9 May 2011

Lonmin Plc

2011 Interim Results Announcement

Lonmin Plc, (Lonmin or the Company), the world's third largest Platinum producer, today announces its Interim Results for the half year period ended 31 March 2011.

HIGHLIGHTS

- **Solid financial performance:**
  - Platinum sales of 318,306 ounces - up 9%
  - Revenue basket of $938 million, up 42% on increased volume growth and robust pricing environment
  - Net operating profit of $144 million, a 122% increase on H1 2010
  - Strengthened balance sheet as net debt is reduced by 21% since 2010 year end to $296 million

- **Gathering production momentum at Marikana operations, but an unacceptable safety performance:**
  - Unacceptable level of fatalities - commitment to zero harm and safe production remain
  - Tonnes produced at 5.9 million, up 12.7%
  - Ore reserves at 2.8 million centares, even as mining output continues to grow
  - Saleable metal in concentrate up 10.3% to 354,863 Platinum ounces
  - Underground head grade reduced to 4.56g/t from 4.74g/t primarily due to mix and difficult geological conditions at K3
  - Concentrator recoveries continue to improve - up to 85.6%
  - Number One furnace successfully re-commissioned

- **New growth potential beyond 2013 to 950,000 Platinum ounces by 2015:**
  - Optimising on the potential within Marikana, our existing operating asset
  - Sufficient balance sheet capacity to support capital requirement for growth

- **Market outlook positive:**
  - Robust demand fundamentals as automotive demand continues to recover
  - Off road and HDD legislation will drive further demand
  - Near term supply constraints will lead to a market deficit and potentially higher prices
  - Overall long term market fundamentals remain positive

- **2011 guidance on track:**
  - Rand unit operating costs of R7,372, up 12.8% on H1 2010 but full year guidance maintained
    - Unit cost increase to be broadly in line with wage inflation increase of 8% as production increases in H2 2011
  - 750,000 Platinum ounces absent any further abnormal production interruptions from safety stoppages
  - Capex spend expected to be around $400 million, up from $380 million guidance – as Rand continues to strengthen
  - Number Two Furnace on track

Ian Farmer, Chief Executive Officer, commented:

"We have been very disappointed and saddened by the six fatalities we have experienced since the beginning of the 2011 financial year. I believe that our fundamental approach to safety management remains sound; however, we continue to learn from the root causes of each incident. Our commitment to zero harm and safe production without fatalities in our work place remains undiminished.

Management have built on the solid and stable platform established over the past two and a half years and continue to focus on operational performance. Consequently, our operations delivered good results in the first half of 2011 and the quarter on quarter production momentum established last year has been maintained despite the challenging environment that we operate in. We are on target to achieve our 2011 year guidance for sales and costs subject to any further abnormal production stoppages. In light of the continued strength of the Rand, we expect that capital expenditure for the full year may be in the region of $400 million, up from the $380 million guidance we gave earlier in the year.

The long term fundamentals of the PGM markets remain attractive and it is our intention to grow output at our Marikana operations including Pandora to 950,000 Platinum ounces per annum by 2015."

Financial Highlights

	6 months to 31 March 2011	6 months to 31 March 2010
Revenue	**$938m**	$661m
Underlying [i] operating profit	**$148m**	$70m
Operating profit [ii]	**$144m**	$65m
Underlying [i] profit before taxation	**$149m**	$82m
Profit before taxation	**$159m**	$77m
Underlying [i] earnings per share	**45.0c**	22.8c
Earnings per share	**44.5c**	15.5c
Trading cash inflow per share [iii]	**148.4c**	31.1c
Free cash inflow / (outflow) per share [iv]	**54.3c**	(43.0)c
Net debt as defined by the Group [v]	**$296m**	$250m
Interest cover (times) [vi]	**11.3x**	4.7x
Gearing [vii]	**9%**	7%

Footnotes:

i Underlying results and earnings per share are based on reported results and earnings per share excluding the effect of special items as disclosed in note 3 to the interim statements.

ii Operating profit is defined as revenue less operating expenses before impairment of available for sale financial assets, finance income and expenses and before share of profit of equity accounted investments.

iii Trading cash flow is defined as cash flow from operating activities.

iv Free cash flow is defined as trading cash flow less capital expenditure on property, plant and equipment and intangibles, proceeds from disposal of assets held for sale and dividends paid to non-controlling interests.

v Net debt as defined by the Group comprises cash and cash equivalents, bank overdrafts repayable on demand and interest bearing loans and borrowings less unamortised bank fees.

vi Interest cover is calculated for the 12 month periods to 31 March 2011 and 31 March 2010 on the underlying operating profit divided by the underlying net bank interest payable excluding exchange.

vii Gearing is calculated as the net debt attributable to the Group divided by the total of the net debt attributable to the Group and equity shareholders' funds.

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This press release is available on www.lonmin.com. A live webcast of the Interim Results presentation starting at 09.30hrs (London) on 9 May 2011 can be accessed through the Lonmin website. There will also be a web question facility available during the presentation. An archived version of the presentation, together with the presentation slides, will be available on the Lonmin website.

Chief Executive's Review

Introduction

I am pleased to report that the first half of the 2011 financial year has demonstrated a continued momentum from the foundations established in the past two and a half years. The key features during this first half are as follows:

Operational and financial performance

Our operations delivered good results in the first half of 2011 and the quarter on quarter production momentum established last year has been maintained. Platinum sales up 9.0% to 318,306 ounces when compared to the 2010 half year and revenue supported by the robust pricing environment increased by 42% to $938 million. Our profitability improved and we delivered underlying profit before tax for the period of $149 million compared to $82 million in the prior year period and more than doubled our profit before tax for the half year to $159 million compared to $77 million recorded for the 2010 half year. Net debt decreased from $375 million at the beginning of the year to $296 million at 31 March 2011.

Safety

Our safety record has been disappointing and I have been saddened by the six fatalities that we have experienced since the beginning of the 2011 financial year. I believe that our fundamental approach to safety management remains sound; we however continue to learn from the root causes of each incident and our commitment to zero harm and safe production without fatalities in our work place remains undiminished.

On target to achieve full year guidance

The continued growth momentum in production underpins our confidence in meeting our full year sales and unit cost guidance. However, in light of the continued strength of the Rand, we expect that capital expenditure for the full year may be in the region of $400 million, up from the $380 million guidance we gave earlier in the year.

Growth from Marikana beyond 2013

We are confident in the operational progress that we have made and we have reviewed our growth options beyond 2013. We see the most efficient growth coming from our Marikana asset given its considerable resources and reserves and our ability to leverage the existing infrastructure and management skills. This and our firm belief that the long term fundamentals of the PGM markets remain attractive gives us confidence to commit to continue to invest in our Marikana operations to achieve 950,000 safe Platinum ounces per annum by 2015 and gradually move down the cost curve over the same period.

Safety performance

The safety of our employees is our first consideration in everything we do. We have historically been proud of the progress we have made in making our working environment safer and in the leading position in safety that we have occupied within the industry. We are therefore concerned by the uncharacteristically high level of fatalities that we have experienced since the beginning of the 2011 financial year, with each incident being different in nature. We extend our sincere condolences to the families and friends of our six late colleagues, Thamage Kgwatlha, Modisaotsile Edward Setlhare, Alfiado Maziwe, Hermanus Potgieter, Rafael Macamo and Alpheus Mokgano Moerane. Four of these fatalities occurred within the six months to 31 March 2011. Two fatalities occurred in April. The processes and procedures for safe production remain fundamentally sound, however, we believe that a change in focus in our tactical approach is required and, in consultation with our union leadership and the Department of Minerals and Resources (DMR), we are reinvigorating our efforts to re-assert our industry leading position.

Despite these tragic events our Lost Time Injury Frequency Rate (LTIFR) continues to improve and was 5.4 per million man hours worked compared to 5.9 at the end of the 2010 financial year. During the six months we experienced a reduction in Section 54 stoppages instituted by the DMR. However we instituted stoppages in response to conditions we believed to be unsafe together with self-regulated mine wide production stoppages instituted by management on 30 March and 14 April 2011 to reinforce the importance of safety following two of the fatal accidents.

Operational delivery

Management continued to focus on operational delivery off the solid and stable platform established over the past two and a half years. Considerable effort continues to be given to maintaining developed reserves at each of the operating shafts.

Containing operational costs has been challenging. Our gross Rand operating costs increased by 22% from R4.4 billion to R5.3 billion partly as a result of increased underground production, production from higher cost open cast areas, slightly lower head grades and partly due to the inflationary pressures that are being generally felt by the industry in the South African operating environment, as well the impact of some one off costs and bonuses. Consequently, the increase in our unit cost per PGM ounce over that achieved in the first six months of 2010 is 12.8%. This is higher than the wage inflation of 8% experienced over the comparative period, however with the continued incremental increase in production expected in the second half of the year, the unit cost increase per PGM ounce for the full year is expected to be more in line with our wage inflation of 8% for the full year.

On target to achieve full year guidance

We remain on target to meeting our full year sales of around 750,000 Platinum ounces in the absence of further abnormal production stoppages and expect the unit cost increases for the year to be broadly in line with our previous guidance. This will be predicated on the expected incremental increases in production in the second six months of the year, taking into account the impact on production of normal safety stoppages and disruptions of public holidays. Capital expenditure incurred in the first half was $154 million. In light of the continued strength of the Rand, we expect that capital expenditure for the year may be in the region of $400 million, up from the $380 million guidance we gave earlier in the year.

Mining Division

Steady increase in production

Performance in our Mining Division has been showing a continuing positive trend. The Merensky opencast pit re-opened in March 2010 has ramped up to contribute to the overall output. What is most encouraging is the continued improvement against each prior year comparative quarter, which shows that whilst there are specific factors, such as the Christmas holiday break, which occur in certain quarters in the cycle, we have continued to deliver steady growth. Our focus in the second half of the year will be to grow our production safely and profitably with a view to achieving our full year targets.

Production statistics for the second quarter of the year can be found in a separate announcement published today.

