WORLD TELEVISION

Lonmin

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LONMIN

Roger Phillimore, Chairman

Simon Scott, Acting Chief Executive Officer

Mark Munroe, Executive Vice President, Mining

QUESTIONS FROM

Grant Sporre, Deutsche Bank

Nihal Shah, Credit Suisse

Ben McEwen, CIBC

Anna Mulholland, Deutsche Bank

Ben Davis, Liberum Capital

Tyler Broda, Nomura

Ian Rossouw, Barclays Capital

Introduction

Roger Phillimore, Chairman
Good morning ladies and gentlemen, my name's Roger Phillimore, I am the Chairman of Lonmin and I'm going to introduce my colleagues who will undertake most of this very important presentation and they are Simon Scott, who is our Acting Chief Executive and Mark Munroe our Executive Vice President of Mining.

Before I start I want to emphasise what a grizzly period this company has been through, consequent upon the events at Marikana. The company was well and truly traumatised by events beyond its control. But - and this is the really important part of what I want to say in these introductory remarks, I think the reaction of the people in the company and its management has been quite extraordinary. And I think that we as shareholders, and certainly my Board, feel that important congratulations are due to our management team and indeed to all the people who have supported them in this.

They have achieved in short order three remarkable things. They achieved peace and a return to production and a remarkably rapid return to production as you will hear in this. Secondly, they have been able to accomplish a comprehensive, holistic, entirely satisfactory underwritten refinancing of this company, which thirdly allows them to give effect to the very commendable and plausible and valuable renewal plan for Lonmin.

So I think it really is important that you understand that this management has been through probably as severe a test of management as any company in recent times, certainly for a little company, we're not a big company. And I think that I wanted to share with the strength of the Board's view that management needs to be congratulated for what they've achieved here.

Now I'm going to hand you over to Simon and Mark to get the detail of that. Thank you.

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Presentation

Simon Scott, Acting Chief Executive Officer
Good morning ladies and gentlemen and welcome to Lonmin's Final Results Presentation for the 2012 financial year. As well as delivering details of our figures for the year, we've also announced today a fully unwritten nine for five rights issue, to raise of the order $817m. This together with the amended bank facilities provides Lonmin with a stable financial base to deliver our renewal plan.

I'll begin by commenting on the events that transpired at Marikana, following which I'll take you through the key features of our full year and our financial results. Mark will then take you through our operational performance and I'll follow up with a view of the markets, the outlook and the way forward.

The 12 month period we are reporting on today has been one in which underlying operational improvements were tempered by lacklustre markets and operational disruptions. The tragic events that occurred in the last two months of the financial year will forever be etched in our corporate memory. It's against this backdrop that my team worked tirelessly to deliver what is a commendable operational result, despite significant headwinds experienced throughout.

On the 10th of August around 3,000 rock drill operators commenced unlawful strike action at Marikana. And as has been widely reported violence and intimidation followed. The substantial majority of our 24,000 mine workers were absent and production was halted.

Throughout this period we worked resolutely to resolve tension and following an all-inclusive negotiation process we agreed and addendum to the existing wage agreement and a return to work starting on the 20th of September. Full shift patterns resumed on the 1st of October and attendance levels are currently normal.

The Farlam Commission is looking into the events and we are fully co-operating. We are establishing a fund to benefit families and assist with educating the children of the deceased.

We believe that resolving the structural challenges faced by industry requires a collaborative stakeholder effort. Our efforts have focused on mending relationships and rebuilding trust amongst our workforce, as well as proactively managing the changing union landscape.

Clearly the year was overshadowed by the events at Marikana, it is within that context that we achieved sales of 702,000 ounces of platinum and produced metal in concentrate of 680,000 which is commendable considering the circumstances.

Profitability was impacted by reduced sales, a lower dollar pricing environment and costs incurred throughout the stoppage. Revenue of $1.6bn was down 18.5% on the previous year. Rand unit costs at 8,507 rand per PGM ounce were up 13%. The normalised increase, excluding the impact of the six week strike, would have been 5.2%.

