

The Insolvency Act 1986

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) 16 October 2014

(b) 15 April 2015

(b) Insert dates

Signed Joint Administrator

Dated 14 May 2015

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.

James Bolt	
7 More London Riverside, London SE1 2RT	
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DX Number	DX Exchange

TUESDAY



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Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff



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

**Joint Administrators' progress report for the period from 16 October 2014
to 15 April 2015**

14 May 2015

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1. Joint Administrators' progress report for the period from 16 October 2014 to 15 April 2015

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") in the six months since the Administrators' appointment on 16 October 2014.

The Administrators are required to provide certain statutory information pursuant to Rule 2.47(1)(a) to (d) IR86, which is included in Section 2.

Background information

- The Company was the ultimate holding company in the London Mining group (the "Group") and was established in 2005 to develop iron ore mines for the global steel industry. The Company had previously listed in Oslo but later moved to the London AIM exchange until it was delisted as a result of its insolvency.
- The Company obtained a licence in Greenland and secured options to acquire the Marampa iron ore mine ("Marampa") in Sierra Leone ("SL"), which had lain dormant for over 35 years, and a mine in Brazil.
- Following a period of rapid development, the Brazilian mine was sold for \$810 million in 2008. That year the Group also delivered a feasibility study on a joint venture iron ore project in Saudi Arabia and diversified into coal investments in Colombia and South Africa.
- In 2011 the Group sold its interest in the South African asset at a loss.
- A 25 year mining licence for Marampa was granted in 2009. Production commenced in December 2011 through London Mining Company Limited ("LMCL"), the Group entity which owned Marampa.
- The following year management decided to focus on the Group's core assets in Marampa, Greenland and Saudi Arabia. The Colombian asset, which had performed poorly, was marketed and subsequently sold in February 2014.

- In May 2014 the Company announced steps to find a strategic investor to support the ongoing funding need at Marampa. However, the iron ore price was continuing to fall below previous lows and the Ebola outbreak in SL was starting to adversely impact business.
- In August 2014 the Company reported a 22% fall in revenue at Marampa for the six months to 30 June and a \$25 million increase in secured lending to ease liquidity pressure.
- Given the severe and rapidly deteriorating liquidity issues facing the business and with a strategic process failing to deliver an investor, the directors concluded that the Company was insolvent.
- On 16 October 2014, the directors appointed Peter Dickens and Russell Downs as joint administrators to the Company.
- Funding across the Group had comprised secured syndicated bank lending of \$225 million, convertible bonds of \$110 million, and royalty and offtake agreement advances totalling circa \$230 million.
- A fuller account of matters leading to the Company's insolvency and the actions taken in the weeks after the Administrators' appointment is set out in their proposals issued to creditors on 12 December 2014.

Appointment of receivers to LMCL and sale of its business

On 31 October 2014 Felix Addo of PricewaterhouseCoopers (Ghana) Limited, Peter Dickens and Russell Downs were appointed joint receivers ("the Receivers") of LMCL under Sierra Leone law by the Lenders under the terms of their security.

Immediately following the Receivers' appointment, LMCL acting by its Receivers sold its business and assets to Timis Corporation (SL) Limited (the "Purchaser"). Under the terms of the sale, \$225 million of principal debt owed to the Lenders by the Company and guaranteed by LMCL transferred to the Purchaser. Again, a more detailed account of the transaction entered into by the Receivers was included in the Administrators' proposals.

1. Joint Administrators' progress report for the period from 16 October 2014 to 15 April 2015

Intellectual property rights ("IPR")

On 31 October 2014 the Company acting by its Administrators sold all of its IPR in relation to Marampa to the Purchaser for £100k. The proceeds are subject to the Lenders' fixed charge security.

Other asset realisations

Greenland

The Company wholly owned London Mining Greenland A/S ("LMG"), which was granted a 30 year exploitation licence in October 2013. Upon their appointment, the Administrators worked with LMG to find a buyer or investor.

On 15 January 2015 the Company acting by the Administrators sold its interest in LMG for \$1.3 million. Further consideration may become payable in due course for surrender of tax losses but the timing and amount, if any, is uncertain.

Saudi Arabia

When the Administrators were appointed, the Company had an interest in an agreement with a Saudi corporate partner which entitled the Company to a potential interest of 25% in an iron ore project.