Grade

Underground milled head grade fell to 4.56 grammes per tonne in the first half of 2011 from 4.74 grammes per tonne in the prior year period as a result of an increase in the overall contribution of Merensky ore to the mix and difficult geological conditions at our K3 shaft. The overall head grade for the same period dropped by 7.7% from 4.71 grammes per tonne to 4.34 grammes per tonne. This can be attributed to the 550,000 tonnes of opencast ore that was milled in the first half of this year compared to 61,000 tonnes in the prior year. Overall we are comfortable, that given our current mining mix, the current grade is in line with expectations.

Development

We continued to make good progress in improving our ore reserve development position and immediately available ore reserves at Marikana at the end of the first half of the 2011 financial year was 2.8 million centares compared to 2.7 million centares at the end of 2010 financial year and 2.4 million centares in the prior year period despite the increasing rates of mining during the period

Mine production

Total underground production as total underground tonnes mined increased by 6.4% to 5.5 million compared to 5.1 million in the prior year period. The greatest contribution was made by Karee which mined 2.2 million tonnes compared to 1.9 million in the same period last year, with a significant contribution coming from our K3 shaft. Middelkraal mined 919,000 tonnes against 866,000 tonnes as Hossy and Saffy continued to ramp up. Easterns production was up by 23.6% to 615,000 tonnes, whilst the planned decline in production at Newman shaft resulted in Westerns production falling by 119,000 tonnes from the prior year period to 1.7 million tonnes.

A significant contribution was also made by the Merensky open cast operations. This time last year we were just beginning to mine the open cast and we have produced 336,000 tonnes in the current period against 7,000 tonnes in the prior year period.

Pandora underground production is increasing at a steady rate and was 83,000 attributable tonnes for the first half of 2011, an increase of 7.3% when compared against the prior year period. Lonmin purchases 100% of the ore from the Pandora joint venture and this ore contributed 11,074 saleable Platinum ounces in concentrate and 21,112 saleable PGM ounces in concentrate to our production, marginal decreases of 1.7% and 2.0% respectively from the prior year period as fall in grades offset the increase in volumes.

Overall production at our Marikana operations has continued to gather momentum and total tonnes mined increased by 12.7% from the prior year period to 5.9 million.

We expect our production performance in the second half of 2011 to continue to be supported by increased contributions from our major shafts, K3 and Rowland as well as the continued ramping up of Saffy and Hossy shafts.

Process Division
Our Process Division performed very well during the first half of 2011.

Concentrators

Metals in concentrate production from Marikana increased by 10.7% to 343,789 saleable ounces of Platinum whilst the total tonnes milled increased by 17.0% to 6 million for the half year to 31 March 2011.

The opencast volumes had an impact on the total milled head grade which dropped to 4.34 grammes per tonnes from 4.71 grammes per tonnes. The impact of the grade reduction was partially offset by a 1.2% improvement in total concentrator recoveries from 84.4% to 85.4%.

Total metals in concentrate produced increased by 10.3% from 321,864 saleable Platinum ounces for the half year 2010 to 354,863 saleable Platinum ounces and saleable PGM ounces increased by 9.5% from 609,142 saleable PGM ounces to 667,088 in the same period, of which 30,239 PGM ounces is attributable to opencast.

We also announced last year the agreement reached with Xstrata-Merafe Chrome Venture and ChromTech to construct chrome recovery plants. Significant progress has been made with this project with the commissioning of the first plant having already commenced in the first week of April 2011. We expect the remaining two plants to be commissioned by the beginning of quarter one of the 2012 financial year.

The construction of the tailings treatment plant that we announced last year for the treatment of current arisings is underway and on schedule to be commissioned in the first half of the 2012 financial year. This will result in further improvement in concentrator recoveries in the Easterns concentrator recovery plants.

Smelters

The Number One furnace was successfully re-commissioned on schedule in December 2010 and has been ramping up steadily over time to reach 14 MW, which is the level at which it is currently operating. The steady ramp up combined with the use of the pyromet furnaces has ensured the smelting of most of the stockpiles from the first quarter.

Good progress is being made and we are on budget in the building of the Number Two furnace on the site of the old Merensky furnace. We are, on schedule for the furnace to be cold commissioned in March 2012 and for full commissioning to be achieved on budget in May 2012.

Refineries

Total refined production for the six months to 31 March 2011 was 316,834 ounces of Platinum and 680,709 ounces of PGMs, an increase of 8.5% and 15.9% respectively on the prior year period. The PGM percentage increase is greater on the basis that it includes a disproportionately higher number of Other Platinum Metal ounces which were returned by third party toll refiners during the period.

Transformation remains a priority

The transformation imperatives are an essential element of doing business in South Africa. We recently completed the process of refreshing our Social Labour Plan (SLP) in consultation with all stakeholders. We have done this to ensure that the SLP is aligned with the Revised Mining Charter that was released in August 2010. Specific integrated strategies have been developed for Human Resources Development, Housing and Community Development to underpin delivery against our SLP.

We are making good progress in performing against our environmental targets and shall report more on this in our year end report.

Optimising growth at Marikana beyond 2013

We have reviewed our long term options for growth beyond the 850,000 Platinum ounces 2013 target and we see the most efficient growth coming from our Marikana asset. This is an asset we understand, it has considerable resources and reserves which would allow us to leverage existing infrastructure and management skills, whilst minimising the execution risk that is associated with growing PGM assets. Historically the Marikana operations including Pandora have produced 950,000 Platinum ounces and we are increasingly confident that the asset can produce at these levels again. We are therefore planning for organic growth at the Marikana asset to produce at the 950,000 Platinum ounces level by 2015. Gradual annual growth over this period will also improve our relative position on the cost curve over time.

Karee will be a significant contributor with increased production from K3 and in particular K4 as it comes into production and ramps up. Production from Middelkraal's Saffy and Hossy shafts will make significant contributions as both shafts ramp up, whilst the continued increase in production at Rowland at Westerns, will be offset by the expected decline at Newman. Within Easterns, Pandora will reach a steady state production level of around 50,000 Platinum ounces by 2013. Opencast will contribute in the initial years, with these operations tailing off by 2014. This growth translates to sustained annual growth of 50,000 Platinum ounces every year until 2015.

Capital expenditure and balance sheet for growth

We have a strong balance sheet and have seen debt reduce by 21% since the end of September 2010, to $296 million, through the increased cash flows resulting from both volume growth and the favourable pricing environment. We have committed debt facilities of some $900 million and are modestly geared at 9% at the end of the current period.

In order to achieve the growth we have outlined, we expect the Company's total capital expenditure to amount to around $400 million per year up to 2015 in current money terms. We would expect to cover this expenditure from existing debt headroom and cash flows generated through the years and it would not be at the expense of good balance sheet management.

Lonmin of the future

Our aim is to grow, achieve scale and move down the cost curve.

Our approach to sustainability and safety issues and our ability to achieve our transformational objectives as part of the delivery of our SLP will be fundamental as it will enable us to develop and recognise the important cultural attributes necessary to ensure success.

We need to leverage off the Marikana asset base, improving on productivity and developing our Human Resource programmes specifically to manage the skills shortage gap that is prevalent in the industry today. The other assets in our portfolio provide us with future growth options, namely Limpopo which we are reviewing as announced last year, and Akanani which has a significant resource. We also have exploration assets in Sudbury, Canada where we are partnered with Vale. We will be providing an update on these growth options at the year end.

Containing the cost of production and moving down the industry's cost curve is key to building a robust business. This requires us to have systems in place to capture adequate data, analyse and implement change that will result in us being more competitive.

Overall the integration of all these initiatives is critical to the future success of Lonmin.

Dividend

We announced with the 2010 financial year results, our new dividend policy of paying a dividend once a year which will be announced with the final results. Accordingly no interim dividend has been declared.

Employees' contribution

Finally, I would like to thank all our employees, contractors and community members for their support and commitment to Lonmin. While we have all been saddened by the safety issues we have experienced recently, we know that we can rely on the support of all our people in returning Lonmin to our place as the industry leader in safe production.

Ian Farmer
Chief Executive Officer
6 May 2011

Market Review

PGM prices continued to increase during the period

Platinum rose steadily in price throughout the period to $1,780 per ounce at the end of March 2011, from $1,642 per ounce at the end of the 2010 financial year. Palladium registered the largest percentage increase closing at $761 at the end of March 2011 from $573 per ounce at the start of the period. Rhodium remained broadly flat at $2,375 at the end of March 2011 compared to $2,300 at the start of the six months period. This recovery was mainly due to moderate improvements in the global economy in particular the automotive industry and the investment climate for precious metals.

Automotive demand encouraging

The recovery in automotive demand has continued, despite the recent earthquake in Tōhoku in Japan where calendar year production is anticipated to be back loaded. The most recent estimates of near term production has been revised downward to be between 750,000 and 2.1 million vehicle units in the first half of 2011 calendar year with the expectation that this production will be largely recouped in the second half of the year and the remainder in early 2012.

Growth in the US automotive demand is accelerating due to returning pent-up consumer demand and improving access to credit. Within the European automotive market we see Germany and France posting positive growth numbers, while the UK, Spain and Italy are still contracting. Overall, European auto sales numbers are stronger than expected with diesel powered vehicles regaining market share lost during the scrappage incentive period.

China automotive growth is expected to slow from the 20%-30% of the last two years to 10%-15% this year, but it is now the world’s largest vehicle market and any growth is significant in absolute terms. We believe that other emerging markets such as India and Russia are set to contribute strongly to future growth.

Platinum demand in HDD and Off-Road

From the beginning of this year Stage 3b emissions legislation in Europe and the Tier 4 emissions legislation in the US came into effect, for off-road applications including inter alia agricultural, construction and mining equipment. The encompassing of this heavy diesel oriented fleet is estimated to add 190,000 ounces of incremental platinum demand. In 2011, additional categories of equipment will be captured in the following three years creating a total of 470,000 ounces per annum of incremental platinum demand by 2014. Furthermore the number of engines legislated by 2014 is still only 18% of the global manufacturing base, with further potential as new countries adopt ultra-low sulphur fuel. This off-road demand comes on top of an already existing heavy duty on-road diesel market which is experiencing a strong recovery of its own.