Underlying EBIT was $67m. Net debt ended the year at $421m, against the $234m at September 2011. There was a $602m partial non-cash impairment of the value of the Akanani exploration asset, more of which I'll cover later.

We've worked hard to secure our financial position and have announced a fully underwritten rights issue at 140p to raise around $817m today. Amended banking facilities in support of that renewal plan have also been announced.

We are committed to zero harm and safe production in the workplace, regrettably there were two operational fatalities during the period and our sincere condolences go out to the family and friends of Mr Thobisani David Didi who died in June 2012 and Mr Albino Moises Cuna who died in December 2011.

Our mining performance was commendable despite it being impacted by Section 54s at the start of the financial year and lengthy strike action at the end.

We built up operational momentum following the Section 54 stoppages in the first half, though the impact of events that followed resulted in tonnes produced of 10.4 million which was down 11% on the previous year. With a significant 1.8 million tonnes lost to strike action in August and September.

Saleable metal in concentrate was down by 5.5% at 680.000 platinum ounces. Adversely impacted by the 110,000 mined platinum ounces lost due to the strike.

On the positive the benefit of our past investments are reflected in the strong ore reserve position built up to this point, which are at a healthy 3.3 million centares, or the equivalent of 18 months of mining. Concentrator recovery rates improved and grades improved and were in line with our expectations.

We have in light of circumstances moderated our financial year '13 sales and production targets to production of 680,000 ounces of platinum metal in concentrate and sales of 660,000 ounces. These targets reflect the 20,000 expected in order to rebuild process inventory.

Further to that we anticipate that pre-disruption productivity levels will be achieved in quarter three FY'13 and unit cost increases of around 10% at 9,350 rand per PGM ounce in 2013.

As things stand production is ramping up ahead of expectations and averaged 85% of pre-strike run rate levels in October.

In 2013 we will taking action to reduce costs through a review of the operational model and management structure, procurement initiatives, continuing the rollout of our productivity enhancement programme, however in line with that plan we have outlined we expect a significant cash flow impact from the ramp up and consequent pipeline build up through the first half of the year.

The events at Marikana had a significant impact on our financial results. Key in this impact has been the reduction in the volumes sold while fixed production costs continue to be incurred during the strike period which has had an adverse effect on the Group's profitability.

Throughout the year industrial demand for PGMs has been subdued, resulting in a depressed pricing environment which put pressure on revenues and margins.

Revenue for the year has decreased 19% over the comparative period by $378m to $1.6bn on the back of lower PGM and base metal prices, as well as on lower sales volumes due to the strike.

Driven largely by reduced revenues, as well as weaker average rand/dollar exchange rate during the year, underlying EBITDA has decreased by 55% to $193m. Underlying EBIT has decreased by 79% to $67m and after accounting for special items, including the impairment of Akanani the loss before interest and tax was $702m.

The effect of decreased earnings sees the underlying earnings per share for the year down by 93% from last year to 7.4 cents and a basic loss per share of 202.3 cents.

During the second half of the financial year we completed a prefeasibility study on the Akanani exploration and evaluation asset. Based on the results we have taken the decision to impair the asset by $602m. This was fully envisaged when we negotiated the amendments to the bank facilities.

Fixed production overheads incurred during the legal strike period for which there were no associated production output and costs arising, and costs arising directly as a result of that strike action have been classified as special items. The total of these strike related costs amounted to $159m. The major portions of these being idle fixed production costs incurred during strike period, amounting to $120m and costs relating to contracts, us not being able to fulfil the obligations as well as the demobilisations costs on K4 and that amounted to $29m.

Debt capital raising costs of $5m were incurred earlier in the year, these costs related to work undertaken examining debt capital markets as a funding option. As previously mentioned however we have today announced the fully unwritten rights issue to strengthen our balance sheet.

