

Lonmin Plc

BMO Global Metals & Mining Conference 2010

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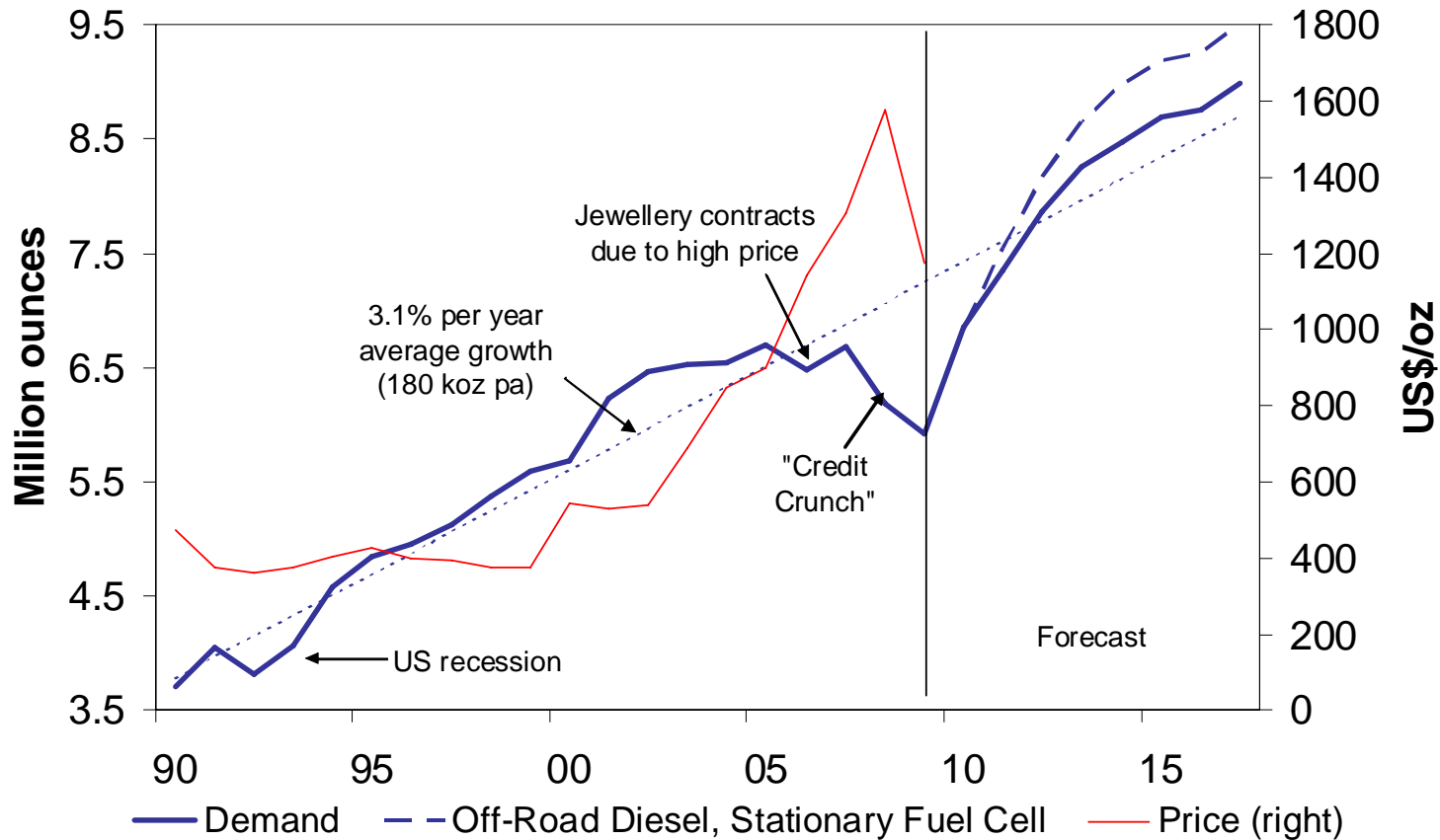