Despite a number of parties being contacted, there was limited interest in the asset. On 7 April, the Company sold its interest for \$275k. The proceeds are subject to the Lenders' fixed charge security.

Cash and other assets

The principal remaining assets to realise are deferred consideration and guarantee claim interests in respect to the company's former investments in Columbia and South Africa. Work to realise these assets is ongoing and the Administrators are not yet in a position to forecast likely recoveries.

The Administrators recovered cash at bank of circa \$3.4 million following their appointment.

The Company's leasehold premises in London were vacated in November 2014. The Administrators are advised that there is no premium value in the lease and steps are being taken to arrange a formal surrender to the landlord.

Chattel assets owned by the Company have been auctioned by the Administrators' specialist agents and realised \$65k.

Employees

The Lenders agreed with the Purchaser to fund settlement of certain of the claims of the Company's employees. These funds do not form part of the assets of the Company.

All but six of the Company's employees accepted settlement terms, thereby extinguishing all potential preferential and the majority of unsecured employee claims against the Company.

Discharging statutory obligations

Statement of affairs

The Administrators formally requested that the directors deliver up a statement of the Company's affairs as at 16 October 2014. This was provided on 12 November 2014 and duly filed at Companies House.

Administrators' proposals

On 12 December 2014 the Administrators circulated to creditors their proposals for achieving the purpose of administration.

The Administrators stated in their proposals that they had formed the view that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part to be set aside in accordance with Section 176A of the Insolvency Act 1986 ("IA86").

The Administrators' proposals were deemed approved in accordance with Rule 2.33(5), a meeting of creditors not having been requisitioned by creditors in the prescribed manner.

Directors' conduct and investigations

The Administrators have complied with their obligations under the Company Directors' Disqualification Act 1986 and Statement of Insolvency

1. Joint Administrators' progress report for the period from 16 October 2014 to 15 April 2015

Practice No 2 No matters have come to light to suggest the need to conduct any further investigation

Corporate tax

The Administrators have filed the Company's FY13 corporation tax return and are in the process of finalising the return for the period up until the appointment of the Administrators. These returns are not expected to give rise to a tax liability.

As ultimate parent of the wider Group, the Company also has tax obligations overseas, which are being addressed.

The Administrators have filed the Company's pre-appointment VAT returns in the UK so that HM Revenue & Customs' unsecured claim and the opening Administration positions can be agreed. The first post-appointment VAT return has also been filed.

Receipts and payments account

An account of the receipts and payments in the Administration for the period from 16 October 2014 to 15 April 2015 is set out in Section 3.

As stated above, the Lenders and the Purchaser provided \$6 million of funding shortly after the Administrators' appointment to fund business critical needs in the Company and LMCL. These monies do not form part of the Company's assets and are therefore excluded from the receipts and payments account.

Expenses statement

A statement of the expenses incurred by the Administrators in the first six months of the Administration is included at Section 4. The statement excludes any potential tax liabilities that may be payable as an expense of the Administration.

Administrators' remuneration

The Administrators' remuneration has been approved on a time costs basis by the Lenders.

The time cost charges incurred in the period covered by this report are \$1.9 million. This amount does not necessarily reflect the amount that will be drawn as remuneration by the Administrators for this period, which is subject to ongoing discussion with the Lenders.

In accordance with the requirements of Statement of Insolvency Practice 9, a full analysis of the Administrators' time costs and Category 2 disbursements for the six months to 15 April 2015 is provided in Section 5.

Creditors' rights

An explanatory note on the rights of creditors in relation to an administrator's remuneration and expenses and how to request further information can be found online at

<http://www.icaew.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 0207 804 2226.

Pre-Administration costs

Information regarding the approval of the unpaid pre-Administration costs previously detailed in the Administrators' proposals can be found at Section 6 of this report.

1. Joint Administrators' progress report for the period from 16 October 2014 to 15 April 2015

Outcome for creditors

Secured creditors

As a consequence of the sale of the LMCL business and assets, the Company has been released from its principal debt obligations of \$225 million to the Lenders. However, accrued interest of circa \$5.5 million remains outstanding and is secured on the remaining assets of the Company and LMCL and certain of the other subsidiaries.

