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11 May 2009

Lonmin Plc

Rights Issue to Raise Net Proceeds of Approximately US\$457 million

The Board of Lonmin Plc ("Lonmin" or "the Company") today announces an underwritten Rights Issue to raise net proceeds of approximately US\$457 million.

Lonmin's interim results for the six months ended 31 March 2009 have also been released today in an accompanying announcement.

Highlights

- 2 for 9 underwritten Rights Issue of 35,072,129 New Shares at 900 pence per New Share (or, in the case of Qualifying South African Shareholders, ZAR 113.04 per New Share) to raise net proceeds of approximately US\$457 million
- The net proceeds of the Rights Issue will be used to substantially strengthen the Company's overall financial position at a time of unpredictable PGM prices and foreign exchange rates
- Xstrata and M&G, Lonmin's major shareholders, have provided irrevocable undertakings in respect of 12,614,729 New Shares, representing 35.97 per cent. of the New Shares to be issued in the Rights Issue

Roger Phillimore, Chairman of Lonmin, said:

The Board remains confident of the longer term potential of Lonmin, with its high quality asset base and low cost position, and in the fundamentals of the PGM industry, and its primary focus continues to be on preserving and enhancing value for all Lonmin shareholders.

However, even after the recent measures to improve operational performance, Lonmin's profitability and cash flows are under pressure and remain highly geared to the PGM pricing environment and Rand/US dollar exchange rate movements. In light of the potentially significant impact these external factors could have on the Group's financial performance, combined with continuing economic uncertainty and difficulties in credit markets, the Board believes it is appropriate to adopt a more conservative capital structure.

Against this background, the Directors have concluded that raising equity now, by way of the Rights Issue, is in the best interests of the Company and Shareholders as a whole.

The Directors intend that the net proceeds of the Rights Issue will be used to reduce the Group's drawn borrowings under the Company's existing credit facilities, which will remain available to be re-drawn, otherwise reduce the Company's indebtedness, and/or be held as cash.

The Rights Issue will substantially strengthen the Company's overall financial position. The Board believes the Rights Issue will result in immediate and long-term benefits, and in particular will:

- improve Lonmin's ability to withstand potential adverse movements in external factors, specifically the PGM pricing environment and Rand/US dollar exchange rate; and
- reduce the Group's borrowings and annual interest charge, and provide Lonmin with incremental financial headroom in respect of the financial covenants contained in its borrowing facilities.

Furthermore, the Board believes that the Rights Issue, together with the banking facilities which remain available to be redrawn, will provide Lonmin with enhanced operational and financial flexibility to take advantage of investment and growth opportunities at the appropriate time. This should enable the Group to generate attractive returns in the future because:

- Lonmin remains one of the lower cost producers of PGMs, and has recently implemented both productivity and cost saving initiatives designed to ensure that the Group will move further down the industry cost curve against the backdrop of short-term weakness in the PGM pricing environment;
- Lonmin's current focus for capital expenditure and development is on its core operations at Marikana, which are expected to produce the quickest, most profitable and cash generative PGM ounces;
- Lonmin is well-positioned to increase production at Marikana at the appropriate time. Specifically, the Directors believe that growth can be accessed from Hossy and Saffy shafts, which, are currently operating at well below capacity as they ramp up, and one additional shaft, K4, which has yet to come into production. With the support of incremental capital investment, in the short to medium term, these shafts will provide the basis of production growth at Marikana; and
- Lonmin's portfolio of production and development assets may, over time, provide with attractive investment and growth opportunities as one of the larger and better capitalised market participants.

The Rights Issue

The Rights Issue will result in the issue of 35,072,129 million New Shares (representing 18.2 per cent. of the enlarged issued share capital of Lonmin Plc) at a price of 900 pence per New Share, in respect of Qualifying Shareholders (other than Qualifying South African Shareholders) or, in the case of Qualifying South African Shareholders, ZAR 113.04 per New Share, payable in full on acceptance. The Rights Issue will be on the basis of:

2 New Shares for every 9 Existing Shares.

The New Shares will, when issued and fully paid, rank pari passu in all respects with the Existing Shares, including the right to receive all future dividends and other distributions declared, made or paid after the date of their issue.

The UK Issue Price of 900 pence per New Share, which is payable in full by Qualifying Shareholders other than Qualifying South African Shareholders on acceptance by no later than 11.00 a.m. on 3 June 2009, represents, in effect:

- a 39.6 per cent. discount to the theoretical ex-rights price (calculated by reference to the closing middle market price of 1,622 pence per Share on the Latest Practicable Date); and
- a 44.5 per cent. discount to the closing middle market price of 1,622 pence per Share on the Latest Practicable Date.

The SA Issue Price of ZAR 113.04 per New Share, which is payable in full by Qualifying South African Shareholders on acceptance by no later than 12.00 p.m. (Johannesburg time) on 3 June 2009, represents, in effect:

- a 39.5 per cent. discount to the theoretical ex-rights price (calculated by reference to the closing price of ZAR 203.30 per Share on the Latest Practicable Date); and
- a 44.4 per cent. discount to the closing price of ZAR 203.30 per Share on the Latest Practicable Date.

The Rights Issue is being fully underwritten by Citi and J.P. Morgan Securities, save in respect of New Shares which Xstrata, M&G or the Directors have irrevocably undertaken to take up.

This summary should be read in conjunction with the full text of this announcement. Further, this summary contains extracts of salient features of the Prospectus, which extracts are qualified and/or contextualised by, and should be read with, the Prospectus.

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SHAREHOLDER ENQUIRIES

UK Shareholders: Contact the UK Shareholder Helpline on 0871 384 2211 (from inside the United Kingdom) or +44 (0)121 415 0275 (from outside the United Kingdom). This Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except bank holidays).

South African Shareholders: contact the South African Shareholder Helpline on (011) 630 0800 (from inside South Africa) or +27 11 630 0800 (from outside South Africa). This Shareholder Helpline is available from 8.00 a.m. to 5.00 p.m. (Johannesburg time) Monday to Friday (except public holidays).

Please note that for legal reasons, the UK Shareholder Helpline and the South African Shareholder Helpline are only able to provide information contained in this announcement and information relating to Lonmin's register of members and are unable to give advice on the merits of the Rights Issue, or provide legal, financial, tax or investment advice.