Ian Farmer
Chief Executive Officer

The Platinum & PGM Investment Case



Platinum demand has grown by 3% per annum on average since 1990



Source: Historical - JM, Forecast - Lonmin

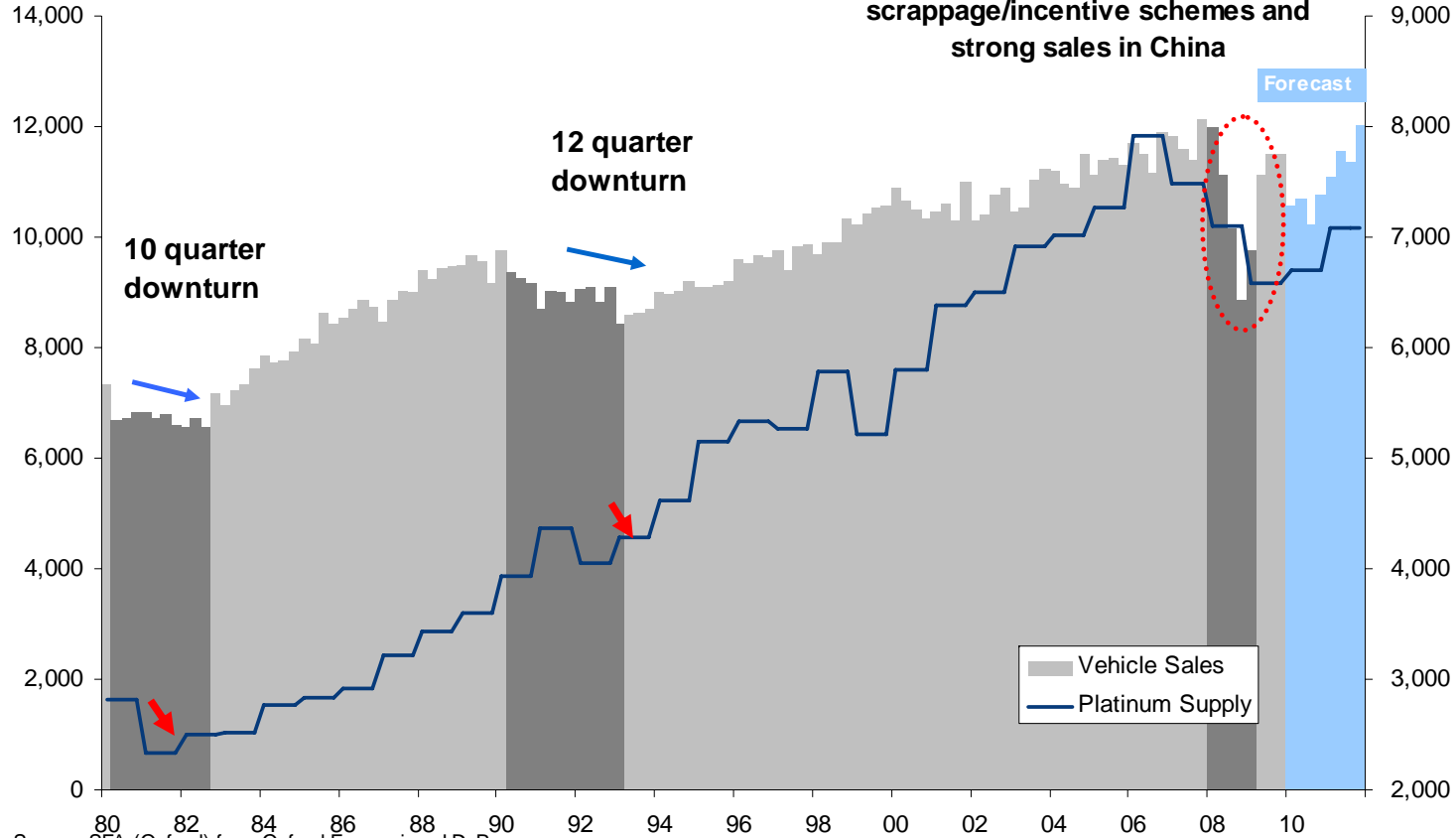
Medium to long term investment case for Platinum and PGM's remains compelling