Any further distributions from the Company to the Lenders under their charges will depend in particular upon what value may be realised in respect to the Group's remaining assets.

As asset realisations are ongoing, it is not yet clear whether the remaining debt due to the Lenders will be repaid in full.

Preferential creditors

The Administrators do not expect there to be any preferential claims from former employees.

Unsecured creditors/Prescribed Part

It is expected there will be a relatively small sum available for distribution to the Company's unsecured creditors under the Prescribed Part. The amount of any dividend will be dependent upon future asset realisations, costs of the Administration and the level of admissible unsecured claims in the estate.

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.

The Administrators' proposals provided for the Administrators to establish in principle and at their discretion the claims of unsecured creditors if and when it became apparent that a surplus would become available for unsecured creditors. The Administrators hereby request that creditors submit details of their claim on the basis that a small distribution is likely.

If you have not already submitted your claim, please do so using the statement of claim form which is available to download at www.pwc.co.uk/londonmining

On 26 May 2015 the UK government's Small Business Enterprise and Employment Act ("SBEA") will come into effect. SBEA has introduced a number of changes to insolvency law in England and Wales. As a result, the Administrators would no longer need to obtain the court's permission to distribute Prescribed Part floating charge funds to unsecured creditors. The Company cannot though enter into creditors' voluntary liquidation once all work in the Administration is complete and the Administrators expect instead to apply for the Company to be dissolved in due course.

The Administrators do not anticipate these changes in insolvency law to have any impact on overall strategy.

1. Joint Administrators' progress report for the period from 16 October 2014 to 15 April 2015

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 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:

Full name:

Trading name:

Registered number:

Registered address:

Company directors:

Company secretary:

Shareholdings held by the directors and secretary:

Date of the Administration appointment:
Administrators' names and addresses:

Appointor's / applicant's name and address:
Objective being pursued by the Administrators:

Division of the Administrators' responsibilities:

Proposed end of the Administration:
Estimated dividend for unsecured creditors:
Estimated values of the prescribed part and the company's net property:
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):

High Court of Justice, Chancery Division, Companies Court, Court Case No 7398 of 2014
London Mining Plc
London Mining
05424040
7 More London Riverside, London SE1 2RT
Mr Graeme Hossie, Mr Benjamin Lee, Mr Colin Harris, Sir Nicholas Bonson,
Mr Maurice Groat
Mr Rohit Bhoothalingam
The shareholder registry lists the following holdings of shares at £0 002
Mr Graeme Hossie 721, 732, Mr Benjamin Lee 50,000, Sir Nicholas Bonson
50,905
16 October 2014
Peter David Dickens and Russell Downs of PricewaterhouseCoopers LLP, 7
More London Riverside, London SE1 2RT
The directors of the company c/o 7 More London Riverside, London SE1 2RT
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)
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
Dissolution
Uncertain but likely to be negligible
Both uncertain
Uncertain at this time whether an application may be appropriate
The European Regulation on Insolvency Proceedings applies to this
administration and the proceedings are main proceeding

3. Receipts and payments account

	<i>Estimated to realise as per the director's Statement of Affairs as at 16 October 2014</i>		<i>Receipts and payments in the period from 16 October 2014 to 15 April 2015</i>	
	<i>Fixed charge</i>	<i>Floating charge</i>	<i>Fixed charge</i>	<i>Floating charge</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Receipts				
Pre-appointment bank balances recovered	-	3.4	-	3.4
Sundry debts	-	0.3	-	0.3
Sale of IPR	0.1	-	0.1	-
Sale of office furniture and equipment	-	-	-	0.1
Pre-appointment refunds	-	-	-	0.1
Other asset realisations	-	-	-	-
- Greenland	-	-	-	1.3
- Saudi Arabia	-	-	0.3	-
	0.1	3.7	0.4	5.2
Payments				
Office costs - Salaries, rent, etc				(1.0)
Legal and professional			(0.1)	(0.6)
Distributions to lenders			(0.1)	(1.6)
			<u>0.3</u>	<u>3.6</u>
Cash at bank				

Notes

- 1) An exchange rate of £1: \$1.5711 has been used in preparing the above.
- 2) Funds totalling \$6 million provided by the Purchaser and the Lender do not form part of the Company's assets.
- 3) Balances held in sterling, the US dollar equivalent of \$2.7 million, are held on interest bearing accounts. The remaining balances in US dollars are also held on interest bearing accounts.