The underlying EBIT for the year ended September 2012 has decreased from $311m in 2011 to $67m, a decrease of $244m. The weak conditions in the auto industry, particularly in Europe have resulted in subdued short term demands for PGMs, negatively impacting their price. Overall decreased PGM pricing has contributed a reduction of $325m to underlying EBIT in 2012, below that contributed in 2011.

PGM sales volumes for the year were 3.6% down on the prior year and have contributed a reduction of $68m in underlying EBIT. These decreases were offset by $42m due to the change in the mix of PGMs sold during the period. Lower base metal sales, as well as lower volumes of nickel and copper sold reduced the EBIT by a further £27m.

Total underlying costs decreased by $134m, mainly due to strike related costs having been treated as special, the impact of the weaker average rand/dollar exchange rate during the period, as well as reduced production partly offset by the impact of cost escalation.

While South African gross rand based costs decreased by 5.7% in 2012 to 10.3bn rand when translated into dollars the decrease amounted to 17.9% over 2011, due to the weaker average rand/US dollar exchange rate for costs of 8.05 rand to the dollar in 2012, against the 7.01 rand to the dollar experienced in 2011. The impact of the stronger rand/US dollar exchange rate was to decrease costs by $189m.

The increase in unit cost per PGM ounce produced of 12.9% was largely driven by higher than inflation increases in the wage bill of 8.5% and electricity tariff increases of 24%. These were exacerbated by significant production disruptions due to increased Section 54s, as well as community unrest in the first half of the year and the strike action in August and September.

It should be noted that the unit cost per PGM ounce is based on all production costs, including idle fixed production overheads, which have been excluded from our underlying results.

If these strike related costs were excluded the increase in unit cost per PGM ounce produced for 2012 would have been a 5.2% increase compared to 2011.

Net debt has increased by $187m from $234m at the end of September 2011 to $421m at the end of September 2012. Underlying EBITDA generated for the period amounted to $193m which was largely offset by special cash costs of $169m, mainly relating to the unlawful strike.

Working capital cash flows benefitted from the reduction in stock levels at year end due to extracting ounces of stock pipeline. Revenue received in advance on the forward sale of gold in the first half of the financial year amounted to a net in flow of $94m. The cash flow impact of net financing amounted to an outflow of $27m. Capital expenditure an outflow of $408m and the 2011 final dividend payment amounts to $31m. Other includes $10m which was paid by way of taxes. As a result gearing was 14% at September 2012 compared to 7% at September 2011.

I'll now hand over to Mark to cover the operational performance.

Operational Performance

Mark Munroe, Executive Vice President, Mining
Thank you Simon. Lonmin delivered a solid operational performance in financial year 2012, despite the significant disruptions that were experienced. This reflects the healthy state of our operations and our ability to deliver in a challenging environment.

Let's look at the safety performance. The full year operational safety record has been very good. We achieved the lowest lost time injury frequency rate ever of 4.16 million man hours worked, which was 11.7% lower than the previous 4.71 achieved in 2011, itself a record.

Our Rowland shaft continued to be an industry leader as it recorded a significant industry achievement of 13 million, fall of ground fatality free shifts. We also recorded a best ever 5 million fatality free shifts for Lonmin as a whole.

Despite these excellent achievements we remain focused on improving our safety, working in partnership with the Department of Mineral Resources.

Underground Production Overview - total tonnes mined during the 2012 financial year were 10.4 million, a 1.3 million tonne decrease from 2011. The decreased performance is largely attributable to the industrial action and ensuing tragedy experience in August and September of 2012. This combined with the impact on productivity by Section 54s in the first half of 2012.

Our Karee operations mined 4.4 million tonnes which represents a decrease of 1.2%, or 50,000 tonnes from 2011. This is largely as a result of the industrial action, with losses estimated to be 706,000 tonnes.

Production at Westerns comprising Rowland and Newman at 2.6 million tonnes, declined by 23% or 791,000 tonnes on 2011 of which 460,000 tonnes related to the industrial action and in line with the expected depletion of our Newman shaft.