Automotive demand



Quarterly vehicle sales* and platinum supply

(rhs '000 oz; lhs '000 units)



5 quarter downturn
Shorter downturn due to
scrappage/incentive schemes and
strong sales in China

Source: SFA (Oxford) from Oxford Economics, J.D. Power

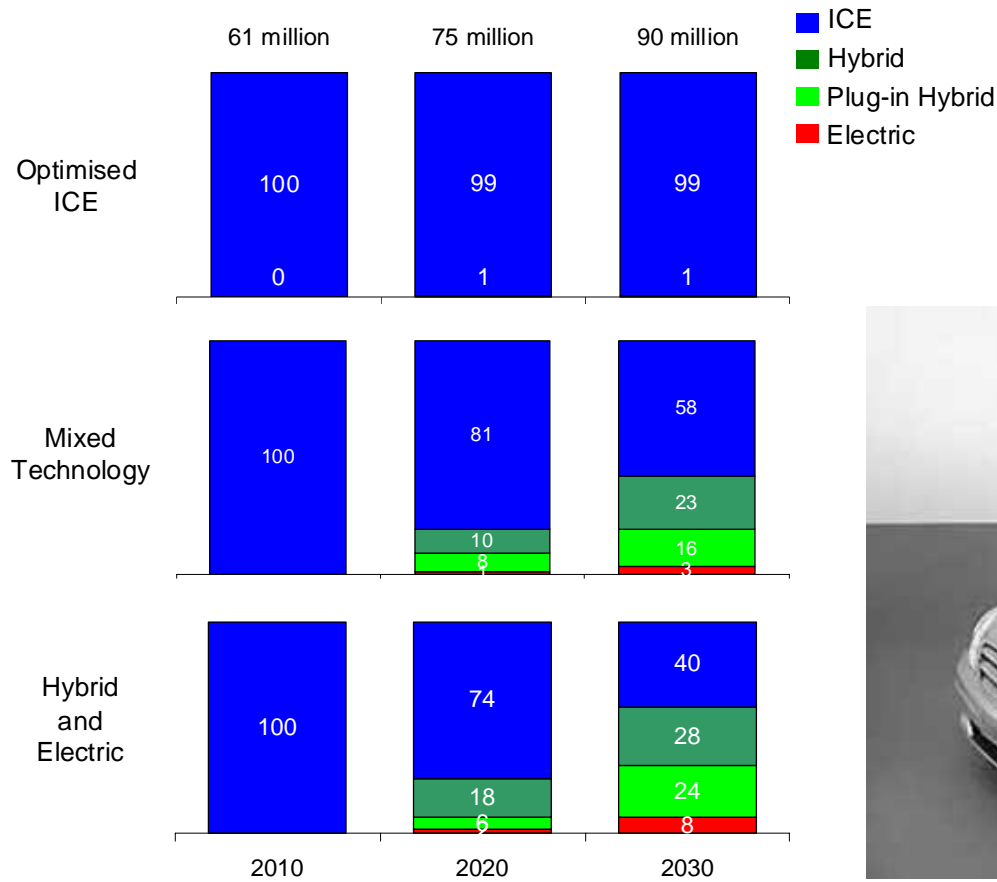
* Include all vehicle sales in W.Europe (EU15, Iceland, Norway & Switzerland), Japan, China and light vehicle sales in the United States