This announcement is an advertisement and not a prospectus and investors should not subscribe for or purchase any Nil Paid Rights, Fully Paid Rights or New Shares referred to in this announcement except on the basis of information in the Prospectus which is expected to be published by the Company today in connection with the Rights Issue. Copies of the Prospectus will, following publication, be available from the Company's registered office. This announcement does not

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The statements contained in this announcement that are not historical facts are "forward-looking" statements. These forward-looking statements are subject to a number of substantial risks and uncertainties, many of which are beyond the Company's control and actual results and developments may differ materially from those expressed or implied by these statements for a variety of factors. These forward-looking statements are statements based on the Company's current intentions, beliefs and expectations about among other things, the Company's results of operations, financial condition, prospects, growth, strategies and the industry in which the Company operates. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. By their nature, forward-looking statements involve risks and uncertainties, including, without limitation, the risks and uncertainties to be set forth in the Prospectus, because they relate to events and depend on circumstances that may or may not occur in the future. In addition, from time to time, the Company or its representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with the approval of an authorised executive officer of the Company. No assurance can be given that such future results will be achieved; actual events or results may differ materially from those expressed in or implied by these statements as a result of risks and uncertainties facing the Company and its subsidiaries. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as changes in taxation and fiscal policy, future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. The forward-looking statements contained in this announcement speak only as of the date of this announcement and the Company undertakes no duty to update any of them publicly in light of new information or future events, except to the extent required by applicable law, the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules.

No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per Ordinary Share for the current or future financial years would necessarily match or exceed the historical published earnings per Ordinary Share. Prices and values of, and income from, shares may go down as well as up and an investor may not get back the amount invested. It should be noted that past performance is no guide to future performance. Persons needing advice should consult an independent financial adviser.

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Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

This announcement has been prepared for the purposes of complying with applicable law and regulation in the United Kingdom and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of the United Kingdom.

LONMIN PLC

2 FOR 9 RIGHTS ISSUE OF 35,072,129 NEW SHARES AT 900 PENCE OR ZAR 113.04 PER NEW SHARE

INTRODUCTION

Lonmin today announces that it proposes to raise US\$457 million (net of expenses) by way of a Rights Issue that will substantially strengthen the Company's overall financial position at a time of unpredictable PGM prices and foreign exchange rates. The Rights Issue will be made to all Qualifying Shareholders on the terms set out in the Prospectus and will be on the basis of 2 New Shares at 900 pence per New Share or, in the case of Qualifying South African Shareholders, ZAR 113.04 per New Share for every 9 Existing Shares. The Rights Issue will involve the issue of 35,072,129 New Shares, representing approximately 18.2 per cent. of the issued share capital of the Company following the Rights Issue.

The UK Issue Price of 900 pence per New Share represents a 39.6 per cent. discount to the theoretical ex-rights price based on the closing middle-market price of 1,622 pence per Share, and a 44.5 per cent. discount to the closing middle-market price, in each case on 8 May 2009, the Latest Practicable Date. The SA Issue Price of ZAR 113.04 per New Share represents a 39.5 per cent. discount to the theoretical ex-rights price based on the closing price of ZAR 203.30 per Share, and a 44.4 per cent. discount to the closing price on the Latest Practicable Date.

The Rights Issue is being underwritten by Citi and J.P. Morgan Securities Ltd.

Xstrata and M&G have irrevocably undertaken to take up rights to New Shares pursuant to the Rights Issue. In aggregate, these irrevocable undertakings are in respect of 12,614,729 New Shares, representing approximately 35.97 per cent. of the New Shares to be issued pursuant to the Rights Issue.

The purpose of this announcement is to explain to you the background to and reasons for the Rights Issue and to explain why the Directors consider that the Rights Issue is in the best interests of the Company and Shareholders as a whole. This announcement contains extracts of salient features of the Prospectus, which extracts are qualified and/or contextualized by, and should be read with, the Prospectus.

BACKGROUND TO AND REASONS FOR THE RIGHTS ISSUE

(i) PGM market background

Along with other commodities, the pricing environment for PGMs has changed significantly over the last 12 months. The platinum price peaked at US\$2,276 per ounce on 4 March 2008, mainly as a result of supply side challenges arising from power generation concerns in South Africa and a growing number of industry safety stoppages, alongside a strong demand environment. Since then, the platinum price declined to a low of US\$756 per ounce as at 27 October 2008, but has subsequently risen to US\$1,152 per ounce as at the Latest Practicable Date. The Board believes that the fall in PGM prices was driven initially by the worsening outlook for the global automotive industry and was sustained by a fall in the demand for automotive vehicles and other PGM-containing consumer goods as a consequence of the global financial crisis, as well as a reduction in investment holdings such as those of ETFs at that time. This effect has been exacerbated by de-stocking amongst industrial consumers of PGMs and some sales of inventories. The Board expects the pricing environment to continue to be unpredictable in the short term while significant economic uncertainty prevails but are confident that the positive balance between supply and demand in the PGM sector will return in due course.

(ii) Lonmin's operational gearing to PGM pricing and foreign exchange movements

Lonmin's policy is not to hedge commodity price exposure on PGMs and therefore any change in prices has a direct effect on the Group's trading results. For example, a ten per cent. movement in the average market price for platinum in the 2008 financial year, which was US\$1,655 per ounce (compared with US\$1,152 per ounce as at the Latest Practicable Date) would have impacted operating profit by approximately US\$120 million in the corresponding period. A ten per cent. movement in the average market price for rhodium in the 2008 financial year, which was US\$7,614 per ounce (compared with US\$1,525 per ounce as at the Latest Practicable Date), would have impacted operating profit by approximately US\$72 million in the corresponding period. Movements of US\$100 per ounce in the average prices of platinum and rhodium would have impacted operating profit in the 2008 financial year by approximately US\$73 million and approximately US\$9 million, respectively.

In addition to Lonmin's operational gearing to PGM commodity prices, the Company's trading results are sensitive to fluctuations in foreign exchange rates, specifically between the US dollar and the Rand. The vast majority of the Group's revenues are in US dollars. However, most of the Group's operations are based in South Africa and the bulk of the Group's operating costs and taxes are paid in Rand. Therefore, a strengthening of the Rand against the US dollar has an adverse effect on profits and margins. The Group's current policy is not to hedge currency exposures and therefore fluctuations in the Rand to US dollar exchange rate can have a significant impact on the Group's results. A ten per cent. movement in the Rand to US dollar average exchange rate in the 2008 financial year, which was 7.45 (compared with 8.3055 as at the Latest Practicable Date), would have impacted operating profit by approximately US\$125 million in the corresponding period.

(iii) Lonmin's actions to improve operational performance

Lonmin remains one of the lower cost producers of PGMs and has recently taken a number of significant actions to improve operational performance, achieve cost savings and preserve cash, to help mitigate the impact of short-term weakness in the PGM pricing environment.

These steps include a major restructuring programme at Lonmin's core operations at Marikana, a renewed emphasis on low cost production and an extensive cash conservation programme across the business. Specifically:

Elimination of non-value-adding ounces

The Group has ceased production from its higher unit cost operations, specifically at its opencast operations at Marikana and at its Baobab shaft at Limpopo, which has been placed on care and maintenance. As part of these actions, Lonmin has completed a significant restructuring and retrenchment programme at its Marikana operation.