Middelkraal made up of Saffy and Hossy mined 1.8 million tonnes which represents a decrease of 7.5% or 142,000 tonnes from 2011. Production losses from the industrial action were 330,000 tonnes. Production at Saffy was significantly impacted during 2012 by adverse ground conditions and the industrial action.

These production delays experienced during the year have been addressed by means of changes in layout design and a revision to the support strategy for this area. The increase in ore reserve availability and the planned build up of stoping crews will give the shaft the necessary flexibility to achieve planned production increases in 2013. Hossy increased its tonnes wasted from 793,000 tonnes to 840,000 tonnes during 2012, notwithstanding the industrial action.

However the biggest challenge faced by the mechanised mining team is around the machine availability, the availability of replacement parts and the supply of trained artisans. The decision taken to introduce hybrid mining in some upper quadrants resulted in an increase in the tonnes.

Looking at Eastern performance for the year which decreased from 1.2 million tonnes in 2011 to 1 million tonnes. East Three and East Two shafts were impacted by Section 54s in December 2011 and July 2012, as well as the industrial action which had an estimated impact on production of 164,000 tonnes.

Production at the Merensky open cast operation at Marikana decreased from 601,000 tonnes in 2011 to 443,000 tonnes in 2012. This was due to a change in the mining method and sequence, which resulted in a significant improvement in the grade in the open casts.

Let's look at the development - we had a good performance as the ore reserve position increased overall by 14% from the level reported in 2011. This equates to 18 months of mining. The ore reserve increase for Karee of 26% and MiddelKraal increase of 21% are in line with Lonmin's strategy of creating greater flexibility in these shafts. The progress and investment made in development provide a strong foundation for the future.

If we look at grade, mining grade as delivered to the concentrators increased slightly in comparison to 2011 due to higher underground Merensky mining grade and the slight improvement in the stoping dilution. We experience a constant ration of UG2 to Merensky ore, we also reported a constant ratio of developing to stoping, plus a lower production of Merensky open cast ore and the significant improvement in the open cast grade.

Mining initiatives to improve productivity - a number of initiatives are in place to support the improved delivery and the increased productivity in the mining division. These include the various safety initiatives, producing best in class performance, resulting in better relationships with regulators as well.

Embedded line of sight system to track production on a daily basis, leading to early identification of technical bottlenecks and last blast analysis, technical up-skilling of lower level operational employees and the team effectiveness training that has been rolled out successfully and initial results of this are encouraging for the particular area where it was rolled out first.

Fit for purpose cost management systems are completed and will be fully operational in 2013.

Processing highlights - looking at the concentrators we achieved another exceptional year in terms of recoveries. This can be attributed to the new Easterns tailing treatment plant which came online in April 2012. Additional recovery improvements are planned for 2013 as the concentrators continue to advance technology and operational excellence.

The smelter delivered a solid operational performance and the Number 2 Furnace was successfully commissioned and the first slag was tapped in the 11th of July and the first matte on the 16th of July.

Over the past year the new design and operational discipline of the Number 1 Furnace has proven to be more robust with no operational issues during the reporting period. The refineries delivered a solid operational performance with increased product quality being experienced at the base metal refinery.

The investment we have made has re-disked the business and created optionality in our processing division. Thank you and I'll now hand over to Simon to cover the markets.

Markets Overview

Simon Scott, Acting Chief Executive Officer
Thanks Mark.

As I claimed in my introduction, the year presented a series of challenges. Chief amongst those has been a weak near term outlook for PGMs and a weak overall price environment. I will now take you through our view of the markets in more detail.

PGM prices have been volatile and subdued during the last 12 months, largely due to the global macroeconomic conditions and Eurozone crisis. Prices have been held back by fragile automotive demand and near term over supply.

Recent events in South Africa have in short time altered the supply side outlook. We expect it to result in a capacity reduction as higher cost operations are forced to reduce output or close down.

Automotive demand is expected to improve through a combination of increasingly stringent emission legislation, including Euro 6, China 4 and Euro 5 in Russia. European auto manufacturers had extensive shutdowns in the summer of 2012 to manage inventory levels downwards, and we think the medium to long term outlook for vehicle sales in emerging markets, and recovering industrial demand, as well as other demand drivers such as Chinese jewellery, will be very positive.