Climate change agenda will drive emission control legislation

The Future of Drive Train Technology



Potential development paths for the auto sector
Share of new vehicle sales



Source: McKinsey / European Federation for Transport and Environment

PGMs will continue to play a major role in emission systems

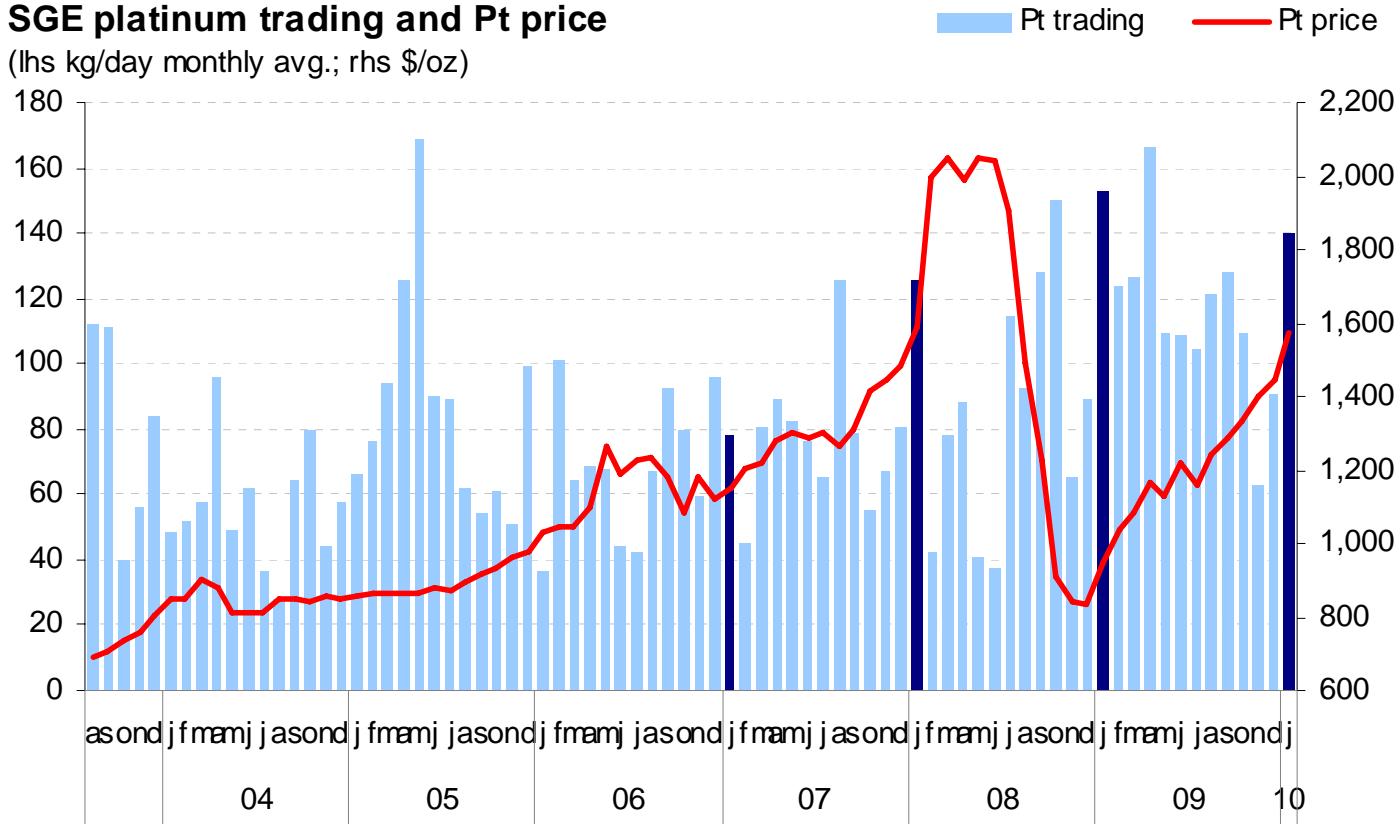
Jewellery demand



Shanghai Gold Exchange turnover up 30% in 2009

SGE platinum trading and Pt price

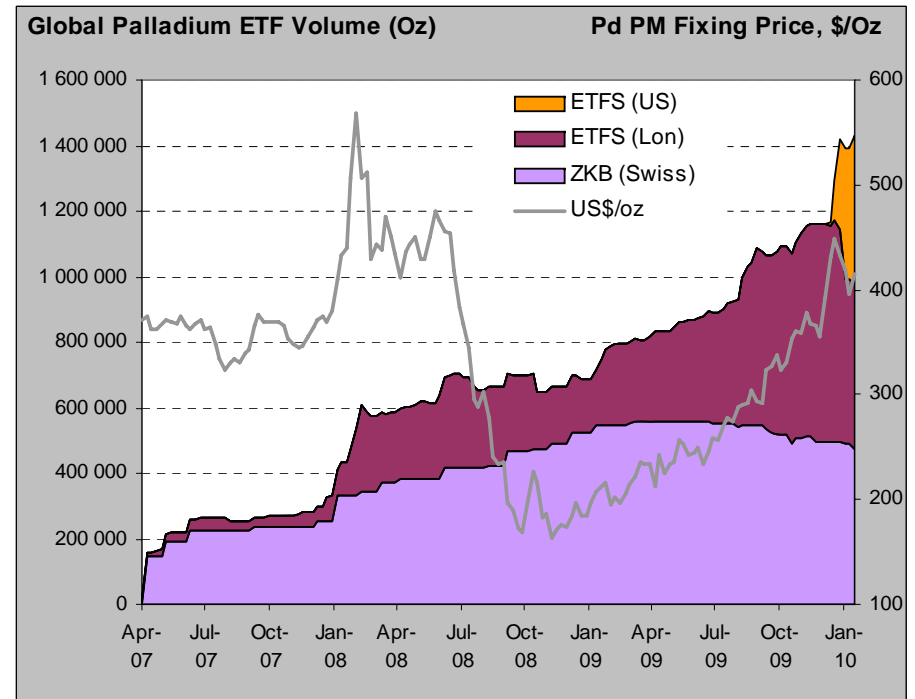