Change of mechanisation strategy

Lonmin is in the process of switching from mechanised to hybrid mining at its Saffy shaft, with conventional stoping supported by mechanised development. Production at the shaft continues to ramp up, and the re-engineering to enable hybrid mining continues to progress. Lonmin's new shaft, K4, which has yet to come into production, is also being developed on a hybrid basis. The productivity of Hossy, which is being utilised as a fully mechanised proof-of-concept shaft, will be reviewed by management in or before September 2009 and a decision on the future mining method of the shaft will be made thereafter.

Cost reduction, performance improvement and capital rationing

Lonmin reached a framework agreement in February 2009 with its recognised unions regarding a reduction in the number of employees at the Marikana operation. Subsequently, around 4,400 full time employees and contractors employed at Marikana left the Company before the end of the first half of the 2009 financial year, with another 600 expected to leave during the second half of the year. In addition, around 2,000 full time employees and contractors previously employed at the Limpopo Baobab shaft have left the Company.

The estimated cost savings relating to this headcount reduction are expected to be around US\$90 million per annum, on an annualised basis.

Lonmin is implementing a number of programmes across its operations to improve performance going forward. In the mining business, there is an emphasis on improving underground ore reserve development with the aim of increasing face availability to support future flexibility and production growth. However, improving the performance of the Company's operations will take time, and the Directors do not expect the full benefits of these improvements to be realised until 2010. At the Process Division, an optimization programme at the concentrators is well underway, with a view to improving underground recovery rates, whilst a re-design of the Number One Furnace was recently completed and this should improve the availability and reliability of the vessel.

In addition, capital expenditure programmes at the Limpopo Phase 2 Project and Akanani have been placed on care and maintenance, enabling the Group to focus capital expenditure on development at Marikana which the Board believes will produce the most profitable and cash generative production ounces. As part of its restructuring programme, the Company also significantly curtailed its exploration activities.

Simplification of organisational structure with clear accountability

Lonmin has implemented a new simplified management structure which enhances focus and accountability, giving the operations more ownership of the functions required to ensure efficient and effective delivery. A key change in the new structure has been the appointment of Mahomed Seedat as Chief Operating Officer based in South Africa with ultimate responsibility and accountability for delivery across all of the Group's operational activities in both the mining and processing areas, reporting directly to Ian Farmer, Chief Executive Officer.

Management emphasis in South Africa

The Company's new simplified management structure places the operational management emphasis firmly in South Africa. As part of this process, Lonmin has reduced headcount at its London office by approximately one third since the end of the last financial year.

(iv) Lonmin's actions to improve financial flexibility

Lonmin's operational gearing in the current environment of weak and unpredictable PGM pricing has meant that profitability and cash flows are under pressure despite the measures already taken by the Group to address its cost base. As a result of this and the continued difficulties in the credit market, the Board announced on 18 November 2008 that it had reviewed the final dividend for the period ended 30 September 2008 and had taken the decision not to pay the final dividend for 2008. The Board has also announced today that it will not be paying an interim dividend for the period ended 31 March 2009.

In addition, in the second quarter of the 2009 financial year, Lonmin completed the refinancing of US\$575 million of existing committed facilities, comprising, in the UK, a US\$250 million revolving credit facility and a US\$150 million amortising term loan (both now maturing in 2012) and, in South Africa, a US\$175 million revolving credit facility now maturing in 2010 (together the "New Facilities"). Amounts drawn on the New Facilities have been used to repay one of the Group's existing bank facilities early, and the Board intends to use additional funds available under the New Facilities to repay further borrowings which mature in August 2009. This refinancing maintains the aggregate quantum of the Company's banking facilities, and significantly lengthens their tenure.

As at 30 September 2008, Lonmin had net debt of US\$303 million. At 31 March 2009, Lonmin's net debt had increased to US\$449 million, comprising US\$525 million of drawn down facilities and US\$76 million of cash and equivalents. The increase in net debt during the first half of the 2009 financial year was principally due to the impact of lower PGM prices on the Group's profitability. In addition, Lonmin paid one-off restructuring costs of approximately US\$39 million, paid taxes of US\$48 million and spent US\$106 million on capital expenditure. These factors were partially offset by a decrease in working capital of US\$146 million.

Since 31 March 2009, Lonmin's net debt position has increased due primarily to the timing of receipts from customers and the timing of payments made to suppliers, including payments in relation to capital projects. The Directors expect that (without taking into account the net proceeds from the rights issue) Lonmin's net debt position would be higher at 30 September 2009 than at 31 March 2009.

Lonmin has US\$975 million of committed facilities in place, with US\$575 million of these comprising New Facilities. The main elements of the New Facilities can be summarised as follows:

- For the period commencing April 2009, Lonmin has agreed a new US\$250 million revolving credit facility in the UK, which will mature in November 2012;
- For the period commencing August 2009, Lonmin has agreed a new US\$150 million forward-start amortising loan facility in the UK, which will expire in November 2012. The amortisation of this facility consists of US\$20 million payable every six months starting in July 2010, with a final repayment of US\$50 million in November 2012;
- The margin over LIBOR on both these facilities is 400 basis points up to 31 March 2010, and will thereafter be determined by reference to net debt/EBITDA and will be in the range 250 basis points to 400 basis points;
- Key covenants for these facilities include a maximum net debt/EBITDA ratio of 4.0 times, to be first tested in March 2010; a minimum EBITDA/net interest ratio of 4.0 times, to be first tested in March 2010; and a maximum net debt/tangible net worth ratio of 0.75 times, to be tested in September 2009 and March 2010, and moving to 0.7 times on a semi-annual basis thereafter;

- In South Africa, Lonmin has secured an extension to the maturity of the existing US\$175 million revolving credit facility to November 2010; this facility was previously due to mature in October 2009. If funds are drawn down in South African Rand before 30 September 2009 the margin over JIBAR will be 141 basis points. Thereafter pricing will be reviewed, which may result in the margin on South African Rand drawdowns after 30 September 2009 exceeding 141 basis points over JIBAR. Pricing on US dollar drawdowns will be negotiated at the time of drawdown; and
- Key covenants for this facility, which are to be tested at the WPL/EPL level in South Africa, include a minimum EBITDA/net interest ratio of 3.5 times, and a maximum net debt/EBITDA ratio of 2.75 times; these covenants are to be tested on a rolling 12 month basis every six months on 31 March and 30 September.

As part of the refinancing, Lonmin has agreed to pay an increased margin and commitment fee to syndicate banks that have committed to participate in the New Facilities. One-off up-front arrangement and lending fees associated with the debt refinancing amount to US\$14 million and will be amortised over the life of the facilities they relate to. The Board expects the all-in average cost of debt to be approximately 6 per cent. in the second half of the 2009 financial year.

(v) Incwala Resources

Lonmin was a key facilitator of the original BEE transaction with Incwala Resources in September 2004, and was a provider of certain vendor financing, third party loan indemnifications and related arrangements which enabled broad-based equity participation by HDSA shareholders in Lonmin's assets. As at 31 March 2009, Lonmin recognised contingent liabilities associated with these arrangements of US\$99 million, of which US\$19 million would not become payable until 30 September 2011, if at all.