As a result, we and other market watchers see a very positive price in the medium to long term outlook for platinum, palladium and rhodium prices. Despite the fact that we see overall growing market deficits in the near term, stock is opaque and is placing some restraint on upward price movement in the short term.

Despite recent events and the current weak PGM price environment, we continue to believe in the long term fundamentals for PGMs and the inherent value of Lonmin's asset base. Substantial investment has been made over recent years to improve operational health of the business, such as in ore development, recoveries, addressing smelter issues, improving safety and positioning the mining operations for growth in production.

However, even prior to the events at Marikana, we had started to review our capex plan and growth profile as a result of the sustained period of weak PGM prices, and at Q3 in July we announced a reduction in capex, mainly impacting 2013 and 2014.

In the light of recent events, we have now completed a thorough review of the growth strategy, production profile and capex, and will lay out for you today what we believe to be the most appropriate strategy in the current environment - what we call the Lonmin Renewal Plan.

We are also implementing various measures to conserve cash and improve productivity, which we will talk about in more detail shortly. We have taken major steps today to establish a more appropriate and sustainable funding structure by reducing the group's indebtedness.

All this should enable us to continue to exploit what we believe is a valuable asset, grow production as PGM prices improve and deliver value for shareholders.

Recent events have created two particular cost pressures for coming years. The wage amendment, which included the wage increase of 9% due under the previously agreed 2011 two-year wage agreement, will result in an expected overall employment cost increase of approximately 11%. Inefficiencies are inherent in the production ramp-up as the business bears the full cost of operations until full production is achieved in Quarter 3.

We have implemented, or will be putting in place, a number of measures to partially offset the pressures of gross costing and also to improve productivity. These are: review our operational model and management structure; a procurement initiative; and a productivity enhancement programme.

Our recent investments have provided a platform for longer-term production growth, which will help reduce relative unit costs and improve Lonmin's position on the cost curve. From 2014 we expect unit costs to increase by less than our wage inflation.

Our Renewal Plan reflects both the anticipated short-term demand outlook for PGMs and the impact of recent events. It also recognises that in the medium term we believe there is an opportunity to grow production into an improving PGM pricing environment. Our immediate priority is to return productivity levels safely back to, and then above pre-August run rates.

We plan to produce 680,000 platinum ounces of saleable metal concentrate in FY13, and sales of 660,000, as in-process inventory levels are rebuilt.

Ramp-up is progressing better than expected, and we anticipate achieving previously achieved run rates by Quarter 3 in FY13.

Beyond 2013 we are targeting sales in excess of 750,000 ounces in each of FY2014 and 2015, and in excess of 800,000 ounces by 2016.

We expect to invest $175 million in 2013 and $210 million in 2014. This is expected to rise to around $400 million in 2015 and 2016, primarily due to the further development in K4, Hossy and Saffy, in order to support increased production levels.

We think the plan is self-funding and, as Mark has already said, we have the order reserves and shaft infrastructure which gives us the flexibility in the future and full confidence in our plan.

Fundamentally, we believe that this business should be funded by long-term equity capital and by free cash flow. Debt should only be used to fund normal working capital requirements through the cycle and accommodated some level of short-term volatility that is typical in an operationally geared business like ours. We are therefore putting in place a holistic funding solution which will reduce the Group's level of indebtedness and increase its financial strength, and which we believe creates a more appropriate and sustainable capital structure.

We have today announced the fully underwritten 9 for 5 rights issue at 140p to raise around $817 million gross. We have reached conditional agreement with our lending banks to make amendments to our existing facilities which will reduce the overall level of debt and amend the covenants such that they no longer contain regularly tested maintenance covenants linked to profitability, as these do not reflect the significant asset backing that underpins our longer-term credit quality.

The amendments are conditional on raising at least $700 million net new equity by 31 December 2012.