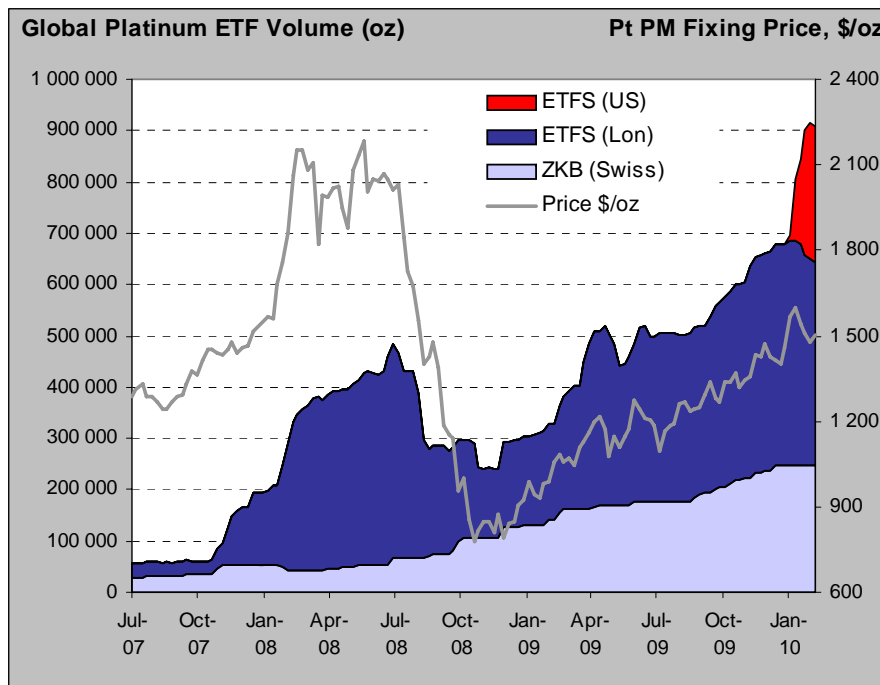
(lhs kg/day monthly avg.; rhs \$/oz)



Source: SGE/SFA

Chinese jewellery demand is price sensitive

Investment demand



Source: ETFS

Strong initial impact of US ETF's

PGM Market Outlook

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Lonmin View

- **Balanced market in 2010 – gradual demand recovery**
- **Demand rebound from 2011**
- **Supply incapable of keeping up - market deficits expected in 2011 and 2012**