All of the HDSA shareholders' bank funded debt and a substantial portion of the HDSA shareholders' vendor financed debt is due to mature in September 2009 and will require refinancing. If the HDSA shareholders are unsuccessful in their attempts to secure refinancing of their debts then it is possible that some or all of Lonmin's contingent liability in respect of such debts may crystallise. However, it is also possible that alternative solutions involving the participation of Lonmin could be found, some of which could involve an economic cost to Lonmin in excess of the currently recognised contingent liabilities. Such solutions will only be considered if the Board believes they are in the interests of, and will generate value for, Lonmin shareholders.

(vi) Conclusion

The Board remains confident of the longer term potential of Lonmin, with its high quality asset base and low cost position, and in the fundamentals of the PGM industry, and its primary focus continues to be on preserving and enhancing value for all Lonmin shareholders.

However, even after the recent measures to improve operational performance, Lonmin's profitability and cash flows are under pressure and remain highly geared to the PGM pricing environment and Rand/US dollar exchange rate movements. In light of the potentially significant impact these external factors could have on the Group's financial performance, combined with continuing economic uncertainty and difficulties in credit markets, the Board believes it is appropriate to adopt a more conservative capital structure.

Against this background, the Directors have concluded that raising equity now, by way of the Rights Issue, is in the best interests of the Company and Shareholders as a whole.

The Rights Issue is expected to raise approximately US\$457 million (net of expenses), and will substantially strengthen the Company's overall financial position. The Board believes the Rights Issue will result in immediate and long-term benefits, and in particular will:

- improve Lonmin's ability to withstand potential adverse movements in external factors, specifically the PGM pricing environment and Rand/US dollar exchange rate; and
- reduce the Group's borrowings and annual interest charge, and provide Lonmin with incremental financial headroom in respect of the financial covenants contained in its borrowing facilities.

Furthermore, the Board believes that the Rights Issue, together with the banking facilities which remain available to be redrawn, will provide Lonmin with enhanced operational and financial flexibility to take advantage of investment and growth opportunities at the appropriate time. This should enable the Group to generate attractive returns in the future because:

- Lonmin remains one of the lower cost producers of PGMs, and has recently implemented both productivity and cost saving initiatives designed to ensure that the Group will move further down the industry cost curve against the backdrop of short-term weakness in the PGM pricing environment;
- Lonmin's current focus for capital expenditure and development is on its core operations at Marikana, which are expected to produce the quickest, most profitable and cash generative PGM ounces;
- Lonmin is well-positioned to increase production at Marikana at the appropriate time. Specifically, the Directors believe that growth can be accessed from Hossy and Saffy shafts, which, are currently operating at well below capacity as they ramp up, and one additional shaft, K4, which has yet to come into production. With the support of incremental capital investment, in the short to medium term, these shafts will provide the basis of production growth at Marikana; and
- Lonmin's portfolio of production and development assets may, over time, provide with attractive investment and growth opportunities as one of the larger and better capitalised market participants.

USE OF PROCEEDS

The Directors intend that the net proceeds of the Rights Issue will be used to reduce the Group's drawn borrowings under the Company's existing credit facilities, which will remain available to be re-drawn, otherwise reduce the Company's indebtedness, and/or be held as cash.

CURRENT TRADING AND PROSPECTS

The Group's published platinum sales target for the 2009 financial year is around 700,000 platinum ounces. Platinum sales in the first half of the 2009 financial year were approximately 45 per cent. of the full year target, which was ahead of the Group's initial expectations for the period. The key driver of this was the performance of the Process Division, where inventory was processed faster than had been expected following the Number One Furnace rebuild during the first quarter of the 2009 financial year. Since 31 March 2009, the Group has continued to trade in line with expectations and despite significant ongoing restructuring activity across the Group's operations, the Group remains on course to achieve its published platinum sales target for the 2009 financial year.

The continuing market downturn has had a major impact on pricing, resulting in Lonmin's average PGM basket price during the first half of the 2009 financial year declining by 55 per cent. to US\$699 per ounce, from US\$1,588 per ounce in the first half of the 2008 financial year and the average price of platinum during the first half of the 2009 financial year declining by 40 per cent. to US\$947 per ounce from US\$1,578 per ounce in the first half of the 2008 financial year. In the short term the demand outlook for PGMs is uncertain, due principally to ongoing weakness in demand in the automotive sector. While the Directors' believe the long term demand fundamentals of PGMs remain strong, the Directors do not expect to see near-term relief to the current challenging market conditions.

For the second half of the 2009 financial year, Lonmin will be focused on minimising any potential disruption resulting from the execution of the restructuring programme at Marikana, particularly as crews are redeployed around the Marikana property, and on improving operational stability and productivity in the Group's mining business, including through the closure of a small uneconomic decline shaft and a further five uneconomic half levels at Marikana. In addition, the Group will continue to focus on ramping up production at the Saffy shaft, which is expected to increase production to 80,000 tonnes per month by the end of the 2009 financial year.

Having taken a number of measures to improve cost performance, the Directors expect the Group's Rand-based operating costs in the second half of the current financial year to be significantly lower than those incurred in the equivalent period in the last financial year and, as a result, that the Group's Rand-based operating costs for the current financial year will be lower than those incurred in the last financial year.

DIVIDEND POLICY

The Board's policy remains that dividend distributions are based on the reported earnings for the year, but take into account the projected cash requirements of the business. Lonmin's profitability and cash flows are highly geared to PGM prices and Rand/US dollar exchange rate movements. Prevailing PGM prices continue to be low and unpredictable and as a result Lonmin's profitability and cash flows are under pressure despite the measures already taken by the Group to address its cost base. In addition, the credit market remains difficult. Consequently, as announced on 18 November 2008, the Board took the decision not to pay a final dividend for the period ended 30 September 2008. The Board has also announced today that it will not be paying an interim dividend for the period ended 31 March 2009.

The Board remains confident in the longer term potential of Lonmin, the quality of its assets and the fundamentals of the PGM industry. Given this, the Board will continue to review this matter and will resume dividend payments as soon as it is satisfied that conditions allow.

SUMMARY OF THE PRINCIPAL TERMS OF THE RIGHTS ISSUE

The Rights Issue is intended to raise net proceeds of US\$457 million. The Rights Issue is being fully underwritten (other than in respect of the New Shares which Xstrata, M&G or the Directors have undertaken to take up) by Citi and J.P. Morgan Securities. A summary of the material terms of the Underwriting Agreement will be set out in the Prospectus. In the UK, Citigroup Global Markets Limited and J.P. Morgan Cazenove are acting as Joint Sponsors to Lonmin, and in South Africa, Citigroup Global Markets (Proprietary) Limited is acting as SA Sponsor in relation to the Rights Issue.