Jewellery demand – will remain a demand swing factor

China continues to be the world’s largest platinum jewellery market, accounting for more than 50% of the global total in the last five years. China’s demand is price sensitive. For example, Chinese jewellery demand declined 31% year on year in January, with the platinum price 15% higher than a year ago. Following the earthquake in Japan and an 8% fall in the platinum price, China’s jewellery demand jumped almost 80% year on year. With China’s population rapidly urbanising and wealth per capita rising, it is creating a growing market for luxury items such as jewellery. India is also a potential growth market for platinum jewellery, but from a very low base given the dominance of and local preference for gold.

Investment demand remaining steadfast

PGM investment demand continues to increase with platinum ETFs adding 300,000 ounces per year on average and palladium ETFs around 500,000 ounces. This has seen platinum ETF holdings increasing to record levels of almost 1.3 million ounces this year and palladium to over 2.2 million ounces. ETF markets reacted to events in Japan, with both platinum and palladium ETF funds seeing redemptions following the quake on 11 March 2011. Platinum inflows in the first two weeks of the month still outweighed the draw downs, with the net change in the month of March amounting to a positive 19,000 ounces. In the case of palladium, the outflows outnumbered the inflows and the net change for the month of March was a drawdown of 175,000 ounces. We expect the investment market to remain a net buyer over time, but with periodic bouts of selling when alternative investments appear more attractive.

PGM market outlook – our view is positive

Platinum supply constraints and inducement pricing

We believe that under investment, rising costs and challenging geology have meant significant lead time delays for new projects, which will exacerbate the supply deficit in the medium term. It is estimated that in 2012 the industry’s production will still be over half a million ounces down on 2006 levels. Nearly all brownfield and greenfield projects need higher prices than today’s levels to bring on new projects especially given the Rand strength. Current calculations at a Rand/Dollar exchange rate of R6.91 indicate an incentive price on a weighted average of at least $2,185 per platinum ounce, although some new generation deep shafts could require even higher prices to take account of the significant capex inflation over the last few years.

Overall positive view

Our view of the platinum market has not changed significantly from last year. The events in Japan may provide a boost to metal demand and prices once rebuilding commences. We believe that the global economic recovery whilst somewhat fragile, remains on track and we expect small market deficits for both platinum and palladium as industrial and auto demand recovers and new demand from off-road emission legislation begins to come through. We expect growing market deficits in the 2012 to 2014 period.

While an upside surprise on the demand side appears remote, supply still has the ability to surprise on the downside, given the numerous constraints. This may lead to a tighter market and higher prices. Overall our view is that the long term market fundamentals remain positive.

Albert Jamieson
Chief Commercial Officer
6 May 2011

Financial Review

Basis of preparation

The financial information presented has been prepared on the same basis and using the same accounting policies as those which will be used to prepare the financial statements for the year ending 30 September 2011. There have been no changes in accounting policy or new standards applied which have had an effect on reported performance in comparison to the prior period.

Overview

The 2011 interim period has been characterised by solid performance both in terms of the operational performance of the business and the financial results.

A key feature of Lonmin's performance has been the increase in saleable metal-in-concentrate produced from Marikana underground ore and the resumption of opencast mining. The refined production of 316,834 Platinum ounces is 24,913 ounces or 9% ahead of the prior period and has been underpinned by growth in tonnes mined, together with a further improvement in concentrator recovery rates.

From a market perspective the sustained recovery of automotive and industrial demand has seen platinum group metal prices continue to rise steadily through the period under review. This has contributed $168 million to operating profit.

The increased revenue base has underpinned a 111% increase in underlying operating profit from $70 million achieved in the same period last year to $148 million for the six months ended 31 March 2011. This has been achieved despite significant cost pressures experienced during the period under review as wage and electricity tariff increases continued at above inflation rates. Wages increased by an average of 8% based on settlement agreements achieved, and electricity tariffs increased by 24% over the prior period. Certain once-off costs, being toll refining costs and wage settlement bonuses also had an adverse effect on costs for the period. This coupled with increased production from open pit mining areas, which is substantially more expensive, and a deterioration in milled head grade have resulted in a 12.8% increase in unit costs.

The significant increase in operating profits coupled with a reduction in working capital has resulted in a $79 million decrease in net debt from $375 million at 30 September 2010 to $296 million at 31 March 2011.

In the second half of the year increased productivity and cost control will continue to receive significant focus within the Group. It is expected that this, together with the normal calendarisation of production will cushion the impact of cost escalations on unit costs to a level more in line with the overall wage increases experienced of 8%.

Analysis of results

Income Statement

The $78 million movement between the underlying operating profit of $148 million for the six months ended 31 March 2011 and that of $70 million for the six months ended 31 March 2010 is analysed below. This substantial increase in profitability reflects increased PGM and Base metal prices as well as higher sales volumes, offset somewhat by increased costs, including the effect of the stronger rand, and a negative sales mix variance.

	$m
Period to 31 March 2010 reported operating profit	65
Period to 31 March 2010 special items	5
Period to 31 March 2010 underlying operating profit	70
PGM price	168
PGM volume	92
PGM mix	(17)
Base metals	34
Revenue changes	277
Cost changes (including foreign exchange impact of $39m)	(199)
Period to 31 March 2011 underlying operating profit	148
Period to 31 March 2011 special items	(4)
Period to 31 March 2011 reported operating profit	144

Revenue

As noted in the overview the PGM pricing environment has steadily improved since this time last year and the impact on the average prices achieved on the key metals sold is shown below.

	6 months ended 31.03.11 $/oz	6 months ended 31.03.10 $/oz
Platinum	1,777	1,489
Palladium	755	400
Rhodium	2,345	2,332
PGM basket	1,290	1,068

Average Platinum and Palladium prices increased by 19% and 89% respectively over the previous period, contributing $92 million and $67 million to the PGM price gain. The improvement in these metal prices has been driven by a sustained recovery of automotive and industrial demand. The Rhodium price remained relatively flat between the two comparative periods.

It should be noted that whilst the US Dollar basket price has increased by 21% over the 2010 comparative period, in Rand terms the basket price increased by only 11% due to the relatively stronger Rand.

PGM sales volume for the period to 31 March 2011 at 679,557 ounces was 86,028 PGM ounces or 14% up on the period to 31 March 2010. The increase has been achieved through improved mining production with significant improvement in contributions from open cast mining as well underground mining at Karee, Middelkraal and Easterns.

The improvement in PGM volumes contributed $92 million. However, the mix of metals sold resulted in an adverse impact of $17 million mainly due to a lower proportion of Platinum due to metal-in-process inventory timing differences. Base metal revenue was up $34 million due to a combination of volume and price improvements. Total revenue for the six months to 31 March 2011 of $938 million is $277 million higher than for the same period in 2010.

Cost changes

Total underlying costs in US Dollar terms increased by $199 million mainly due to increased production and the impact of cost escalations. A track of the cost changes is shown in the table below:

	$m
6 months ended 31 March 2010 – underlying costs	591
Increase:	
Marikana underground mining	64
Marikana opencast mining	24
Concentrating and processing	22
Overheads	7
Operating costs	117
Pandora and W1 ore purchases	13
Metal stock movement	22
Foreign exchange	39
Depreciation and amortisation	8
Cost changes (including foreign exchange impact)	199
6 months ended 31 March 2011 – underlying costs	790

Total Marikana mining costs increased in the period by $88 million or 22%, as a result of increased production, the 8% wage increase incurred in the period, and a 24% escalation in electricity costs due to an increase in tariffs. The resumption of opencast mining also added $24 million to the Marikana mining cost base.

Concentrator and processing costs increased by $22 million. This was due to increased ore received from mining, incremental toll fees and escalation effects, in particular electricity costs as described above.

Ore purchases increased by $13 million comprising a $3 million increase in ore purchases from Pandora and the introduction of ore purchases from W1 which contributed $10 million to the increase in costs.

Overheads increased by $7 million largely due to salary escalation and costs of the new Mining Royalty which added $4 million to the cost base over the prior year comparative period.

The $22 million adverse impact on operating profit, excluding exchange impacts, of metal stock movements results from the level of stock build up being less pronounced during the period under review when compared to 2010.

The Rand remained strong during the period under review when compared to the corresponding period in 2010. The translation of Rand denominated working capital balances gave rise to an adverse exchange impact of $39 million.

Depreciation and amortisation for the six months ended 31 March 2011 is $8 million higher than in 2010. As depreciation is calculated on a units of production basis the increase in production in the year resulted in the higher depreciation charge.

Cost per PGM ounce

The cost per PGM ounce produced for the period to 31 March 2011 was R7,372. This was an increase of 12.8% compared to the same period in 2010 and is largely driven by higher than inflation increases in the wage bill (8%) and electricity tariffs (24%) as well as a lower grade due to the change in ore mix (increase in Merensky ore from opencast and underground operations as well as poorer geology at K3 shaft). Other factors contributing to the increase in unit costs are the introduction of higher cost opencast material and once off items such as the signing bonus awarded to employees at the conclusion of annual wage negotiations and toll refining costs. The increase in production and associated concentrator recoveries during the period under review somewhat mitigated the increase in unit costs. The benefit of increased production on unit costs is expected to be more pronounced in the second half of the financial year assuming normal levels of production losses due to safety stoppages.

Further details of unit costs analysis can be found in the Operating Statistics.

Special operating costs

In the six months ended 31 March 2011 special operating costs of $4 million were charged. The move of the operational head office from London to South Africa was completed in the first quarter with a cost of $2 million. In addition a further $2 million impairment charge was taken on the write down of employee housing in Marikana.

In the six months ended 31 March 2010 $5 million of special costs were incurred relating to the London to South Africa head office relocation.

Summary of net finance income / (costs)

	6 months to 31 March	
	2011	2010
	$m	$m
Net bank interest and fees	(20)	(22)
Capitalised interest payable and fees	20	23
Exchange	2	6
Other	(4)	1
Underlying net finance (costs) / income	(2)	8
HDSA receivable	14	0
Net finance income	12	8

Net bank interest and fees decreased from $22 million to $20 million for the six months ended 31 March 2011 largely reflecting the stable lending environment over the two comparative periods under review.

Marginal exchange gains on net debt are as a result of relative movements in the exchange rates, mix and quantum of debt facilities.