Opportunities

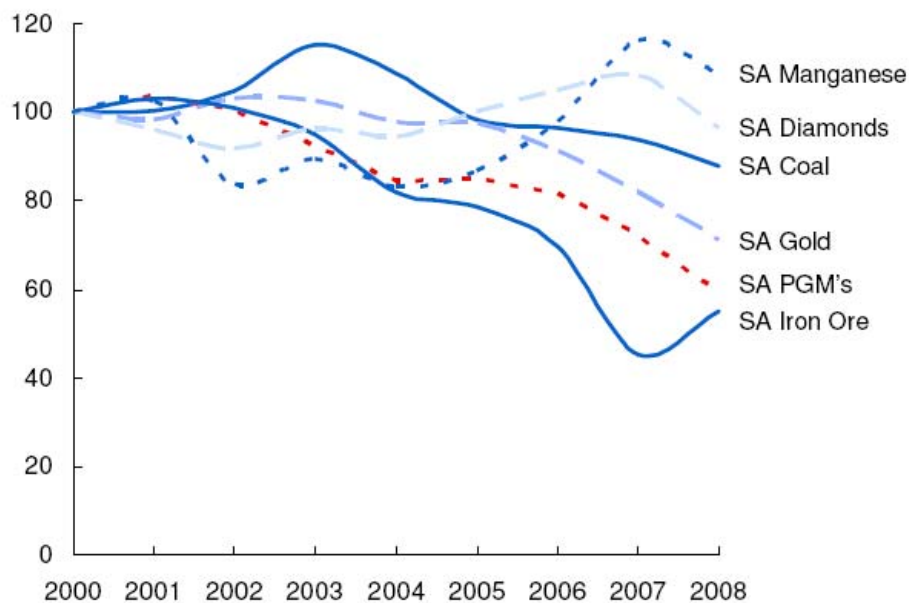
- **Earlier demand upswing**
- **Supply surprising on the downside**
- **Even tighter market & even higher prices**

Long term market fundamentals remain positive

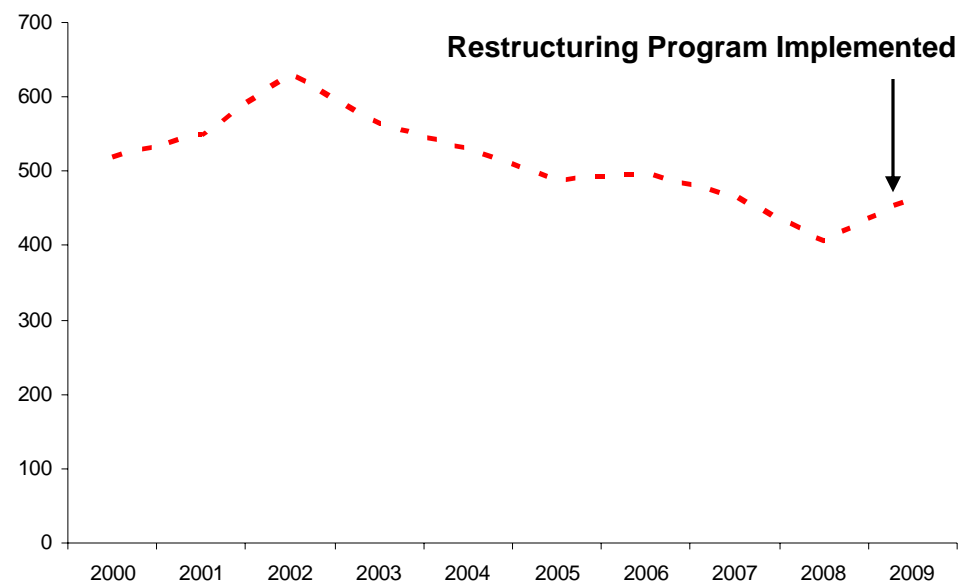
PGM Industry productivity



Volume per employee since 2000*



Lonmin volume per employee since 2000**



* Productivity, normalised at 100 in 2000, measured as product volume per employee. Product volumes measured as saleable tonne of coal, manganese ore and iron ore, per oz of gold, per 3E oz for PGMs, per carat for diamonds