4. Statement of expenses incurred

Expenses incurred by the Administrators (excl. VAT) \$m	Paid to 15 April 2015	Incurred but not paid as at 15 April 2015
Office costs and salaries	(1.0)	-
Legal fees and other professional costs	(0.6)	(0.1)
Administrators' time costs and disbursements	-	(1.3)
Pre-Administration costs	-	(0.2)
Totals	(1.6)	(1.6)

Note: An indicative exchange rate of £ \$1.5711 has been applied

5. Analysis of the Administrators' remuneration and Category 2 disbursements from 16 October 2014 to 15 April 2015

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	£
Partner	795
Director	695
Senior manager / associate director	540
Manager / associate manager	460
Senior associate – qualified	380
Senior associate – unqualified	285
Associate / associate 2	240
Support staff	120

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	£
Partner	961
Director	901
Senior manager	816
Manager	540
Senior associate	395
Associate	191
Support staff	111

5. Analysis of the Administrators' remuneration and Category 2 disbursements from 16 October 2014 to 15 April 2015

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 assignments 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 67p per mile (engine size up to 2,000cc) or 80p per mile (engine size over 2,000cc)

The Administrators have sought approval from the Lenders to settle Category 2 disbursements in regard to the costs of their associated firms, which to 15 April 2015 totalled circa \$63k

b) Narrative of work carried out

Case management and compliance

Strategy and planning

- Preparing, reviewing and implementing initial strategy on appointment
- Internal meetings to discuss and progress key issues
- Reviewing and liaising with the directors regarding cash flow forecasts
- Reviewing costs and preparing financial information to support estimates of future costs
- Monitoring of time spent by the Administrators and their staff to support allocation of work and decision making on key issues
- Preparing budgets to manage costs and consideration of future resource requirements
- Instructing and overseeing specialists assisting with management of electronic records, employee payroll and tax matters
- Consideration of overall case strategy, resourcing and team structures.
- Liaising with legal advisors and key stakeholders on strategic matters
- Briefing of junior staff, addressing queries and reviewing correspondence
- Co-ordination of team activities to avoid duplication of effort and minimise cost

5. Analysis of the Administrators' remuneration and Category 2 disbursements from 16 October 2014 to 15 April 2015

- Considering the changes in insolvency law and the potential impact of the government's Small Business Enterprise and Employment Act ("SBE EA") coming into effect on 26 May 2015 on strategy and ending the Administration in due course.

Statutory and other compliance

- Completing immediate post appointment ethical checks and complying with statutory, regulatory and internal control requirements.
- Setting up of web site to communicate with creditors and other stakeholders
- Preparing and circulating internal notification of appointment
- Setting up systems to record time spent on the engagement by the Administrators and their staff
- Liaising with PwC Ghana to complete further compliance checks in anticipation of the LMCL receivership
- Securing and retrieving company books and records, including electronic data
- Calculating, arranging and reviewing the adequacy of specific penalty bonds in line with statutory requirements
- Collating and maintaining creditor information to enable day-to-day communication with creditors and to support agreement of claims in the event a dividend is declared to unsecured creditors
- Drafting and circulating statutory notices and letters to creditors, Companies House, the pension regulator and HM Revenue & Customs
- Advertising the Administrators' appointment in accordance with statutory requirements
- Complying with notification, consultation and other obligations under the relevant jurisdictions' employment legislation
- Requesting that the company directors prepare and submit to the Administrators a statement of affairs and liaising with them to ensure that this would be included in the Administrators' proposals
- Drafting and distributing the Administrators' proposals to creditors
- Filing of the Administrators' proposals and associated forms with the Registrar of Companies
- Setting up and maintaining case record and project management systems
- Dealing with pension queries from employees and consultation with pension specialists
- Considering the most appropriate exit route and means of distribution to unsecured creditors in the event that funds are available
- Complying with the Administrators' statutory and other obligations to consider the directors' conduct and whether any pre-appointment matters require investigation
- Conducting a review of company records and submitting a report on the conduct of the directors as required by the relevant legislation
- Internal case reviews to ensure ongoing compliance with statutory and professional standards
- Formal documentation and review of case progress to support reporting to the secured lenders and unsecured creditors