Subject to the fulfilment of, amongst others, the conditions described below, the Company will offer New Shares by way of rights at 900 pence per New Share, in respect of Qualifying Shareholders (other than Qualifying South African Shareholders) or, in the case of Qualifying South African Shareholders, ZAR 113.04 per New Share, payable in full on acceptance. The Rights Issue will be on the basis of:

2 New Shares for every 9 Existing Shares

held by and registered in the names of Qualifying Shareholders (other than, subject to certain exceptions, Qualifying Shareholders resident or with registered addresses in the United States or any of the Excluded Territories) on the relevant Record Date and so in proportion to the number of Existing Shares then held and otherwise on the terms and conditions set out in the Prospectus and, in the case of Qualifying Non-CREST Shareholders and Qualifying South African Shareholders who hold shares in certificated form (other than, subject to certain exceptions, such Shareholders resident or with registered addresses in the United States or any of the Excluded Territories), the Provisional Allotment Letter or Form of Instruction, as the case may be.

The UK Issue Price of 900 pence per New Share, which is payable in full by Qualifying Shareholders other than Qualifying South African Shareholders on acceptance by no later than 11.00 a.m. on 3 June 2009, represents, in effect:

- a 39.6 per cent. discount to the theoretical ex-rights price (calculated by reference to the closing middle market price of 1,622 pence per Share on 8 May 2009, the Latest Practicable Date); and
- a 44.5 per cent. discount to the closing middle market price of 1,622 pence per Share on the Latest Practicable Date.

The SA Issue Price of ZAR 113.04 per New Share, which is payable in full by Qualifying South African Shareholders on acceptance by no later than 12.00 p.m. (Johannesburg time) on 3 June 2009, represents, in effect:

- a 39.5 per cent. discount to the theoretical ex-rights price (calculated by reference to the closing price of ZAR 203.30 per Share on the Latest Practicable Date); and
- a 44.4 per cent. discount to the closing price of ZAR 203.30 per Share on the Latest Practicable Date.

Fractions of New Shares arising under the Rights Issue will not be allotted to Qualifying Shareholders and, where necessary, fractional entitlements will be rounded down to the nearest whole number of New Shares. Such fractions will be aggregated and, if possible, placed in the market as soon as practicable after commencement of dealings in the New Shares, nil paid. The net proceeds of such placings (after deduction of expenses) will be retained by the Company, except that any entitlements worth more than £5.00 (or the equivalent in ZAR at the spot rate on the effective date of such placing, if any) will be remitted to the relevant Shareholder.

Applications have been made for the New Shares to be admitted to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and dealings will commence (nil paid) in the New Shares at 8.00 a.m. on 15 May 2009.

Application has been made to the JSE for the New Shares to be admitted to listing and trading on the Main Board of the JSE. It is expected that South African Admission will become effective and that dealings on the JSE in the Letters of Allocation (on a deferred settlement basis) will commence at 9.00 a.m. (Johannesburg time) on 13 May 2009 and in the New Shares (fully paid) will commence at 9.00 a.m. (Johannesburg time) on 4 June 2009.

Any changes to the timetable of the Rights Issue will be announced by the Company in accordance with applicable rules in the United Kingdom and South Africa.

The Rights Issue is conditional, amongst other things, upon:

- (a) Admission on the Official List and to trading on the London Stock Exchange's main market for listed securities becoming effective by not later than 8.00 a.m. on 15 May 2009 (or such later time and date as the parties to the Underwriting Agreement may agree, but provided it does not result in the Acceptance Date falling later than 17 June 2009);
- (b) the Underwriting Agreement having become unconditional in all respects, save for the condition relating to Admission, and not having been terminated in accordance with its terms.

The New Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Shares, including the right to receive all future dividends and other distributions declared, made or paid after the date of their issue.

The Rights Issue will result in the issue of 35,072,129 New Shares, which will form approximately 18.2 per cent. of the Shares in issue immediately following the Rights Issue.

Further information on the Rights Issue, including the terms and conditions of the Rights Issue and the procedure for acceptance and payment and the procedure in respect of rights not taken up will be set out in the Prospectus and, where relevant, will be set out in the Provisional Allotment Letter or the Form of Instruction.

SOUTH AFRICAN REGISTRATION CONDITIONS

The Prospectus and other requisite documents will be lodged for registration with the South African Registrar of Companies shortly. The Rights Issue will only proceed if the Prospectus and other requisite documents are registered by the South African Registrar of Companies. Other than registration of the Prospectus and other requisite documents by the South African Registrar of Companies, there are no regulatory conditions precedent to the Rights Issue in South Africa. Following registration of the Prospectus and other requisite documents by the South African Registrar of Companies, a simultaneous RIS and SENS announcement will be released.

DIRECTORS' INTENTIONS

Each Director who holds Shares has undertaken to take up in full his or her rights to subscribe for New Shares under the Rights Issue in respect of his or her beneficial holding, which together amount to 89,869 Shares, representing 0.06 per cent. of the issued ordinary share capital of the Company as at the date of the Prospectus.

IRREVOCABLE UNDERTAKING TO FOLLOW RIGHTS

Xstrata has irrevocably undertaken to take up all of its Nil Paid Rights pursuant to the Rights Issue, representing 8,653,204 New Shares, and M&G has irrevocably undertaken to take up Nil Paid Rights pursuant to the Rights Issue representing 3,961,525 New Shares. In aggregate, these irrevocable undertakings are in respect of 12,614,729 New Shares, representing approximately 35.97 per cent. of the New Shares to be issued pursuant to the Rights Issue.

In addition the Directors have given irrevocable undertakings to take up Nil Paid Rights in respect of 19,970 New Shares.

Further details of the irrevocable undertakings will be set out in the Prospectus.

EXPECTED TIMETABLE OF PRINCIPLE EVENTS IN THE UNITED KINGDOM

Each of the times and dates in the table below is indicative only and may be subject to change.

Announcement	11 May 2009
Approval of prospectus by UKLA	11 May 2009
Record date for entitlement under the Rights Issue for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders	5.00 p.m. on 11 May 2009
Restrictions on transfers between UK Register and SA Register begin	5.00 p.m. on 11 May 2009
Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders only) ⁽¹⁾	14 May 2009
Start of subscription period	15 May 2009
Dealings in New Shares, nil paid, commence on the London Stock Exchange	8.00 a.m. on 15 May 2009
Existing Shares marked “ex” by the London Stock Exchange	8.00 a.m. on 15 May 2009
Nil Paid Rights credited to stock accounts in CREST (Qualifying CREST Shareholders only) ⁽¹⁾	8.00 a.m. on 15 May 2009
Nil Paid Rights and Fully Paid Rights enabled in CREST	8.00 a.m. on 15 May 2009
Recommended latest time for requesting withdrawal of Nil Paid Rights and Fully Paid Rights from CREST (i.e. if your Nil Paid Rights and Fully Paid Rights are in CREST and you wish to convert them to certificated form)	3.00 p.m. on 26 May 2009
Latest time for depositing renounced Provisional Allotment Letters, nil or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights and Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form)	3.00 p.m. on 29 May 2009
Latest time and date for splitting Provisional Allotment Letters, nil or fully paid	3.00 p.m. on 1 June 2009
Latest time and date for acceptance, payment in full and registration of Provisional Allotment Letters	11.00 a.m. on 3 June 2009
Results of the Rights Issue announced ⁽²⁾	8.00 a.m. on 4 June 2009
Dealings in New Shares, fully paid, commence on the London Stock Exchange	8.00 a.m. on 4 June 2009
New Shares credited to CREST stock accounts	8.00 a.m. on 4 June 2009
Restriction on transfers between UK Register and SA Register ends	8.00 a.m. on 4 June 2009
Despatch of definitive share certificates for the New Shares in certificated form	By no later than 11 June 2009