** Based on Marikana underground tonnes divided by average yearly numbers of full time employees based in South Africa

Source: Chamber of Mines, McKinsey Analysis

PGM industry productivity has declined 40% in the last 7 years

Industry-wide Challenges



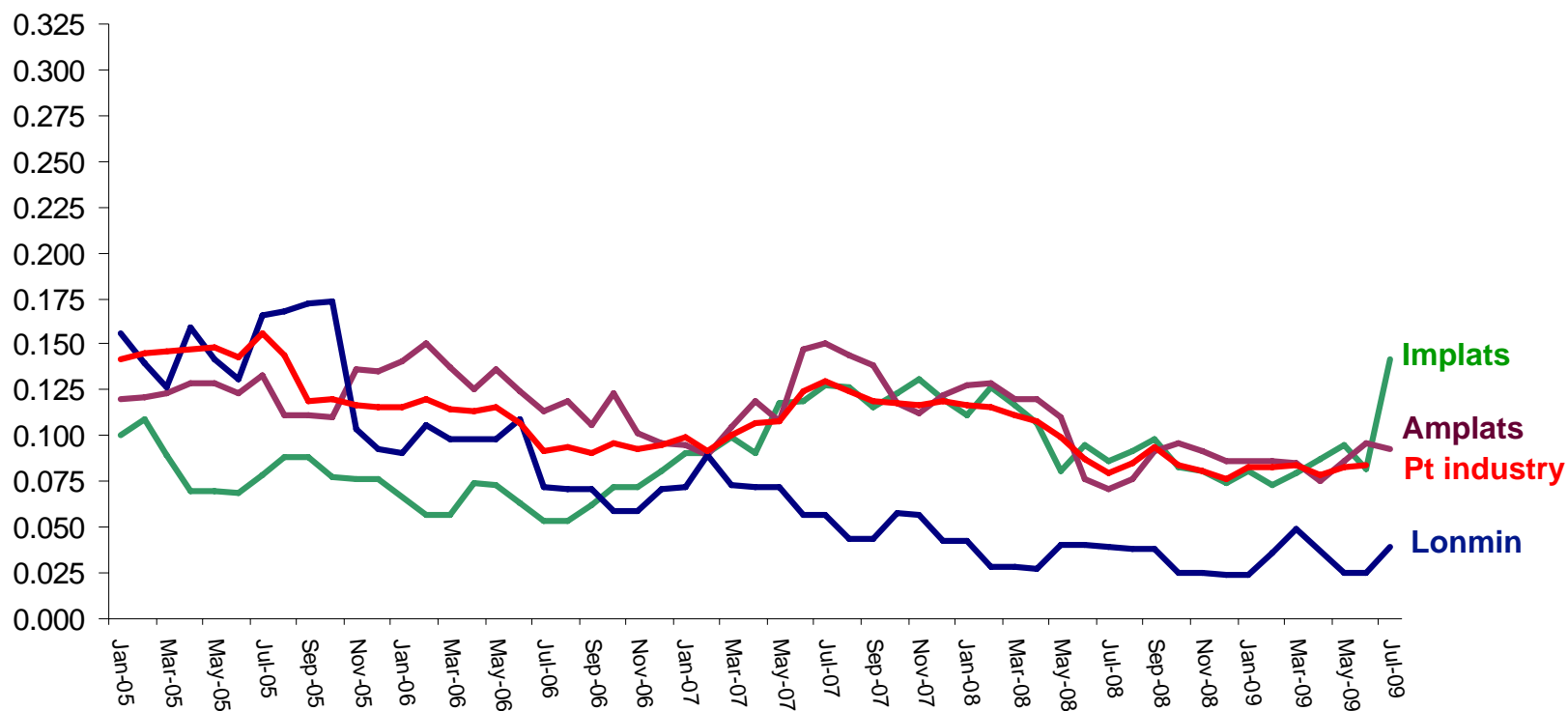
- **PGM industry remains cash constrained:**
 - Mining inflation remains high, Rand strength continues
 - Consequent capital shortages & project delays
- **Labour issues:**
 - Above inflation wage settlements agreed across the industry
 - Shortage of skilled labour remains a concern
- **Section 54 safety stoppages:**
 - Lonmin lost 30,000 ounces of platinum in 2009 – 5% of total underground production
 - Likely to remain a key risk in 2010
- **Increasingly difficult and complex geology:**
 - Mines will continue to deepen, impacting costs, grades and recoveries
- **Power supply & cost outlook remains uncertain:**
 - Price tariff increases expected in 2010 and beyond
 - Medium term risk of security of supply coming under pressure