Reporting to / liaison with secured creditors

- Initial conference calls with the Lenders and legal advisors regarding the LMCL sale process
- Issuing periodic updates to the Lenders on the progress of the Administration and asset realisations

5. Analysis of the Administrators' remuneration and Category 2 disbursements from 16 October 2014 to 15 April 2015

- Providing a formal report to Lenders, as the approving body, to seek approval of the basis of the Administrators' remuneration and disbursements and to draw fees in respect of the Administrators' time costs and disbursements to 31 December 2014
- Conference calls with the Lenders regarding case progress
- Responding to Lenders' queries
- Estimating funds available for distribution to the Lenders under the terms of their security

Asset protection and realisation

Accounting and treasury

- Opening general bank accounts for the company in Administration
- Setting up of separate accounts for funds provided by the Purchaser and Lenders and held in trust
- Making payments from the trusts in compliance with their terms
- Monitoring financial institution credit ratings, performance and fund placement limits
- Processing of day-to-day receipts, payments and journals
- Maintaining nominal ledger, preparing accounting information and funds summaries
- Undertaking regular bank reconciliations
- Reviewing and settling invoices for Administration expenses
- Calculation of employee payments and processing payroll
- Arranging onward payment of deductions from payroll
- Recording of trading commitments and processing of associated receipts and payments
- Assessment of cash requirements in various currencies between holdings in various currencies

Transaction run-off (Sierra Leone)

- Dealing with handover obligations to the Purchaser including
 - delivery of the Marampa Mine IPR,
 - managing the employee settlement trust,
 - retaining and recharging to the Purchaser personnel briefly required,
 - supervising the split of the London computer server from the LMCL server,
 - determining and accounting for costs charged against the Purchaser's funding,
- Dealing with trading suppliers and providing undertakings
- Liaising with management and the Lenders to prepare and issue press releases regarding the sale of Marampa
- Dealing with employee settlements and distributions from the employee trust
- Addressing insurance issues and the split of cover between the Company and LMCL

5. Analysis of the Administrators' remuneration and Category 2 disbursements from 16 October 2014 to 15 April 2015

Greenland

- Maintaining the Greenland office
- Agreeing terms with the directors of the Greenland subsidiaries to secure cooperation
- Planning and implementing the winding up of subsidiary Jersey and BYI companies to facilitate delivery of value in Greenland
- Negotiating the sale of the Company's interest in the Isua iron ore project in Greenland and completing on 15 January 2015
- Pursuit of claim against former payroll provider
- Liaison with legal advisers throughout

Saudi Arabia

- Undertaking a detailed review of the Company's interest in the Wadi Sawawn iron ore project to determine the value in the asset and support a sale process
- Reviewing interest in the asset expressed by potential purchasers to assess their feasibility
- Entering into initial negotiations with interested parties and considering the terms associated with the respective offers
- Further discussions with selected parties regarding the terms on which a sale was acceptable to the Company
- Liaising with legal advisors throughout the disposal process and in formalising the terms of the sale on 7 April 2015

Other

- Closing the South African office.
- Maintaining the Company's premises until 21 November to enable compliance with the requirements of the LMCL business sale and IPR sale agreements.
- Liaising with specialist property agents to determine if any premium could be achieved for the leasehold interest
- Corresponding with the landlord to agree terms of a surrender of the lease
- Engaging independent chattel agents to value, remove from the premises and sell the Company's office furniture and equipment.
- Instructing insurance brokers in respect of the head office chattel assets, employee obligations and other insurable risks
- Assessing the impact on the Company and the Purchaser of insurance policies held in LMCL's name and investigating whether any proceeds from this source are required to be remitted back to the Company
- Identifying other group assets, particularly in relation to former investments in South African and Colombia, that may have value and undertaking preliminary assessments on recoverability

