information to reflect changes in contract details and claim amounts Claims adjudication on unsecured creditors' claims 	<ul style="list-style-type: none"> To discuss progress of the Administration since the last progress report To agree unsecured claims in preparation for prescribed part distribution 	<ul style="list-style-type: none"> The Administrators have a duty to act in the best interests of creditors as a whole

5. Remuneration update

Sale of business claim	<ul style="list-style-type: none"> Dealing with pre-action correspondence received in regard to the sale of the LMCL business and assets 	<ul style="list-style-type: none"> To respond to claims against the Company and the Administrators 	<ul style="list-style-type: none"> The Administrators' duty to preserve the Company's assets for the benefit of all creditors
c) Future anticipated work			
To achieve the purpose of the Administration, the following work needs to be completed			
Area of work	Work still to do	Whether or not the work will provide a financial benefit to creditors or whether it is required by statute	
Strategy and planning	<ul style="list-style-type: none"> Monitoring time spent by the Administrators and their staff to support allocation of work Reviews of costs against budget and consideration of future resource requirements Internal meetings to discuss key issues and preparation for prescribed part distribution Consideration for exit planning 	<ul style="list-style-type: none"> The Administrators are required by statute to perform their functions as quickly and efficiently as possible 	
Statutory and compliance	<ul style="list-style-type: none"> Compliance with internal risk and quality procedures Maintaining internal systems, including electronic filing of correspondence Management of company books and records and electronic data Preparing an interim progress report and a final report Conducting case reviews Closure preparation / books and records review 	<ul style="list-style-type: none"> Required by IA86/IR86, regulatory requirement 	
Reporting to / liaison with secured creditors	<ul style="list-style-type: none"> Conference calls / meetings and consultation with the Lenders regarding matters affecting administration, seeking approval of fees 	<ul style="list-style-type: none"> The Administrators have a duty to act in the best interests of creditors as a whole 	

5. Remuneration update

	<ul style="list-style-type: none"> Responding to Lenders' queries 	
Accounting and treasury	<ul style="list-style-type: none"> Processing receipts, payments and journals Reviewing and settling invoices for Administration expenses Undertaking regular bank reconciliations Processing prescribed part dividend distribution Arranging for closure of bank accounts on conclusion 	<ul style="list-style-type: none"> Statutory duties to manage the affairs, business and property of the Company; settle Administration expenses in the prescribed order of priority; and keep proper books and records
Other assets	<ul style="list-style-type: none"> Realise value for a South African guarantee claim asset Continuing to settle costs for subsidiary companies Review and collection of any additional consideration that may become due in respect of Greenland Final assessment of any recovery in regard to Colombia 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors as a whole
Tax & VAT	<ul style="list-style-type: none"> Preparation and submission of tax computations Preparation and submission of VAT returns Dealing with queries arising from FACTA submissions Obtaining tax clearance prior to closure 	<ul style="list-style-type: none"> Governance To ensure tax accounting is accurate for the benefit of creditors as a whole
Creditors and other stakeholders	<ul style="list-style-type: none"> Dealing with general queries from creditors and shareholders Updating creditor information to reflect changes in contact details and claim amounts Issuing notices and making prescribed part dividend distribution Claims adjudication on unsecured creditors' claims including Jersey Bondholder guarantee claims 	<ul style="list-style-type: none"> The Administrators have a duty to act in the best interests of creditors as a whole
Sale of business claim	<ul style="list-style-type: none"> Dealing with pre-action correspondence received in regard to the sale of the LMCL business and assets 	<ul style="list-style-type: none"> The Administrators have a duty to preserve the assets of the Company for the best interests of creditors as a whole

5. Remuneration update

In light of the claim received against the Administrators in regard to the sale of the LMCL business and assets, future time costs are now subject to a high level of uncertainty. However as a guide, the statutory and other costs to keep the Administration open for a further six months are estimated as follows

	US\$'000
Case management and compliance	25
Asset protection and realisation	45
Tax and VAT	35

d) Table summarising costs by grade and work type for the six months to 25 March 2016

For indicative purposes, the values shown below have been converted at £1 \$1.4117. The amount billed in \$ will depend on the prevailing rate at the time and approval of the Lenders

Aspect of assignment	Total hours	Total £	Indicative value in US\$	Average £/hour
Case management and compliance				
Strategy and planning	31 90	13,970	19,721	454.77
Statutory and other compliance	27 15	9,039	12,760	480.37
Reporting to / liaison with secured creditors	26 35	13,418	18,942	321.96
Asset protection and realisation				
Accounting and treasury	24 50	5,731	8,090	264.08
Other assets	59 65	27,378	38,650	458.98
Tax & VAT	63 60	28,778	40,626	330.51
Creditors and other stakeholders				
Sale of business claim	59 85	17,317	24,446	279.93
117 90	69,654	98,331	279.93	
Total	410 90	185,285	261,566	382.41

5. Remuneration update

e) Table summarising total costs by work type from the beginning of the Administration

For indicative purposes only, the values shown below have been converted at £1 \$1.4117. Actual amounts drawn in US\$ will depend on the exchange rate prevailing at the dates of payment.

Aspect of assignment	Total hours	Total time cost £	Indicative value in USD \$	Average hourly rate £
Case management and compliance				
Strategy and planning	208 10	100,527	141,914	483 07
Statutory and compliance	561 00	213,329	301,156	380 26
Reporting to / liaison with secured creditors	245 15	110,521	156,022	450 83
Asset protection and realisation				
Accounting and treasury	429 87	113,906	160,801	264 98
Transaction run-off (Sierra Leone)	935 15	417,256	589,041	446 19
Other assets	774 05	389,051	549,224	502 62
Tax & VAT	486 15	227,244	320,800	467 44
Creditors and other stakeholders				
Sale of business claim	254 75	89,828	126,811	352 61
	117 90	69,654	98,331	590 79
Total for the case	4,012 12	1,731,316	2,444,100	431 52

f) Professional firms employed

The Administrators have instructed Clifford Chance LLP as their UK legal advisor on the basis of its specialist knowledge and experience. The Administrators also employed Travers Smith LLP and Wertsman's Attorneys to assist with asset realisations. These legal advisors are required to submit time costs analyses and narratives in support of invoices rendered and seek prior approval before billing.

g) Sub contracted work and other information

The Administrators have not sub contracted any work to third parties.

The Administrators have no business or personal relationships with parties responsible for approving remuneration or who provide services to the Administration where the relationships could give rise to a conflict of interest.