While our operational safety record is currently among the industry's best, our goal is to be the safest primary PGM producer, causing zero harm to people and minimising our environmental impact. The events of the last two months have profoundly changed the way we view sustainable development, especially in terms of housing, engagement with local communities and government, and playing a role in redefining labour relations.

We have worked with determination to accomplish the transformation goals we have set, and progress has been made in many areas, notably in our education programmes for the community, and in the number of historically disadvantaged South Africans within our management structures, which now stands at 36%, and in our initiatives to procure from HDSA managed and owned suppliers.

Nevertheless, we recognise that we have delivered more slowly in some areas. Housing is one of those, and in this Lonmin is far from alone in trying to deal with what is essentially a national problem in South Africa.

Our housing strategy is comprised of three elements: hostel conversion, Marikana home ownership and the long-term housing programme. To date we have converted 79 of the 128 old style hostels into 931 single person occupancy and 580 family units, and we have approved detailed plans to convert the remaining units by December 2014. We have also seen 241 employees become owners of homes, sold through the Marikana housing development.

The challenge, however, is in facilitating the provision of mass affordable housing, particularly for our migrant workforce. The events at Marikana have highlighted the critical shortage of affordable housing as a major challenge for Lonmin, the mining industry across the board and the South African nation more broadly, reflecting the need for a solution that involves all stakeholders, including government and employees. Lonmin is required to increase BEE ownership to 26% required under the Mining Charter.

As at 30 September 2012 HDSA investors controlled 18% of the share capital of our subsidiaries that own and operate Marikana and Limpopo and that participate in the Pandora joint venture, as well as 26% of the share capital of the subsidiary that owns Akanani. We have charted a clear roadmap to increasing HDSA equity participation from 18 to 26%, and this includes advancing the following work streams: employee share ownership plans, community ownership schemes, the consolidation of Licuala and the previously announced Shanduka Limpopo transaction.

In conclusion, we believe that in the medium to long term PGM pricing should be supported by supply constraints and positive demand dynamics. We also believe that we have a clear and balanced plan that is conservative in the near term, as we respond to current circumstances, and seeks to stabilise the business. This plan, which we are confident we can execute, will provide us with an appropriate cost structure and the flexibility to grow production should the PGM pricing environment improve as we expect.

This is accompanied by a plan to place Lonmin on a firm financial footing with a more appropriate long-term capital structure. We have today announced a fully underwritten rights issue to raise $817 million gross. We also have conditional agreement with our lending banks to amend our facilities, subject to raising at least $700 million by 31 December 2012. This will enable us to deliver our renewal plan, which is underpinned by its high quality asset base, for the benefit of all of our shareholders.

Thank you, ladies and gentlemen. That concludes our presentation this morning. We will now take questions.

Could you just state your name at the start of the question?

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Grant Sporre, Deutsche Bank
Good morning. Just two questions to start off with. The first one is really on the housing. Can you just tell us - the investments that you're making in housing and conversion, does that come through the expense line or is it capitalised on the balance sheet? And if so, I suppose it's a very small part of the capex, but if you can give us some sort of guidance as to what that is. That's my first question.

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Simon Scott, Acting Chief Executive Officer
Parts of it are capitalised, so for example, the hostel conversions are capitalised. In the last year we spent between 50 and 100 million rand on hostel conversions.

With regard to facilitated housings, in instances there may be some costs that would be capitalised and those would be the seed costs. But in general, not. And then, obviously part of the wages we pay are paid by housing allowances which are an absolute expense item and appears in the cost line.

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Grant Sporre, Deutsche Bank
And then the second question. It's a question I suppose I need to ask. Can you just perhaps elucidate your reasons as to why to felt the Xstrata offer wasn't sufficient? And perhaps, that's maybe a question for Roger.

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Roger Phillimore, Chairman
I'm very happy to answer it. But before I do so, I think it's very important to make a couple of observations and set the context of this. And the first thing I would say is that the Lonmin board observes the highest standards of corporate governance; it sees its job exclusively as being the preservation and the enhancement of shareholder value, in the interests of all shareholders. Observation number one.