Notes:

- (1) The Rights Issue is subject to certain restrictions relating to Shareholders with registered addresses in the United States or the Excluded Territories, details of which are set out in the Prospectus.
- (2) The results of the Rights Issue will be announced by way of a simultaneous RIS and SENS announcement at 8.00 a.m. (London time) on 4 June 2009.
- (3) The times and dates set out in the expected timetable of principal events above and mentioned throughout the Prospectus may be adjusted by Lonmin in consultation with the Underwriters, in which event details of the new times and dates will be notified to the UK Listing Authority, the London Stock Exchange and, where appropriate, Qualifying Shareholders by way of a simultaneous RIS and SENS announcement.
- (4) References to times in this timetable are to London time.

- (5) If you have any queries on the procedure for acceptance and payment, you should contact the UK Shareholder Helpline on 0871 384 2211 (from inside the United Kingdom) or +44 121 415 0275 (from outside the United Kingdom). This Shareholder Helpline is available from 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except bank holidays). Please note that for legal reasons, the UK Shareholder Helpline is only able to provide information contained in the Prospectus and information relating to Lonmin's register of members and is unable to give advice on the merits of the Rights Issue, or provide legal, financial, tax or investment advice.

EXPECTED TIMETABLE OF PRINCIPLE EVENTS IN SOUTH AFRICA

Each of the times and dates in the table below is indicative only and may be subject to change.

Rights Issue announcement	11 May 2009
Restrictions on transfers between UK Register and SA Register begins	6.00 p.m. on 11 May 2009
Last day to trade Existing Shares on the JSE to qualify to participate in the Rights Issue (cum rights)	12 May 2009
In respect of certificated shareholders, commencement of period during which the SA Registrar will not register the transfer of Existing Shares by Qualifying South African Shareholders	Close of business on 12 May 2009
Listing and trading in Letters of Allocation on the JSE on a deferred settlement basis begins	9.00 a.m. on 13 May 2009
Existing Shares marked "ex" by the JSE	9.00 a.m. on 13 May 2009
Despatch of the Prospectus to Qualifying South African Shareholders and Forms of Instruction to Qualifying South African Shareholders who hold their Shares in certificated form ⁽¹⁾	5.00 p.m. on 13 May 2009
Record date for entitlements under the Rights Issue for Qualifying South African Shareholders	19 May 2009
In respect of certificated shareholders, end of period during which the SA Registrar will not register the transfer of Existing Shares by Qualifying South African Shareholders	Close of business on 19 May 2009
Qualifying South African Shareholders who hold their Shares in uncertificated form will have their accounts at their CSDP or broker automatically credited with their Letters of Allocation (Rights Issue opens) ⁽¹⁾	9.00 a.m. on 20 May 2009
Qualifying South African Shareholders who hold their Shares in certificated form will have their Letters of Allocation credited to a register at the SA Registrar (Rights Issue opens) ⁽¹⁾	9.00 a.m. on 20 May 2009
In respect of certificated shareholders wishing to sell all or part of their Nil Paid Rights, latest time and date for submission of Form of Instruction to SA Registrar	12.00 p.m. on 27 May 2009
Last day to trade Letters of Allocation on the JSE to participate in the Rights Issue	5.00 p.m. on 27 May 2009
Dealings in New Shares on a deferred settlement basis commences on the JSE	9.00 a.m. on 28 May 2009
In respect of certificated shareholders, latest time and date for submission of completed Form of Instruction (with payment in full) to the SA Registrar (Rights Issue closes)	12.00 p.m. on 3 June 2009
Record Date for Letters of Allocation	Close of business on 3 June 2009
CSDP/broker accounts credited with New Shares and debited with any payments due in respect of uncertificated shares	9.00 a.m. on 4 June 2009
Results of Rights Issue announced and dealings in New Shares, fully paid, commence on the JSE⁽²⁾	9.00 a.m. on 4 June 2009
Restrictions on transfers between UK Register and SA Register ends	9.00 a.m. on 4 June 2009
Despatch of definitive share certificates for the New Shares in certificated form	By no later than 11 June 2009

Notes:

- (1) The Rights Issue is subject to certain restrictions relating to Shareholders with registered addresses in the United States or the Excluded Territories, details of which are set out in the Prospectus.

- (2) The results of the Rights Issue will be announced by way of a simultaneous RIS and SENS announcement at 9.00 a.m. (Johannesburg time) on 4 June 2009.
- (3) The times and dates set out in the expected timetable of principal events above and in the Prospectus may be adjusted by Lonmin in consultation with the Underwriters, in which event details of the new times and dates will be notified to the JSE and, where appropriate, Qualifying South African Shareholders and announced by way of a simultaneous RIS and SENS announcement.
- (4) References to times in this timetable are to Johannesburg time.
- (5) Qualifying South African Shareholders who hold their Shares in uncertificated form are required to inform their CSDP or broker of their instructions in terms of the Rights Issue in the manner and time stipulated in the agreement governing the relationship between the shareholder and their CSDP or broker.
- (6) Share certificates may not be dematerialised or rematerialised between 13 May 2009 and 19 May 2009, both days inclusive. Qualifying South African Shareholders who hold their Shares in uncertificated form will have their accounts at their CSDP automatically credited with their Letters of Allocation and Qualifying South African Shareholders who hold their Existing Shares in certificated form will have their Letters of Allocation credited to an account with the SA Registrar.
- (7) CSDPs effect delivery in respect of Qualifying South African Shareholders who hold their shares in uncertificated form on a delivery versus payment method.
- (8) If you have any queries on the procedure for acceptance and payment, you should contact the South African Shareholder Helpline on (011) 630 0800 (from inside South Africa) or +27 11 630 0800 (from outside South Africa). This Shareholder Helpline is available from 8.00 a.m. to 5.00 p.m. (Johannesburg time) Monday to Friday (except public holidays). Please note that for legal reasons, the South African Shareholder Helpline is only able to provide information contained in the Prospectus and information relating to Lonmin's register of members and is unable to give advice on the merits of the Rights Issue, or provide legal, financial, tax or investment advice.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN

This announcement is not for distribution directly or indirectly in or into the United States or, in or into any of the Excluded Territories. This announcement does not constitute or form part of an offer or solicitation in respect of the Nil Paid Rights, the Fully Paid Rights, the New Shares or the Forms of Instruction in the United States or any of the Excluded Territories. In particular, the Nil Paid Rights, the Fully Paid Rights, the New Shares and the Form of Instruction referred to in this announcement –

- have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act") or the securities legislation of any other any state of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States
- have not been or will not be qualified by prospectus for offer or sale to the public in Canada under applicable Canadian securities laws and accordingly, no offer or sale of Nil Paid Rights or Fully Paid Rights, or New Shares will be made in Canada

- have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, as amended (the “FIEL”) and this announcement does not constitute an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to other for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and such other applicable laws, regulations and ministerial guidelines in Japan.