5. Analysis of the Administrators' remuneration and Category 2 disbursements from 16 October 2014 to 15 April 2015

Tax & VAT

Tax

- Collation of outstanding tax information from management
- Review and completion of 31 December 2013 tax returns for the Company and Greenland
- Provision of advice in relation to the sale of the Isua mining project, through a sale of the shares
- Exploring and advising on realising additional value from the purchaser of Isua, through surrendering surplus tax losses in the Company
- Reviewing the tax implications of realising other assets within the Group
- Assessing the impact of the insolvency on the employee tax position
- Consideration of withholding tax and other matters in relation to overseas payments
- Collation of information for computations to support the final pre-appointment corporation tax return
- Provision of advice in relation to Saudi Arabia

VAT

- Establishing the Company's VAT position as a holding company
- Liaising with the Company's VAT manager in respect of pre-appointment returns
- Providing VAT planning and advice for asset sales.
- Preparing and submitting the first post-appointment VAT return for the quarter ending 31 January 2015
- Collation of source data and submission of the final pre-appointment return

Creditors and other stakeholders

- Dealing with various queries from creditors and shareholders
- Liaison with the Company's share registrar

5. Analysis of the Administrators' remuneration and Category 2 disbursements from 16 October 2014 to 15 April 2015

c) Table summarising costs by grade and work type

For indicative purposes, the values shown below have been converted at £1 \$1.51. The amount billed in \$ will depend on the prevailing rate at the time

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate & Support Staff	Total hours	Total £	Indicative value in US\$	Average £/hour
Case management and compliance										
Strategy and planning	12 50	2 50	68 15	24 65	44 05	6 65	158 50	78,055	117,863	492 46
Statutory and other compliance	7 00	10 50	87 55	37 45	85 25	180 10	407 85	149,185	225,269	365 78
Reporting to / liaison with secured creditors	11 00	1 00	42 95	11 45	22 45	-	88 85	46,431	70,111	522 58
Asset protection and realisation										
Accounting and treasury	-	-	30 12	63 60	66 65	142 00	302 37	82,178	124,089	271 78
Transaction run-off (Sierra Leone)	1 00	74 75	227 10	366 30	226 50	4 75	900 40	401,605	606,424	446 03
Greenland	-	42 00	218 00	8 25	60 70	-	328 95	173,771	262,394	528 26
Saudi Arabia	3 00	24 75	98 70	-	124 40	-	250 85	120,156	181,436	479 00
Colombia	-	-	15 20	-	-	-	15 20	8,208	12,394	540 00
South Africa	-	-	15 90	-	-	-	15 90	8,586	12,965	540 00
Other assets	-	-	31 70	3 90	16 90	3 40	55 90	26,150	39,487	467 80
Tax & VAT	7 50	51 60	56 50	29 95	96 20	56 15	297 90	151,401	228,615	508 23
Creditors and other stakeholders	8 50	2 75	36 85	3 00	39 90	65 10	156 10	60,618	91,534	388 33
Total	50 50	209 85	928 72	548 55	783 00	458 15	2,978 77	1,306,344	1,972,581	438 55

5. Analysis of the Administrators' remuneration and Category 2 disbursements from 16 October 2014 to 15 April 2015

d) Professional firms employed

The Administrators have instructed Clifford Chance as their UK legal advisor on the basis of its specialist knowledge and experience. As with all third party professionals, Clifford Chance is required to submit time costs analyses and narratives in support of invoices rendered and seek prior approval before billing.

The Administrators also instructed Marriott & Co, independent chattel agents, to value and sell the Company's office furniture and equipment. The valuation fee was agreed on a time costs basis plus expenses (totalling £1.9k). Commission was agreed at £10k, being 25% of the proceeds.

e) Sub contracted work

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

f) Other information

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.

6. Approval of unpaid pre-Administration costs

Before the Company entered Administration but with a view to it doing so, the Administrators' firm PricewaterhouseCoopers LLP ("PwC") incurred time costs of \$226k (exclusive of VAT and converted from £ at an indicative rate of 1.51). These costs were incurred under terms of engagement dated 7 October 2014 between PwC, the Lenders and the Company.

The initial role of PwC was to advise the Lenders on their options. However, when it became clear that insolvency of the Company was inevitable, PwC additionally cooperated with the Company's directors and their legal advisers in preparing for administration.

To the best of the Administrators' knowledge and belief, no fees or expenses were charged by any other insolvency practitioner.

The unpaid pre-Administration costs of PwC were approved for payment by the Lenders on 14 May 2015.