Observation number two is that we had two approaches from Xstrata in the course of the last seven or eight weeks, and I am the right person to answer this, because I was privy and party to all of them.

They have two common characteristics. The first is that they both had the potential effect of destabilisation. This board had set its mind and was determined to assure itself of a sound financial future. And both these proposals would have had the effect of knocking us off that course, which was a very serious problem in our view.

The second characteristic they had was that they would both have had the effect of transferring effective control without an appropriate premium. And we did not believe that that was in the interests of all shareholders, and it was for those reasons that they were rejected.

And I'd like to come back again to corporate governance. We have never sought an adversarial relationship with Xstrata; we don't seek one now. In rejecting these proposals, we left olive branches; we left invitations to continue discussions. These were not taken up, all right. We regard it as our duty to look carefully and seriously in the interests of all shareholders at any proposals that are made to us.

I hope that answers your question, but I think it's a very important context for everybody to understand.

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Grant Sporre, Deutsche Bank
Thank you.

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Nihal Shah, Credit Suisse
Sorry, I've got to ask this question as well. On Xstrata, aside from the bid, would you see any industrial logic of actually injecting the Xstrata PGM and chrome assets within to the Marikana operations? And would there be potential for fixed cost utilisation at the smelters and concentrated potentially from such an injection, aside from the bid?

And then, secondly, on the first Xstrata proposal, Xstrata suggested a $1 billion fully underwritten rights issue. The rights issue we have today is $817 million. Is there a reason as to why, outside of Xstrata, you didn't seek a bigger rights issue, which may have put you on a firmer footing going forwards?

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Roger Phillimore, Chairman
Again, I'm not going to dwell on this. I think I've probably said enough in response to the first question. As I say, we are open to proposals that come forward. There are no proposals on the table, all right. They have both been rejected. But the board has a duty to consider any proposals that come to it.

In leaving the olive branch that I referred to earlier, we did say that we could see possible merit in this on the right terms. So that I think is as far as I can go on that subject.

In terms of the sizing of the rights issue, I think that we have done a very thorough analysis inside the company as to what is required in order to give the company the sound financial basis to move forward, and the flexibility to defend itself appropriately in circumstances which are economically less favourable for reasons of pricing or exchange rates, or what have you, going forward into the future.

I think the very important thing about Lonmin is that there is great operational leverage here. And to the extent that we are correct in our judgements about the possible future movement of prices and exchange rates - ultimately the rand basket price - this company can in the circumstance throw off a huge amount of cash which will allow an acceleration of capital investment. And that is the way in which we choose to run it. It's a more conservative financing model, and we believe that 800 million is the right number for that, and it has been reached by an exhaustive and logical process.

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Nihal Shah, Credit Suisse
Thank you.

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Roger Phillimore, Chairman
I don't mean to answer any further questions on Xstrata. There are more important things to talk about.

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Ben McEwen, CIBC
I was wondering if you might be able to provide us with some more clarity or perhaps direction on the metal pricing assumptions used in the Renewal Plan, and with regard to this, what the company deems to be short term and what it deems to be medium term.

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Simon Scott, Acting Chief Executive Officer
As we've said, because of lack lustre demand out of Europe, we think that we won't see any significant upward movement in prices in the next year or so, and despite the supply contractions. I mean, you've seen about 500,000 ounces lost out of primary supply out of South Africa. But you know, in the next 12 or 18 months or so, we don't think there'll be significant output movement.

But certainly, you know, because on the back of the emissions legislation that's taking place - Euro 6 as well as off road diesel coming into that - it is already included in Europe and the US, but across the globe that's going to continue. The longer-term fundamentals we see as very positive, all of the metals. Jewellery demand has remained reasonably strong in China, and that indicates that potentially there is future growth coming out of that. And investment demand has underpinned the price as well.