The Historically Disadvantaged South Africans (HDSA) receivable, being the Sterling loan to Shanduka Resources (Proprietary) Limited (Shanduka), increased by $14 million during the six months to 31 March 2011 with $7 million of foreign exchange gains recognised in addition to $7 million of accrued interest. The fair value of the associated HDSA derivative remained flat reflecting net movements in Lonmin's share price since 30 September 2010.

The total net finance income of $12 million for the six months ended 31 March 2011 was therefore $4 million favourable compared to the six months ended 31 March 2010.

Share of profit of equity accounted investments

The share of profit from the associate and joint venture has decreased by $1 million to $3 million for the six months ended 31 March 2011. This was due to declining profitability at Incwala while the Pandora result remained flat.

Profit before tax and earnings

Reported profit before tax for the six months ended 31 March 2011 at $159 million is $82 million better than the comparative period. This increase consists of a $78 million improvement in underlying operating profit, a reduction of $1 million in special operating costs, a $4 million benefit on net finance costs and a $1 million decline in the Group's share of profit from the associate and joint venture.

Reported tax for the current period was a charge of $57 million although this is after exchange losses on the translation of Rand denominated tax balances of $10 million and the tax effects of special items of $3 million. Therefore, the underlying tax charge is $44 million reflecting an effective rate of 30%. The underlying charge largely reflects deferred tax charges being recognised on accelerated capital allowances with minimal current tax in the period due to carried forward losses and unredeemed capital allowances.

Profit for the six months ended 31 March 2011 attributable to equity shareholders amounted to $90 million (2010 – $30 million) and the earnings per share was 44.5 cents compared to 15.5 cents in 2010. Underlying earnings per share, being earnings excluding special items, amounted to 45.0 cents (2010 – 22.8 cents).

Balance sheet

A reconciliation of the movement in equity shareholders' funds for the period ended 31 March 2011 is given below.

	$m
Equity shareholders' funds as at 1 October 2010	2,709
Total comprehensive income and expense	86
Dividends paid	(30)
Share based payments	8
Equity shareholders' funds as at 31 March 2011	2,773

Equity shareholders' funds during the period increased by $64 million due to the recognition of $90 million attributable profit and an $8 million increase in share based payments reserves reduced by $4 million of losses from changes in the fair value of financial instruments and the dividend payment of $30 million during the period.

Net debt at $296 million has decreased by $79 million since 30 September 2010. In the 2010 financial year issues with the smelter led to a significant back end loading of sales, toll refining and the sale of concentrate together with a stock build-up. This had a significant impact on working capital. The working capital locked up in receivables at the 2010 year end has subsequently been realised during the current period under review. Improved profitability on the back of higher PGM prices and improved volumes has also had a positive impact on the group's net debt position.

Gearing, calculated on net borrowings attributable to the Group divided by those attributable net borrowings and the equity interests outstanding at the balance sheet date, was 9% at 31 March 2011 (30 September 2010 – 10%, 31 March 2010 – 7%).

Cash flow

The following table summarises the main components of the cash flow during the year:

	6 months ended 31 March 2011 $m	2010 $m
Operating profit	144	65
Depreciation, amortisation and impairment	62	52
Changes in working capital	109	(46)
Other	12	15
Cash flow generated from operations	327	86
Interest and finance costs	(19)	(24)
Tax	(7)	(2)
Trading cash inflow	301	60
Capital expenditure	(191)	(132)
Investment expenditure	(1)	-
Dividends paid to minority	-	(11)
Free cash inflow / (outflow)	109	(83)
Dividends paid to equity shareholders	(30)	-
Indemnity payments re Incwala	-	(59)
Shares issued	-	1
Cash inflow / (outflow)	79	(141)
Opening net debt	(375)	(113)
Foreign exchange	-	3
Unamortised fees	-	1
Closing net debt	(296)	(250)
Trading cash inflow (cents per share)	148.4c	31.1c
Free cash inflow / (outflow) (cents per share)	54.3c	(43.0)c

Cash flow generated from operations in the six months ended 31 March 2011 at $327 million, was significantly higher than the $86 million recorded for the corresponding period in 2010. This was driven off the back of improved operating profits coupled with better working capital management which saw debtors decrease by $216 million during the six months under review. This was partially offset by a $58 million increase in inventory and a $49 million decrease in creditors.

Trading cash inflow for the period to 31 March 2011 amounted to $301 million (2010 - $60 million). The cash flow on interest and finance costs decreased by $5 million. The six months to 31 March 2010 cash flow included arrangement fees paid on the renegotiation of bank facilities following the 2009 financial year end. Following the difficult trading conditions in 2009 tax payments in 2010 were de-minimis and related to secondary taxes on minority dividends and limited payments for corporation tax. The payments made in 2011 represent provisional corporate tax payments as profitability has been restored. The trading cash inflow per share was 148.4 cents for the six months ended 31 March 2011 against 31.1 cents for the 2010 comparative period.

Capital expenditure cash flow at $191 million was $59 million above the prior period. In Mining the expenditure incurred was focused on development of the operations at Hossy and Saffy, equipping and development at K4 and investment in sub-declines at K3. In the Process Division spend was focused on the concentrators and additional furnace capacity. In light of the continued strength of the Rand, we expect that capital expenditure for the full 2011 year may be in the region of $400 million, up from the $380 million guidance given earlier in the year on the assumption of a weaker Rand outlook. We continue to monitor the balance between the need to invest for future production with the requirement to maintain a strong balance sheet and provide a return to shareholders.

Free cash inflow at $109 million was $192 million better than the prior period with the free cash inflow per share of 54.3 cents improving by 97.3 cents on the back of improved profitability.

Dividends paid

The proposed dividend of 15 cents per share for the financial year ended 30 September 2010 was paid during the period under review resulting in a cash outflow of $30 million.

Financial risk management

The main financial risks faced by the Group relate to the availability of funds to meet business needs (liquidity risk), the risk of default by counterparties to financial transactions (credit risk), fluctuations in interest and foreign exchange rates and commodity prices.

These are the critical factors to consider when addressing the issue of whether the Group is a Going Concern. As is clear from the following paragraphs, the Group is in a strong position regarding financial risk. There are, however, factors which are outside the control of management, specifically, volatility in the Rand / US Dollar exchange rate and PGM commodity prices, which can have a significant impact on the business.

Liquidity risk

The policy on overall liquidity is to ensure that the Group has sufficient funds to facilitate all ongoing operations. The Group funds its operations through a mixture of equity funding and bank borrowings. The Group's philosophy is to maintain a low level of financial gearing given the exposure of the business to fluctuations in PGM commodity prices and the Rand to US Dollar exchange rate.

As part of the annual budgeting and long term planning process, the Group's cash flow forecast is reviewed and approved by the Board. The cash flow forecast is amended for any material changes identified during the year, for example material acquisitions and disposals. Where funding requirements are identified from the cash flow forecast, appropriate measures are taken to ensure these requirements can be satisfied. Factors taken into consideration are:

- the size and nature of the requirement;
- preferred sources of finance applying key criteria of cost, commitment, availability, security / covenant conditions;
- recommended counterparties, fees and market conditions; and
- covenants, guarantees and other financial commitments.

As at 31 March 2011, Lonmin had net debt of $296 million, comprising $419 million of drawn down facilities net of $115 million of cash and equivalents and $8 million of unamortised bank fees.

Lonmin has $873 million of committed facilities in place. The main elements of these facilities can be summarised as follows:

- A $250 million revolving credit facility in the UK, which will expire in November 2012;
- A $110 million amortising loan facility in the UK, which will expire in November 2012. The amortisation of this facility consists of $20 million payable every six months, which started in July 2010, with a final repayment of $50 million in November 2012;
- The margin on both these facilities was 400 basis points up to 31 March 2011, and will thereafter be determined by reference to net debt / EBITDA and will be in the range 250bps to 400bps;
- The key covenants in these facilities include a maximum net debt / EBITDA ratio of 4.0 times; a minimum EBITDA/net interest ratio of 4.0 times; and a maximum net debt/tangible net worth ratio 0.7 times;
- In South Africa, we have secured an extension to the maturity of the existing R1.75 billion revolving credit facility to November 2011;
- In addition, in South Africa, we have a $255 million term loan (previously a $300m term loan) which expires in mid 2013; and
- Key covenants in both these South African facilities are consistent and are tested at the Western Platinum Limited / Eastern Platinum Limited level. These 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 6 months on 31 March and 30 September.

The effective funding rate was circa 6% for the financial period.

Lonmin is currently in the process of restructuring its bank debt facilities. Once complete this will ensure more cost effective funding with a longer maturity profile.

Credit risk

Banking counterparties

Banking counterparty credit risk is managed by spreading financial transactions across an approved list of counterparties of high credit quality. Banking counterparties are approved by the Board.

Trade receivables

The Group is exposed to significant trade receivable credit risk through the sale of PGM metals to a limited group of customers.

This risk is managed as follows:

- aged analysis is performed on trade receivable balances and reviewed on a monthly basis;
- credit ratings are obtained on any new customers and the credit ratings of existing customers are monitored on an ongoing basis;
- credit limits are set for customers; and
- trigger points and escalation procedures are clearly defined.

HDSA receivables

HDSA receivables are secured on the HDSA's shareholding in Incwala.

Interest rate risk

Currently, the bulk of our outstanding borrowings are in US Dollars and South African Rand and at floating rates of interest. This position is kept under constant review in conjunction with the liquidity policy outlined above and the future funding requirements of the business.

Foreign currency risk

The Group's operations are essentially based in South Africa and the majority of the revenue stream is in US Dollars. However, the bulk of the Group's operating costs and taxes are paid in Rand. Most of the cash received in South Africa is in US Dollars. Most of the Group's funding sources are in US Dollars.

The Group's reporting currency remains the US Dollar and the share capital of the Company is based in US Dollars.

Our current policy is not to hedge Rand / US Dollar currency exposures and, therefore, fluctuations in the Rand to US Dollar exchange rate can have a significant impact on the Group's results. A strengthening of the Rand against the US Dollar has an adverse effect on profits due to the majority of operating costs being paid in Rand.

The approximate effects on the Group's results of a 10% movement in the Rand to US Dollar 2011 half year average exchange rate would be as follows:

EBIT	+/- $70m
Profit for the year	+/- $41m
EPS (cents)	+/- 20.3c

These sensitivities are based on H1 2011 prices, costs and volumes and assume all other variables remain constant. They are estimated calculations only.