Significant industry challenges likely to continue

Lonmin's industry-leading safety record



Comparison of Platinum Industry - Fatality Rate 12 Month Rolling



Source: Department of Mineral Resources



Management Actions Taken in 2009

- **Non-value adding production eliminated:**
 - Around 75,000 platinum ounces removed from the market place
- **Major cost restructuring program completed:**
 - Total workforce reduced by 7,000 people
 - Annualised cost savings of \$90 million - \$64 million delivered in H2 2009
 - Management team re-organised and motivated
- **Balance Sheet strengthened:**
 - Rights Issue successfully completed to raise \$458 million
 - Debt re-financing completed – tenure of facilities extended
 - EBITDA covenants waived until September 2010
- **Maximising output from invested capital**
- **Operational HQ and executive management team being relocated:**
 - Enhance management communication and engagement with South African stakeholders

**Good progress made in restoring
the operational robustness of Lonmin**



Key Focus Areas for 2010

- **Mining:**
 - Productivity improvement initiatives & cost control
 - Increased focus on employee and union relations
 - Senior management focused on operational delivery & long term development
- **Process Division:**
 - Focused on improving recoveries & MIP management
 - Increased investment in plant maintenance
 - Project to generate recoveries from tailings
- **Delivering organic growth:**
 - Progress made at Saffy in converting to hybrid mining – further ramp-up expected in 2010
 - Achieved productivity target at Hossy – fully mechanised mining to continue
 - Continued investment in K4
 - Mining growth to be supported by processing capacity and improved reliability



Key Focus Areas for 2010

- **Improving our position on the cost curve:**
 - Through restoring Lonmin's operational robustness & growing unit throughput
 - Supported by strict cost control and focus on productivity
- **Discussions on-going regarding future of Incwala Resources**
- **Outlook for 2010:**
 - Platinum sales guidance of 700,000 ounces
 - Capital expenditure of up to \$270 million
 - Targeting to manage the increase in South African Rand gross operating costs below local inflation
 - PGM markets likely to gradually improve



Q1 2010 – Operational Performance

- **Underground tonnes mined fell slightly, partly due to planned closure of uneconomic units**
- **Strong improvement in underground grade – increased 6.3% to 4.74g/t:**
 - Cleaner mining, better ratio of stoping/development ore at Hossy and Saffy & improved ore mix
- **Significant increase in underground concentrator recoveries – from 80.2% to 84.5%:**
 - Benefits from optimisation programme, excellent plant availability & rigorous focus on milling discipline
- **Number One furnace operating consistently following successful re-build**

2010 Sales and Cost guidance reiterated

Outlook beyond 2010



- **Mined production expected to grow steadily beyond 2010**
- **Expecting to increase production to 850,000 platinum ounces by 2013**
- **Anticipated capital spend of \$300 - \$350 million per annum from 2011**
 - Relatively limited incremental increase in capital investment
- **Subject to market conditions**
- **Longer term optionality from Akanani and Limpopo**

**Delivering growth into market with robust fundamentals,
driving us down the cost curve**

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Questions



Ian Farmer
Chief Executive Officer