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Anna Mulholland, Deutsche Bank
Two questions, please. The first is - could you share with us what you think the implications are of the Farlam Inquiry? I note in your statement this morning you don't expect the results of that inquiry until or before February next year, but you do mention that it will be looking into whether Lonmin as a company is I suppose guilty, whether by

act or omission, of damage against employees and property, etc. So the first question would be - what are the potential repercussions of that?

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Simon Scott, Acting Chief Executive Officer
Yes, I mean, the Farlam Commission - we fully support that Commission. The events of August and September were absolutely tragic, and we are participating fully and supporting it. From our perspective, we will demonstrate to Farlam what we did and how we acted, and you know, we believe that that was in the proper way that we should have acted.

The Commission doesn't have the ability to impose any sanction; it will make recommendations. But absolutely we support that process, and it does seem that it's taking a little bit longer than anticipated, so that's why we anticipate that early next year, all things going well, that it will have completed its work.

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Anna Mulholland, Deutsche Bank
Okay, thank you. And what is the timing of your decision on the review of the Limpopo feasibility study?

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Simon Scott, Acting Chief Executive Officer
Yeah, I think that's still underway, and we would expect early next year that there would be some output from that.

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Anna Mulholland, Deutsche Bank
Thank you.

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Simon Scott, Acting Chief Executive Officer
That's by Shanduka, as we previously announced, not by ourselves.

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Ben Davis, Liberum Capital
Can you be more specific about the high cost capacity you expect to come offline? Should not more Lonmin capacity be coming offline, given all the budgeted cash costs are higher than today's basket price?

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Simon Scott, Acting Chief Executive Officer

From a production perspective, all of our shafts are making operating profit. What we are doing next year is we are investing in capital expenditure in our Saffy Shaft. Saffy Shaft, as you know, is running at about 50% of its capacity because it's ramping up, so we're focusing capital expenditure on Saffy to improve the effectiveness of that shaft. And that's the right thing to do.

We have put K4 on care and maintenance, but it is a very valuable long-term asset which we can start operating again and ramp up as appropriate. And at the moment we anticipate that being in 2014. So from our perspective our shafts are profitable. We're also looking at our overhead structure; so we're restructuring the overhead to be more appropriate for a business that produces 750 ounces per annum, and that's the run rate we anticipate running at for the next few years.

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Tyler Broda, Nomura
Just a quick question in terms of collective bargaining within the industry. I was just wondering if you could give us your stance in terms of all the companies coming together. And then secondly, if the rights issue is unsuccessful, would you be able to maybe discuss alternative thoughts at this point as to how you would approach dealing with the covenant issue in March?

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Simon Scott, Acting Chief Executive Officer
Tyler, the first question is with regard to industry collective bargaining. Clearly, you know, we are addressing the issue on our property. We've returned to work, and we're in the process of engaging with all the unions on our property - Amcu, NUM and Solidarity and UASA, in order to find a new collective engagement agreement going forward. It has to be sustainable, it has to allow for minority unions, and we're absolutely engaged in it.

But we're very supportive of the central engagement as well. I think there are advantages to it. I don't believe it's the panacea; I think it would need to be inclusive and it would have to be accepted by all of the role players, including the unions and the government. We've seen in the gold industry, where they do have central engagement in South Africa, that they have had wage issues as well.

So we're supporting that process. It's a long process, by necessity, because we need to get agreement. But we're absolutely supportive of it.

With regard to the rights issue, we believe it's absolutely the right thing to do for the company; it gives the company certainty; it underpins our plans going forward. And our bank agreements are based on an injection of at least $700 million. So we would encourage all shareholders to support that in terms of the votes at our AGM.

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Ian Rossouw, Barclays Capital

Could you share your currency and price assumptions used in the capex guide? And it's on Slide 25.

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Simon Scott, Acting Chief Executive Officer
You know, we don't share those sort of assumptions generally. So, we can take it offline, and we can discuss the issue if necessary.

Are there any more questions?

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Mark Monroe, Executive Vice President Mining
Thank you very much.

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Simon Scott, Acting Chief Executive Officer
Yes, thank you very much.

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Roger Phillimore, Chairman
Thank you.

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