Commodity price risk

Our policy is not to hedge commodity price exposure on PGMs, except gold, and therefore any change in prices will have a direct effect on the Group's trading results.

For base metals and gold, hedging is undertaken where the Board determines that it is in the Group's interest to hedge a proportion of future cash flows. The policy is to hedge up to a maximum of 75% of the future cash flows from the sale of these products looking forward over the next 12 to 24 months. The Group has undertaken a number of hedging contracts on Nickel, Copper and Gold sales using forward contracts.

The approximate effects on the Group's results of a 10% movement in the 2011 period average metal prices achieved for Platinum (Pt) ($1,777 per ounce) and Rhodium (Rh) ($2,345 per ounce) would be as follows:

	Pt	Rh
EBIT	+/- $57m	+/- $13m
Profit for the year	+/- $34m	+/- $8m
EPS (cents)	+/- 16.6c	+/- 3.7c

These sensitivities are based on H1 2011 costs and volumes and assume all other variables remain constant. They are estimated calculations only.

Contingent liabilities

As a result of Shanduka acquiring the majority of the shares held in Incwala Resources (Pty) Limited, guarantees provided by Lonmin in respect of the former shareholders have now largely been extinguished and contingent liabilities have fallen to $26 million.

Principal risks and uncertainties

The Group faces many risks in the operation of its business. The Group's strategy takes into account known risks, but risks will exist of which we are currently unaware. There is an extensive discussion of the principal risks and uncertainties facing the Company on pages 29 to 33 of the 2010 Annual Report, available from the Company's website, www.lonmin.com.

Simon Scott
Chief Financial Officer
6 May 2011

Operating Statistics

			Units	**6 months to 31 March 2011**	6 months to 31 March 2010
Tonnes mined	Marikana	Karee [1]	kt	**2,214**	1,936
		Westerns [1]	kt	**1,725**	1,844
		Middelkraal [1]	kt	**919**	866
		Easterns [1]	kt	**615**	497
		Underground	kt	**5,473**	5,142
		Opencast	kt	**336**	7
	Pandora attributable [2]	Underground	kt	**83**	77
	Lonmin Platinum	Underground	kt	**5,556**	5,220
		Opencast	kt	**336**	7
		Total	kt	**5,891**	5,227
	% tonnes mined from the UG2 reef		%	**72.4**	77.5
Tonnes milled [3]	Marikana	Underground	kt	**5,275**	4,899
		Opencast	kt	**550**	61
	Pandora [4]	Underground	kt	**175**	167
	Lonmin Platinum	Underground	kt	**5,451**	5,066
		Opencast	kt	**550**	61
		Total	kt	**6,000**	5,128
	Lonmin Platinum – Head grade [5]	Underground	g/t	**4.56**	4.74
		Opencast	g/t	**2.20**	1.96
		Total	g/t	**4.34**	4.71
	Lonmin Platinum – Recovery rate [6]	Underground	%	**85.6**	84.6
		Opencast	%	**81.8**	42.3
		Total	%	**85.4**	84.4
Metals in Concentrate [7]	Marikana	Platinum	oz	**343,789**	310,603
		Palladium	oz	**161,419**	145,175
		Gold	oz	**9,133**	6,490
		Rhodium	oz	**44,982**	43,802
		Ruthenium	oz	**71,091**	66,893
		Iridium	oz	**15,564**	14,634
		Total PGMs	oz	**645,978**	587,598
	Pandora [4]	Platinum	oz	**11,074**	11,261
		Palladium	oz	**5,179**	5,276
		Gold	oz	**77**	77
		Rhodium	oz	**1,689**	1,782
		Ruthenium	oz	**2,654**	2,693
		Iridium	oz	**438**	455
		Total PGMs	oz	**21,112**	21,545
	Lonmin Platinum	Platinum	oz	**354,863**	321,864
		Palladium	oz	**166,597**	150,451
		Gold	oz	**9,210**	6,567
		Rhodium	oz	**46,671**	45,584
		Ruthenium	oz	**73,745**	69,586
		Iridium	oz	**16,002**	15,089
		Total PGMs	oz	**667,089**	609,142
		Nickel [8]	MT	**1,823**	1,293
		Copper [8]	MT	**1,157**	804

			Units	**6 months to 31 March 2011**	6 months to 31 March 2010
Refined production	Lonmin refined metal production	Platinum	oz	**280,980**	291,742
		Palladium	oz	**138,386**	150,292
		Gold	oz	**6,664**	7,437
		Rhodium	oz	**38,524**	42,945
		Ruthenium	oz	**72,407**	72,749
		Iridium	oz	**13,411**	20,423
		Total PGMs	oz	**550,372**	585,588
	Toll refined metal production	Platinum	oz	**35,854**	179
		Palladium	oz	**48,635**	63
		Gold	oz	**2,866**	-
		Rhodium	oz	**13,892**	809
		Ruthenium	oz	**23,999**	512
		Iridium	oz	**5,091**	-
		Total PGMs	oz	**130,337**	1,562
	Total refined PGMs	Platinum	oz	**316,834**	291,921
		Palladium	oz	**187,021**	150,355
		Gold	oz	**9,530**	7,437
		Rhodium	oz	**52,416**	43,754
		Ruthenium	oz	**96,406**	73,261
		Iridium	oz	**18,502**	20,423
		Total PGMs	oz	**680,709**	587,150
	Base metals	Nickel [9]	MT	**2,113**	1,550
		Copper [9]	MT	**1,214**	904
Sales	Lonmin Platinum	Platinum	oz	**318,306**	291,922
		Palladium	oz	**189,531**	150,354
		Gold	oz	**8,638**	7,413
		Rhodium	oz	**54,807**	47,301
		Ruthenium	oz	**91,773**	75,871
		Iridium	oz	**16,503**	20,667
		Total PGMs	oz	**679,557**	593,529
		Nickel [9]	MT	**2,110**	1,386
		Copper [9]	MT	**1,077**	1,006
		Chrome [9]	MT	**241,746**	339,527
Average prices		Platinum	$/oz	**1,777**	1,489
		Palladium	$/oz	**755**	400
		Gold	$/oz	**1,125**	1,125
		Rhodium	$/oz	**2,345**	2,332
		Ruthenium	$/oz	**170**	154
		Iridium	$/oz	**840**	421
		Basket price of PGMs [10]	$/oz	**1,290**	1,068
		Basket price of PGMs [10]	R/oz	**8,990**	8,077
		Basket price of PGMs [11]	R/oz	**9,619**	8,356
		Nickel [9]	$/MT	**22,241**	15,844
		Copper [9]	$/MT	**8,720**	6,417
		Chrome [9]	$/MT	**26**	2

Footnotes:

1 During 2010 the management structure in mining was revised into four business units. Karee includes the shafts K3, 1B and 4B and will also include K4 once production commences. Westerns comprises Rowland, Newman and ore purchases from W1. Middelkraal represents Hossy and Saffy. Easterns includes E1, E2 and E3.

2 Pandora attributable tonnes mined includes Lonmin's share (42.5%) of the total tonnes mined on the Pandora joint venture.

3 Tonnes milled excludes slag milling.

4 Lonmin purchases 100% of the ore produced by the Pandora joint venture for onward processing which is included in downstream operating statistics.

5 Head Grade is the grammes per tonne (5PGE + Au) value contained in the tonnes milled and fed into the concentrator from the mines (excludes slag milled).

6 Recovery rate in the concentrators is the total content produced divided by the total content milled (excluding slag).

7 Metals in concentrate includes slag and has been calculated using industry standard downstream processing losses.

8 Corresponds to contained base metals in concentrate.

9 Nickel is produced and sold as nickel sulphate crystals or solution and the volumes shown correspond to contained metal. Copper is produced as refined product but typically at LME grade C. Chrome is produced in the form of chromite concentrate and volumes shown are in the form of chromite.

10 Basket price of PGMs is based on the revenue generated in Rand and Dollar from the actual PGMs (5PGE + Au) sold in the period based on the appropriate Rand/Dollar exchange rate applicable for each sales transaction.

11 As per note 10 but including revenue from base metals.

		Units	6 months to 31 March 2011	6 months to 31 March 2010
Capital Expenditure [1]		Rm	**1,069**	793
		$m	**154**	106
Group cost per PGM ounce sold [2]				
Mining – Marikana		R/oz	**5,111**	4,354
Concentrating – Marikana		R/oz	**922**	845
Process division		R/oz	**920**	785
Shared business services		R/oz	**420**	551
C1 cost per PGM ounce produced		R/oz	**7,372**	6,535
Stock movement		R/oz	**(337)**	(432)
C1 cost per PGM ounce sold before base metal credits		R/oz	**7,036**	6,103
Base metal credits		R/oz	**(629)**	(373)
C1 costs per PGM ounce sold after base metal credits		R/oz	**6,407**	5,730
Amortisation		R/oz	**600**	550
C2 costs per PGM ounce sold		R/oz	**7,007**	6,280
Pandora mining cost:				
C1 Pandora mining cost (in joint venture)		R/oz	**5,340**	4,763
Pandora JV cost per ounce produced to Lonmin (adjusting Lonmin share of profit)		R/oz	**8,251**	7,021
Exchange rates	Average rate for period [3]	R/$	**6.93**	7.48
	Closing rate	R/$	**6.77**	7.28

Footnotes:

1 Capital expenditure is the aggregate of the purchase of property, plant and equipment and intangible assets (includes capital accruals and excludes capitalised interest).

2 It should be noted that with the restructuring of the business in 2010 the cost allocation between business units was changed and, therefore, whilst the total is on a like-for-like basis, individual line items are not totally comparable.

3 Exchange rates are calculated using the market average daily closing rate over the course of the period.

Responsibility statement of the directors in respect of the interim financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and

- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

For and on behalf of the Board

Roger Phillimore	**Simon Scott**
Chairman	Chief Financial Officer

6 May 2011

Independent Review Report to Lonmin Plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2011 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2011 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the DTR of the UK FSA.