This announcement does not constitute an invitation or offer to sell or the solicitation of an invitation or an offer to buy New Shares or to take up entitlements to Nil Paid Rights or Fully Paid Rights in any jurisdiction in which such offer or solicitation is unlawful and accordingly persons who come into possession of this announcement should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdiction.

The statements contained in this announcement that are not historical facts are "forward-looking" statements. These forward-looking statements are subject to a number of substantial risks and uncertainties, many of which are beyond the Company's control and actual results and developments may differ materially from those expressed or implied by these statements for a variety of factors. These forward-looking statements are statements are based on the Company's current intentions, beliefs and expectations about among other things, the Company's results of operations, financial condition, prospects, growth, strategies and the industry in which the Company operates. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. By their nature, forward-looking statements involve risks and uncertainties, including, without limitation, the risks and uncertainties to be set forth in the Prospectus, because they relate to events and depend on circumstances that may or may not occur in the future. In addition, from time to time, the Company or its representatives have made or may make forward-looking statements orally or in writing. Furthermore, such forward-looking statements may be included in, but are not limited to, press releases or oral statements made by or with the approval of an authorised executive officer of the Company. No assurance can be given that such future results will be achieved; actual events or results may differ materially from those expressed in or implied by these statements as a result of risks and uncertainties facing the Company and its subsidiaries. Many of these risks and uncertainties relate to factors that are beyond the Company's ability to control or estimate precisely, such as changes in taxation and fiscal policy, future market conditions, currency fluctuations, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. The forward-looking statements contained in this announcement speak only as of the date of this announcement and the Company undertakes no duty to update any of them publicly in light of new information or future events, except to the extent required by applicable law, the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules.

ISIN CODES

The ISIN code for the New Shares will be the same as that of the Existing Shares being GB0031192486.

The ISIN code for the Nil Paid Rights is GB00B3Z9Y881 and for the Fully Paid Rights is GB00B3ZYB12.

DEFINITIONS

The following definitions shall apply throughout this announcement unless the context requires otherwise:

“ Admission ”	admission of the New Shares to the Official List and to trading on the London Stock Exchange's main market for listed securities;
“ ADR holders ”	the holders of any ADRs from time to time and “ADR Holder” means any one of them;
“ ADRs ”	American Depositary Receipts evidencing American Depositary Shares issued by the Depositary pursuant to the Deposit Agreement;
“ BEE ”	Black Economic Empowerment;

“Board” or “Directors”	the board of Directors of the Company;
“certificated form”	in relation to a share or other security, a share or other security which is not in uncertificated form (that is, not in CREST or Strate);
“Citi”	Citigroup Global Markets U.K. Equity Limited, Citigroup Global Markets Limited and/or Citigroup Global Markets (Proprietary) Limited, as the context may require;
“Company” or “Lonmin”	Lonmin plc, a company registered in England and Wales with registered number 103002 and registered as an external company in South Africa under registration number 1969/000015/10;
“CREST”	the computerised system for the paperless settlement of sales and purchases of securities and the holding of uncertificated securities operated by Euroclear UK & Ireland in accordance with the CREST Regulations;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as from time to time amended;
“CSDP”	Central Securities Depository Participant;
“Deposit Agreement”	the amended and restated deposit agreement dated 25 February 2002 between the Company, the Bank of New York and holders from time to time of ADRs;
“EBITDA”	earnings before interest, tax, depreciation and amortisation;
“EPL”	Eastern Platinum Limited, a subsidiary of the Group in which Lonmin has an 82 per cent. interest;
“ETF”	Exchange Traded Fund. In the context of this announcement, references to ETFs are references to platinum or palladium ETFs, funds backed by physical metal, the performance of which replicates the performance of the relevant metal's price;
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, the operator of CREST;
“Exchange Control Regulations”	the Exchange Control Regulations of South Africa issued under the Currency and Exchanges Act 1933 (Act 9 of 1933);
“Excluded Territories”	the Commonwealth of Australia, its territories and possessions, Canada, and Japan and “Excluded Territory” means any one of them;
“Existing Shares”	the Shares in issue at the Record Date;
“Form of Instruction”	each of the forms of instruction which are to be posted to Qualifying South African Shareholders who hold their Existing Shares in certificated form, in respect of a Letter of Allocation reflecting the entitlement of that Qualifying Shareholder to take up Nil Paid Rights;
“FSA”	the Financial Services Authority acting in its capacity as the competent authority for listing in the UK for the purposes of Part VI of the FSMA;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“Fully Paid Rights”	rights to acquire the New Shares fully paid;
“Group”	Lonmin and its subsidiary undertakings (as defined in the Companies Acts);
“HDSA”	Historically Disadvantaged South Africans, as defined in the Charter;
“HDSA shareholders”	companies owned by HDSAs which are shareholders in Incwala Resources;
“Incwala” or “Incwala Resources”	Incwala Resources (Proprietary) Limited;
“ISIN”	International Security Identification Number;
“Issue Price”	the UK Issue Price or the SA Issue Price, as appropriate;
“Joint Sponsors”	Citigroup Global Markets Limited and J.P. Morgan Cazenove Limited;