Robert M. Seale

for and on behalf of KPMG Audit Plc
Chartered Accountants, London
6 May 2011

Consolidated income statement
for the 6 months to 31 March 2011

Continuing operations	Note	6 months to 31 March 2011 Underlying [i] $m	Special items (note 3) $m	6 months to 31 March 2011 Total $m	6 months to 31 March 2010 Underlying [i] $m	Special items (note 3) $m	6 months to 31 March 2010 Total $m	Year ended 30 Sep 2010 Underlying [i] $m	Special items (note 3) $m	Year ended 30 Sep 2010 Total $m
Revenue	2	**938**	**-**	**938**	661	-	661	1,585	-	1,585
EBITDA [ii]	2	**208**	**(2)**	**206**	122	(5)	117	350	(13)	337
Depreciation, amortisation and impairment		**(60)**	**(2)**	**(62)**	(52)	-	(52)	(122)	(12)	(134)
Operating profit [iii]	2	**148**	**(4)**	**144**	70	(5)	65	228	(25)	203
Finance income	4	**3**	**14**	**17**	11	-	11	10	28	38
Finance expenses	4	**(5)**	**-**	**(5)**	(3)	-	(3)	(9)	-	(9)
Share of profit of equity accounted investments		**3**	**-**	**3**	4	-	4	8	-	8
Profit before taxation		**149**	**10**	**159**	82	(5)	77	237	3	240
Income tax expense [iv]	5	**(44)**	**(13)**	**(57)**	(31)	(11)	(42)	(80)	(38)	(118)
Profit for the period		**105**	**(3)**	**102**	51	(16)	35	157	(35)	122
Attributable to:										
-Equity shareholders of Lonmin Plc		**91**	**(1)**	**90**	44	(14)	30	138	(26)	112
-Non-controlling interests		**14**	**(2)**	**12**	7	(2)	5	19	(9)	10
Earnings per share	6	**45.0c**		**44.5c**	22.8c		15.5c	70.2c		56.9c
Diluted earnings per share [v]	6	**44.8c**		**44.3c**	22.8c		15.5c	70.0c		56.8c

Consolidated statement of comprehensive income

for the 6 months to 31 March 2011

	6 months to 31 March 2011	6 months to 31 March 2010	Year ended 30 September 2010
	$m	$m	$m
Profit for the period	**102**	35	122
Other comprehensive income / (expense):			
- Change in fair value of available for sale financial assets	**(5)**	5	(6)
- Net change in fair value of cash flow hedges	**1**	(5)	1
- Gains on settled cash flow hedges released to the income statement	**-**	(1)	(3)
- Foreign exchange on retranslation of equity accounted investments	**-**	-	3
- Deferred tax on items taken directly to the statement of comprehensive income	**-**	2	1
Total comprehensive income for the period	**98**	36	118
Attributable to:			
- Equity shareholders of Lonmin Plc	**86**	32	107
- Non-controlling interests	**12**	4	11
	98	36	118

Footnotes:

i Underlying results and earnings per share are based on reported results and earnings per share excluding the effect of special items as defined in note 3.

ii EBITDA is operating profit before depreciation, amortisation and impairment of goodwill, intangibles and property, plant and equipment.

iii Operating profit is defined as revenue less operating expenses before impairment of available for sale financial assets, finance income and expenses and before share of profit of equity accounted investments.

iv The income tax expense relates substantially to overseas taxation and includes exchange losses of $10 million (6 months to 31 March 2010 - $10 million and year ended 30 September 2010 - $37 million) as disclosed in note 5.

v Diluted earnings per share are based on the weighted average number of ordinary shares in issue adjusted by dilutive outstanding share options.

Consolidated statement of financial position
as at 31 March 2011

	Note	As at 31 March 2011 $m	As at 31 March 2010 $m	As at 30 September 2010 $m
Non-current assets				
Goodwill		**113**	113	113
Intangible assets		**980**	977	978
Property, plant and equipment		**2,330**	2,107	2,199
Equity accounted investments		**176**	163	172
Other financial assets		**417**	164	404
		4,016	3,524	3,866
Current assets				
Inventories		**454**	353	396
Trade and other receivables		**198**	220	414
Cash and cash equivalents	8	**115**	92	148
		767	665	958
Current liabilities				
Trade and other payables		**(297)**	(277)	(381)
Interest bearing loans and borrowings	8	**(56)**	(45)	(66)
Derivative financial instruments		**-**	(5)	(1)
Tax payable		**(4)**	(12)	(6)
		(357)	(339)	(454)
Net current assets		**410**	326	504
Non-current liabilities				
Employee benefits		**-**	(1)	-
Interest bearing loans and borrowings	8	**(355)**	(310)	(457)
Deferred tax liabilities [i]		**(802)**	(678)	(751)
Provisions		**(110)**	(78)	(80)
		(1,267)	(1,067)	(1,288)
Net assets [i]		**3,159**	2,783	3,082
Capital and reserves				
Share capital		**202**	193	202
Share premium		**997**	777	997
Other reserves		**88**	85	88
Retained earnings [i]		**1,486**	1,351	1,422
Attributable to equity shareholders of Lonmin Plc [i]		**2,773**	2,406	2,709
Attributable to non-controlling interests [i]		**386**	377	373
Total equity [i]		**3,159**	2,783	3,082

Footnote:

i The 2010 annual financial statements included a restatement of the 2008 and 2009 deferred tax liabilities to reflect an additional liability of $64 million which should have been recorded on the transition to IFRS in 2006. As a result the 31 March 2010 position also requires restatement.

Consolidated statement of changes in equity
for the 6 months to 31 March 2011

	Equity shareholders' funds						
	Called up share capital	Share premium account	Other reserves [i]	Retained earnings [ii]	Total	Non-controlling interests [iii]	Total equity
	$m	$m	$m	$m	$m	$m	$m
At 1 October 2009 as previously reported	193	776	89	1,359	2,417	385	2,802
Correction [iv]	-	-	-	(61)	(61)	(3)	(64)
At 1 October 2009 (restated) [iv]	193	776	89	1,298	2,356	382	2,738
Profit for the period	-	-	-	30	30	5	35
Comprehensive (expense) / income:	-	-	(4)	6	2	(1)	1
- Change in fair value of available for sale financial assets	-	-	-	5	5	-	5
- Net change in fair value of cash flow hedges	-	-	(4)	-	(4)	(1)	(5)
- Gains on settled cash flow hedges released to the income statement	-	-	(1)	-	(1)	-	(1)
- Deferred tax on items taken directly to the statement of comprehensive income	-	-	1	1	2	-	2
Items recognised directly in equity:	-	1	-	17	18	(9)	9
- Share-based payments	-	-	-	3	3	1	4
- Transfer from liability for own shares	-	-	-	14	14	1	15
- Shares issued on exercise of share options	-	1	-	-	1	-	1
- Dividends	-	-	-	-	-	(11)	(11)
At 31 March 2010 (restated) [iv]	193	777	85	1,351	2,406	377	2,783
At 1 April 2010 as previously reported	193	777	85	1,412	2,467	380	2,847
Correction [iv]	-	-	-	(61)	(61)	(3)	(64)
At 1 April 2010 (restated) [iv]	193	777	85	1,351	2,406	377	2,783
Profit for the period	-	-	-	82	82	5	87
Comprehensive income / (expense):	-	-	3	(10)	(7)	2	(5)
- Change in fair value of available for sale financial assets	-	-	-	(11)	(11)	-	(11)
- Net change in fair value of cash flow hedges	-	-	5	-	5	1	6
- Gains on settled cash flow hedges released to the income statement	-	-	(2)	-	(2)	-	(2)
- Foreign exchange gain on retranslation of equity accounted investments	-	-	-	2	2	1	3
- Deferred tax on items taken directly to the statement of comprehensive income	-	-	-	(1)	(1)	-	(1)
Items recognised directly in equity:	9	220	-	(1)	228	(11)	217
- Share-based payments	-	-	-	1	1	-	1
- Share capital and share premium recognised on equity issuance	9	224	-	-	233	-	233
- Equity issue costs charged to share premium	-	(4)	-	-	(4)	-	(4)
- Reversal of fair value movements on derivative liability recognised in respect of equity issuance	-	-	-	(2)	(2)	-	(2)
- Dividends	-	-	-	-	-	(11)	(11)
At 30 September 2010	202	997	88	1,422	2,709	373	3,082

Consolidated statement of changes in equity (continued)

for the 6 months to 31 March 2011

	Equity shareholders' funds						
	Called up share capital $m	Share premium account $m	Other reserves [i] $m	Retained earnings [ii] $m	Total $m	Non-controlling interests [iii] $m	Total equity $m
At 1 October 2010	**202**	**997**	**88**	**1,422**	**2,709**	**373**	**3,082**
Profit for the period	**-**	**-**	**-**	**90**	**90**	**12**	**102**
Comprehensive expense :	**-**	**-**	**-**	**(4)**	**(4)**	**-**	**(4)**
- Change in fair value of available for sale financial assets	**-**	**-**	**-**	**(5)**	**(5)**	**-**	**(5)**
- Net change in fair value of cash flow hedges	**-**	**-**	**-**	**1**	**1**	**-**	**1**
Items recognised directly in equity :	**-**	**-**	**-**	**(22)**	**(22)**	**1**	**(21)**
- Share-based payments	**-**	**-**	**-**	**8**	**8**	**1**	**9**
- Dividends	**-**	**-**	**-**	**(30)**	**(30)**	**-**	**(30)**
At 31 March 2011	**202**	**997**	**88**	**1,486**	**2,773**	**386**	**3,159**

Footnotes:

i Other reserves at 31 March 2011 represent the capital redemption reserve of $88 million (31 March 2010 and 30 September 2010 - $88 million) and a $nil hedging reserve net of deferred tax (31 March 2010 - $3 million and 30 September 2010 - $nil).

ii Retained earnings include $11 million of accumulated credits in respect of fair value movements on available for sale financial assets (March 2010 - $27 million and September 2010 - $16 million) and a $14 million credit of accumulated exchange on retranslation of equity accounted investments (March 2010 - $11 million and September 2010 - $14 million).

iii Non-controlling interests represent an 18% shareholding in Eastern Platinum Limited, Western Platinum Limited and Messina Limited and a 26% shareholding in Akanani Mining (Pty) Limited.

iv The 2010 annual financial statements included a restatement of the 2008 and 2009 deferred tax liabilities to reflect an additional liability of $64 million which should have been recorded on the transition to IFRS in 2006. As a result the 1 April 2010 position also requires restatement.

Consolidated statement of cash flows
for the 6 months to 31 March 2011

	Note	**6 months to 31 March 2011 $m**	6 months to 31 March 2010 $m	Year ended 30 September 2010 $m
Profit for the period		**102**	35	122
Taxation	5	**57**	42	118
Share of profit after tax of equity accounted investments		**(3)**	(4)	(8)
Finance income	4	**(17)**	(11)	(38)
Finance expenses	4	**5**	3	9
Depreciation, amortisation and impairment		**62**	52	134
Unrealised foreign exchange in provisions		**3**	8	5
Change in inventories		**(58)**	(82)	(125)
Change in trade and other receivables		**216**	68	(138)
Change in trade and other payables		**(49)**	(32)	40
Share-based payments		**9**	7	9
Loss on disposal of property, plant and equipment		**-**	-	5
Cash inflow from operations		**327**	86	133
Interest received		**1**	1	3
Interest and bank fees paid		**(20)**	(25)	(44)
Tax paid		**(7)**	(2)	(12)
Cash inflow from operating activities		**301**	60	80
Cash flow from investing activities				
Investment in joint venture		**(1)**	-	(3)
HDSA financing		**-**	(59)	(285)
Purchase of property, plant and equipment		**(191)**	(132)	(259)
Purchase of intangible assets		**-**	-	(2)
Cash outflow from investing activities		**(192)**	(191)	(549)
Cash flow from financing activities				
Dividends paid to non-controlling interests		**-**	(11)	(22)
Dividends paid to controlling interests		**(30)**	-	-
Proceeds from current borrowings	8	**-**	-	60
Repayment of current borrowings	8	**(11)**	(13)	(47)
Proceeds from non-current borrowings	8	**149**	-	113
Repayment of non-current borrowings	8	**(250)**	(39)	-
Proceeds from equity issuance		**-**	-	233
Costs of issuing shares		**-**	-	(4)
Issue of ordinary share capital		**-**	1	1
Cash (outflow) / inflow from financing activities		**(142)**	(62)	334
Decrease in cash and cash equivalents	8	**(33)**	(193)	(135)
Opening cash and cash equivalents	8	**148**	282	282
Effect of exchange rate changes	8	**-**	3	1
Closing cash and cash equivalents	8	**115**	92	148

Notes to the accounts

1 Statement on accounting policies

Basis of preparation

Lonmin Plc (the "Company") is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company as at and for the 6 months to 31 March 2011 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in equity accounted investments.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting*, as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Services Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements of the year ended 30 September 2010. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2010.

The comparative figures for the financial year ended 30 September 2010 are not the Group's full statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group as at and for the year ended 30 September 2010 are available upon request from the Company's registered office at 4 Grosvenor Place, London, SW1X 7YL.

These condensed consolidated interim financial statements were approved by the Board of Directors on 9 May 2011.

These consolidated interim financial statements apply the accounting policies and presentation that will be applied in the preparation of the Group's published consolidated financial statements for the year ending 30 September 2011.

In accordance with IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors,* the 2010 annual financial statements included a restatement of the 2008 and 2009 deferred tax liabilities to reflect an additional $64 million of deferred tax liabilities which were not recognised in relation to certain fair value consolidation adjustments on the transition to IFRS which occurred in the year ended 30 September 2006. As a result the 31 March 2010 position also requires restatement. The restatement has no cash impact. The additional liability will unwind as the related assets are amortised which will result in a tax credit of approximately $2 million tax credit to the income statement which is not considered material.

The Directors have assessed the forecast cash flows of the business and the available banking facilities and continue to adopt the going concern basis in preparing the financial statements. Management's review of the factors likely to affect its future development, performance and position of the business and the approach to financial risk management are given in the Financial Review.

New standards and amendments in the period

There were no new standards, interpretations or amendments to standards issued and effective for the period which materially impacted the Group.

New standards that are relevant to the Group but have not yet been adopted

The following standard, issued by the IASB and endorsed by the EU, has not yet been adopted by the Group:

IAS 24 (revised 2009) - *Related Party Disclosures* (effective 1 January 2011) amends the definition of a related party and modifies certain related party disclosure requirements for government related entities.

The Group does not expect the adoption of other new, or revisions to existing, standards or interpretations issued by the IASB, not listed above, to have a material impact on the consolidated results or financial position of the Group.

Notes to the accounts (continued)

2 Segmental analysis

The Group distinguishes between 3 reportable operating segments being the Platinum Group Metals ("PGM") Operations segment, the Evaluation segment and the Exploration segment. The PGM Operations segment comprises the activities involved in the mining and processing of PGMs, together with associated base metals, which are carried out entirely in South Africa. The Evaluation segment covers the evaluation through pre-feasibility of the economic viability of newly discovered PGM deposits. Currently all of the evaluation projects are based in South Africa. The Exploration segment covers the activities involved in the discovery or identification of new PGM deposits. This activity occurs on a worldwide basis. No operating segments have been aggregated. Operating segments have consistently adopted the consolidated basis of accounting and there are no differences in measurement applied. Other covers mainly the results and investment activities of the corporate head office. The only inter-segment transactions involve the provision of funding between segments and any associated interest.

	6 months to 31 March 2011					
	PGM Operations Segment $m	Evaluation Segment $m	Exploration Segment $m	Other $m	Inter-Segment Adjustments $m	Total $m
Revenue (external sales by product):						
Platinum	566	-	-	-	-	566
Palladium	143	-	-	-	-	143
Gold	9	-	-	-	-	9
Rhodium	128	-	-	-	-	128
Ruthenium	16	-	-	-	-	16
Iridium	14	-	-	-	-	14
PGMs	876	-	-	-	-	876
Nickel	47	-	-	-	-	47
Copper	9	-	-	-	-	9
Chrome	6	-	-	-	-	6
	938	-	-	-	-	938
Underlying [i] :						
EBITDA / (LBITDA) [ii]	206	(1)	2	1	-	208
Depreciation and amortisation	(60)	-	-	-	-	(60)
Operating profit / (loss) [ii]	146	(1)	2	1	-	148
Finance income	3	-	-	4	(4)	3
Finance expenses	(9)	-	-	-	4	(5)
Share of profit of equity accounted investments	3	-	-	-	-	3
Profit / (loss) before taxation	143	(1)	2	5	-	149
Income tax expense	(44)	(2)	-	2	-	(44)
Profit / (loss) after taxation	99	(3)	2	7	-	105
Total assets	3,469	844	7	996	(533)	4,783
Total liabilities	(1,678)	(300)	(45)	(134)	533	(1,624)
Net assets / (liabilities)	1,791	544	(38)	862	-	3,159
Share of net assets of equity accounted investments	54	-	-	122	-	176
Additions to property, plant, equipment and intangibles	191	6	-	-	-	197
Material non-cash items – share-based payments	9	-	-	-	-	9

Notes to the accounts (continued)

2 Segmental analysis (continued)

	6 months to 31 March 2010					
	PGM Operations Segment $m	Evaluation Segment $m	Exploration Segment $m	Other $m	Inter-Segment Adjustments $m	Total $m
Revenue (external sales by product):						
Platinum	433	-	-	-	-	433
Palladium	60	-	-	-	-	60
Gold	8	-	-	-	-	8
Rhodium	110	-	-	-	-	110
Ruthenium	12	-	-	-	-	12
Iridium	9	-	-	-	-	9
PGMs	632	-	-	-	-	632
Nickel	22	-	-	-	-	22
Copper	7	-	-	-	-	7
Chrome	-	-	-	-	-	-
	661	-	-	-	-	661
Underlying [i] :						
EBITDA / (LBITDA) [ii]	126	(1)	(3)	-	-	122
Depreciation and amortisation	(51)	-	-	(1)	-	(52)
Operating profit / (loss) [ii]	75	(1)	(3)	(1)	-	70
Finance income	5	-	-	9	(3)	11
Finance expenses	(6)	-	-	-	3	(3)
Share of profit of equity accounted investments	3	-	-	1	-	4
Profit / (loss) before taxation	77	(1)	(3)	9	-	82
Income tax expense	(31)	-	-	-	-	(31)
Profit / (loss) after taxation	46	(1)	(3)	9	-	51
Total assets	3,107	850	2	632	(402)	4,189
Total liabilities [iii]	(1,456)	(278)	(40)	(34)	402	(1,406)
Net assets / (liabilities) [iii]	1,651	572	(38)	598	-	2,783
Share of net assets of equity accounted investments	43	-	-	120	-	163
Additions to property, plant, equipment and intangibles	111	19	-	-	-	130
Material non-cash items – share-based payments	6	-	-	1	-	7

Notes to the accounts (continued)

2 Segmental analysis (continued)

	Year ended 30 September 2010					
	PGM Operations Segment $m	Evaluation Segment $m	Exploration Segment $m	Other $m	Inter-Segment Adjustments $m	Total $m
Revenue (external sales by product):						
Platinum	1,078	-	-	-	-	1,078
Palladium	141	-	-	-	-	141
Gold	19	-	-	-	-	19
Rhodium	229	-	-	-	-	229
Ruthenium	27	-	-	-	-	27
Iridium	18	-	-	-	-	18
PGMs	1,512	-	-	-	-	1,512
Nickel	56	-	-	-	-	56
Copper	14	-	-	-	-	14
Chrome	3	-	-	-	-	3
	1585	-	-	-	-	1585
Underlying [i] :						
EBITDA / (LBITDA) [ii]	359	(3)	(6)	-	-	350
Depreciation and amortisation	(122)	-	-	-	-	(122)
Operating profit / (loss) [ii]	237	(3)	(6)	-	-	228
Finance income	3	-	-	36	(29)	10
Finance expenses	(23)	-	-	(15)	29	(9)
Share of profit of equity accounted investments	5	-	-	3	-	8
Profit / (loss) before taxation	222	(3)	(6)	24	-	237
Income tax (expense) / credit	(82)	(4)	-	6	-	(80)
Profit / (loss) after taxation	140	(7)	(6)	30	-	157
Total assets	3,537	843	4	963	(523)	4,824
Total liabilities	(1,888)	(294)	(46)	(37)	523	(1,742)
Net assets	1,649	549	(42)	926	-	3,082
Share of net assets of equity accounted investments	47	-	-	125	-	172
Additions to property, plant, equipment and intangibles	293	17	-	-	-	310
Material non-cash items – share-based payments	9	-	-	-	-	9

2 Segmental analysis (continued)

Revenue by destination is analysed by geographical area below:

	6 months to 31 March 2011 $m	6 months to 31 March 2010 $m	Year ended 30 September 2010 $m
The Americas	**239**	149	453
Asia	**267**	163	373
Europe	**239**	268	529
South Africa	**193**	81	230
	938	661	1,585

The Group's revenues are all derived from the PGM Operations segment. This segment has two major customers who contributed 60% and 27% of revenue in the 6 months to 31 March 2011, 70% and 24% in the 6 months to 31 March 2010 and 69% and 23% in the year ended 30 September 2010.