“J.P. Morgan Cazenove”	J.P. Morgan Cazenove Limited;
“J.P. Morgan Securities”	J.P. Morgan Securities Ltd.;
“JSE”	JSE Limited, a securities exchange licensed in terms of the Securities Services Act;
“Latest Practicable Date”	8 May 2009 (being the latest practicable date prior to the publication of the Prospectus);
“Letter of Allocation”	the renounceable Letter of Allocation issued by the Company in electronic form conferring the right to Qualifying South African Shareholders on the SA Register to subscribe for New Shares pursuant to the Rights Issue;
“Limpopo”	Limpopo Platinum mine;
“Limpopo Phase 2 Project”	the expansion project at Limpopo, which entails the development of mining operations and construction of a treatment plant at the properties of Doornvlei and Dwaalkop;
“London Stock Exchange”	London Stock Exchange plc;
“Marikana”	Marikana Platinum mine;
“M&G”	M&G Investment Management Limited
“New Shares”	the new Shares of US\$1 each to be issued pursuant to the Rights Issue;
“Nil Paid Rights”	New Shares in nil paid form provisionally allotted to all Qualifying CREST and Non-CREST Shareholders pursuant to the Rights Issue and, in the case of Qualifying South African Shareholders, their right to subscribe for, sell or renounce, as the case may be, New Shares in nil paid form, as represented by Letters of Allocation automatically credited to their CSDP or broker accounts and/or by their Form of Instruction, as the case may be;
“Non-CREST Shareholders”	Shareholders whose Shares are on the UK Register and are held in certificated form;
“Official List”	the Official List of the FSA;
“pound sterling” or “£” or “pence” or “p”	the lawful currency of the United Kingdom;
“Process Division”	The division of the Company responsible for isolating and refining individual PGMs for sale into the market place;
“Prospectus”	the document setting out the details of the Rights Issue, which document is a prospectus for purposes of the UKLA but is a circular as defined in the JSE Listings Requirements (and is not a prospectus within the meaning of the South African Companies Act);
“Provisional Allotment Letters”	the renounceable provisional allotment letters relating to the Rights Issue, expected to be dispatched to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, Qualifying Non-CREST Shareholders with registered addresses in the United States or any of the Excluded Territories);
“Qualifying CREST Shareholder”	Shareholders whose Shares are on the UK Register at the UK Record Date and which are in uncertificated form and held through CREST;
“Qualifying Non-CREST Shareholder”	Shareholders whose Shares are on the UK Register at the UK Record Date and which are in certificated form;
“Qualifying Shareholder”	A Qualifying Non-CREST Shareholder, Qualifying CREST Shareholder and/or Qualifying South African Shareholder, as the case may be (which, for the avoidance of doubt, does not include ADR holders);

“Qualifying South African Shareholders”	Shareholders on the SA Register at the SA Record Date;
“Rand” or “ZAR” or “R” or “Rand and cents”	the lawful currency of the Republic of South Africa;
“Record Date”	the UK Record Date and/or the SA Record Date, as the context so requires;
“Rights Issue”	the 2 for 9 rights issue announced by the Company on 11 May 2009;
“SA Issue Price”	the price at which Shares will be issued to Qualifying South African Shareholders pursuant to the Rights Issue, being ZAR113.04;
“SA Record Date”	close of business on 19 May 2009;
“SA Register”	the branch of the register of members of the Company in South Africa;
“SA Registrar”	Link Market Services South Africa (Proprietary) Limited of PO Box 4844, Johannesburg, 2000, South Africa;
“SA Sponsor”	Citigroup Global Markets (Proprietary) Limited;
“Securities Services Act”	the Securities Services Act 36 of 2004;
“SENS”	the Securities Exchange News Service of the JSE;
“Shareholders”	the holders of any Shares from time to time and “Shareholder” means any one of them;
“Shares”	the ordinary shares of US\$1 each in the capital of the Company (which, for the avoidance of doubt, do not include ADRs);
“South Africa”	the Republic of South Africa;
“South African Admission”	admission of the New Shares to trading on the JSE’s Main Board for listed securities;
“South African Companies Act”	the South African Companies Act 61 of 1973;
“South African Registrar of Companies”	the Registrar of Companies in South Africa;
“Strate”	Strate Limited, a central securities depository licensed in terms of the Securities Services Act, and the electronic clearing and settlement system used by the JSE to settle trades;
“Uncertificated Securities Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
“UK Issue Price”	the price at which Shares will be issued to Qualifying Shareholders (other than Qualifying South African Shareholders) pursuant to the Rights Issue, being 900 pence;
“UK Listing Authority” or “UKLA”	the UK Listing Authority, being the FSA acting as the competent authority for the purposes of Part VI of the FSMA;
“UK Record Date”	close of business on 11 May 2009;
“UK Register”	the register of members of the Company in the United Kingdom;
“UK Registrar”	Equiniti Limited of Aspect House, Spencer Road, Lancing, BN99 6DA;
“uncertificated form”	in respect of a Qualifying Shareholder other than a Qualifying South African Shareholder, describes the form of a share held by such person in CREST; and in respect of a Qualifying South African Shareholder describes the form of a share held by such person trading on the JSE not evidenced by a certificate or written instrument, incorporated into Strate and entered and recorded into the Company’s sub-register in electronic form in terms of the Securities Services Act 36 of 2004;
“Underwriters”	Citigroup Global Markets U.K. Equity Limited and J.P. Morgan Securities Ltd.;

“Underwriting Agreement”	the underwriting agreement dated 11 May 2009 entered into between the Company, the Underwriters, the Joint Sponsors and the SA Sponsor relating to the Rights Issue and more fully;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia;
“US dollar” or “US\$”	the lawful currency of the United States;
“US Shareholders”	Shareholders with registered addresses in the United States, its territories and possessions;
“VAT” or “Value Added Tax”	value added tax;
“WPL”	Western Platinum Limited, a subsidiary of the Group in which Lonmin has an 82 per cent. Interest; and
“Xstrata”	Xstrata Zinc B.V.

GLOSSARY

“average PGM basket price”	the weighted average price achieved by the Group for PGMs in a given period;
“care and maintenance”	the state of a mine or other facility that is not in current use, although it is maintained in good condition to enable it to be brought back into service;
“concentrate”	material that has been processed to increase the content of contained material or mineral relative to the contained waste;
“cost curve”	a graphic representation in which the total production volume of a given commodity across the relevant industry is arranged on the basis of average unit costs of production from lowest to highest to permit comparisons of the relevant cost positions of particular production sites, individual producer groups or producers across the world or in any given country or region;
“grade”	the quality of an ore, alloy or metal, expressed as a percentage of the primary element or as a ratio of grammes per tonne;
“matte”	the homogenous metallic sulphide produced by the process of matte smelting, formed by a combination of metallic sulphides which comprise the metallic charge in the smelting process;
“Number One Furnace”	the main smelter belonging to the Company, which is situated at Marikana;
“ore”	a mineral or mineral aggregate containing precious or useful minerals in such quantities, grade and chemical combination to make extraction commercially viable;
“ore reserve development”	the process of developing a known reserve in order to facilitate the mining of PGMs;
“ounce”	a troy ounce, being 31.1g;
“PGM”	Platinum Group Metals, being platinum, palladium, rhodium, ruthenium, iridium and, in respect of Lonmin, gold but not Osmium;
“reef”	a layer, vein or lode containing potentially economic mineralisation;
“slag”	the waste material left after metal has been smelted;
“smelter”	a plant in which concentrates are processed into an upgraded product by melting the concentrate to separate matte from slag;

“stopping”

the main method of ore extraction used once the ore block has been developed and prepared for production. Ore faces are drilled and blasted using explosives and the ore is moved from the stope face to the shaft hoisting system using conventional or mechanised rock transportation systems; and

“tailings”

the waste residue from the concentrating process, containing finely ground rock and minor quantities of mineralisation which is generally subeconomic to recover.