Metal sales prices are based on market prices which are denominated in US Dollars. The majority of sales are also invoiced in US Dollars with the exception of certain sales in South Africa which are invoiced in South African Rand based on exchange rates determined in accordance with the contractual arrangement.

Non-current assets, excluding financial instruments, by geographical area are shown below:

	6 months to 31 March 2011 $m	6 months to 31 March 2010 $m	Year ended 30 September 2010 $m
South Africa	**3,598**	3,360	3,461
Europe	**1**	-	1
	3,599	3,360	3,462

Footnotes:

i Underlying results are based on reported results excluding the effect of special items as defined in note 3.

ii EBITDA / (LBITDA) and operating profit / (loss) are the key profit measures used by management.

iii Total liabilities and net assets are restated as disclosed in footnote iv in the consolidated statement of changes in equity.

Notes to the accounts (continued)

3 Special items

Special items are those items of financial performance that the Group believes should be separately disclosed on the face of the consolidated income statement to assist in the understanding of the financial performance achieved by the Group and for consistency with prior periods.

	6 months to 31 March 2011 $m	6 months to 31 March 2010 $m	Year ended 30 September 2010 $m
Operating loss:	**(4)**	(5)	(25)
- Costs relating to HDSA financing [i]	**-**	-	(5)
- Impairment of property, plant and equipment [ii]	**(2)**	-	(12)
- Restructuring and reorganisation costs [iii]	**(2)**	(5)	(9)
- Pension refund	**-**	-	1
Net finance income:	**14**	-	28
- Interest accrued from HDSA receivable [i]	**7**	-	3
- Exchange gain on HDSA receivable [i]	**7**	-	11
- Movement in fair value of HDSA derivative asset	**-**	-	12
- Movement in fair value of derivative liability in respect of equity issuance	**-**	-	2
Profit / (loss) on special items before taxation	**10**	(5)	3
Taxation related to special items (note 5)	**(13)**	(11)	(38)
Special loss before non-controlling interests	**(3)**	(16)	(35)
Non-controlling interests	**2**	2	9
Special loss for the period attributable to equity shareholders of Lonmin Plc	**(1)**	(14)	(26)

Footnotes:

i During the 12 months ended 30 September 2010 the Group provided financing to assist Shanduka to acquire a majority shareholding in Incwala, Lonmin's Black Economic Empowerment partner. This financing gave rise to foreign exchange movements and the accrual of interest. The Group also incurred fees from advisors in relation to the transaction. See the 30 September 2010 annual financial statements for further detail.

ii During the 12 months ended 30 September 2010 the Group took a strategic decision to enhance its smelting capacity by initiating the development of an additional pyromet furnace. The most cost effective approach was to decommission the existing Merensky furnace and leverage the existing infrastructure. To the extent the Merensky furnace assets could not be reutilised these were written off. In addition, $2 million was written off with respect to houses for sale. In the 6 months to March 2011 a further $2 million was written off with respect to houses.

iii The Group incurred transition costs in relocating corporate functions from the London office to South Africa.

Notes to the accounts (continued)

4 Net finance income

	6 months to 31 March 2011 $m	6 months to 31 March 2010 $m	Year ended 30 September 2010 $m
Finance income:	**3**	11	10
- Interest receivable on cash and cash equivalents	**1**	1	2
- Other interest receivable	**-**	4	7
- Exchange gains on other receivables	**-**	3	-
- Exchange gains on net debt	**2**	3	1
Finance expenses:	**(5)**	(3)	(9)
- Interest payable on bank loans and overdrafts	**(15)**	(11)	(25)
- Bank fees	**(6)**	(12)	(20)
- Capitalised interest [i]	**20**	23	43
- Other finance expenses	**-**	-	(1)
- Unwind of discounting on provisions	**(4)**	(3)	(6)
Special items (note 3):	**14**	-	28
- Interest accrued from HDSA receivable	**7**	-	3
- Exchange gains on HDSA receivable	**7**	-	11
- Movement in fair value of HDSA derivative asset	**-**	-	12
- Movement in fair value of derivative liability in respect of equity issuance	**-**	-	2
Net finance income	**12**	8	29

Footnote:

i Interest expenses incurred have been capitalised on a Group basis to the extent that there is an appropriate qualifying asset. The weighted average interest rate used by the Group for capitalisation in the period was 5.8% (6 months to 31 March 2010 - 5.5%, year ended 30 September 2010 - 5.7%).

Notes to the accounts (continued)

5 Taxation

	6 months to 31 March 2011 $m	6 months to 31 March 2010 $m	Year ended 30 September 2010 $m
United Kingdom:			
- Current tax credit at 28% (2010 – 28%) [i]	**(2)**	-	(6)
Overseas:			
- Current tax expense at 28% (2010 – 28%) excluding special items:	**6**	4	8
- Corporate tax expense – current year	**6**	3	9
- Adjustment in respect of prior years	**-**	-	(3)
- Tax on dividends remitted	**-**	1	2
Deferred tax expense – UK and overseas:	**40**	27	78
- Origination and reversal of temporary differences	**40**	26	79
- Adjustment in respect of prior years	**-**	1	(1)
Special items - UK and overseas (note 3):	**13**	11	38
- Reversal of utilisation of losses from prior periods to offset deferred tax liability	**1**	1	-
- Exchange on current taxation [ii]	**-**	-	1
- Exchange on deferred taxation [ii]	**10**	10	36
- Deferred tax on special items impacting profit before tax	**2**	-	1
Actual tax charge	**57**	42	118
Tax charge excluding special items (note 3)	**44**	31	80
Effective tax rate	**36%**	55%	49%
Effective tax rate excluding special items (note 3)	**30%**	38%	34%

Notes to the accounts (continued)

5 Taxation (continued)

A reconciliation of the standard tax charge to the actual tax charge was as follows:

	6 months to 31 March 2011	**6 months to 31 March 2011 $m**	6 months to 31 March 2010	6 months to 31 March 2010 $m	Year ended 30 September 2010	Year ended 30 September 2010 $m
Tax charge on profit at standard tax rate	**28%**	**45**	29%	23	29%	70
Tax effect of:						
- Overseas taxes on dividends remitted by subsidiary companies	**-**	**-**	1%	1	1%	2
- Unutilised losses [iii]	**1%**	**2**	7%	5	(2%)	(5)
- Foreign exchange impacts on taxable profits	**-**	**-**	4%	3	6%	14
- Adjustment in respect of prior years	**-**	**-**	1%	1	(2%)	(4)
- Other	**-**	**(1)**	(2%)	(2)	2%	4
- Special items as defined above	**7%**	**11**	15%	11	15%	37
Actual tax charge	**36%**	**57**	55%	42	49%	118

The Group's primary operations are based in South Africa which has a statutory tax rate of 28% (2010 - 28%). Lonmin Plc operates a branch in South Africa which is subject to a tax rate of 33% on branch profits (2010 – 33%). The secondary tax rate on dividends remitted by South African companies was 10% (2010 - 10%).

Footnotes:

i Effective from 1 April 2011 the United Kingdom tax rate changes from 28% to 26%. This does not significantly impact the Group's deferred tax liabilities.

ii Overseas tax charges are predominantly calculated in Rand as required by the local authorities. As these subsidiaries' functional currency is US Dollar this leads to a variety of foreign exchange impacts being the retranslation of current and deferred tax balances and monetary assets, as well as other translation differences. The Rand denominated deferred tax balance in US Dollars at 31 March 2011 is $574 million (31 March 2010 - $452 million, 30 September 2010 - $524 million).

iii Unutilised losses reflect losses generated in entities for which no deferred tax is provided due as it is not thought probable that future profits can be generated against which a deferred tax asset could be offset or previously unrecognised losses utilised.

6 Earnings per share

Earnings per share (EPS) have been calculated on the earnings for the period attributable to equity shareholders amounting to $90 million (6 months to 31 March 2010 - $30 million, year ended 30 September 2010 - $112 million) using a weighted average number of 202.3 million ordinary shares in issue for the 6 months to 31 March 2011 (6 months to 31 March 2010 – 193.1 million ordinary shares, year ended 30 September 2010 – 196.7 million ordinary shares).

Diluted earnings per share are based on the weighted average number of ordinary shares in issue adjusted by dilutive outstanding share options in accordance with IAS 33 - *Earnings Per Share*.

	6 months to 31 March 2011			6 months to 31 March 2010			Year ended 30 September 2010		
	Profit for the period $m	**Number of shares millions**	**Per share amount cents**	Profit for the period $m	Number of shares millions	Per share amount cents	Profit for the year $m	Number of shares millions	Per share amount cents
Basic EPS	**90**	**202.3**	**44.5**	30	193.1	15.5	112	196.7	56.9
Share option schemes	**-**	**0.6**	**(0.2)**	-	0.3	-	-	0.5	(0.1)
Diluted EPS	**90**	**202.9**	**44.3**	30	193.4	15.5	112	197.2	56.8

	6 months to 31 March 2011			6 months to 31 March 2010			Year ended 30 September 2010		
	Profit for the period $m	**Number of shares millions**	**Per share amount cents**	Profit for the period $m	Number of shares millions	Per share amount cents	Profit for the year $m	Number of shares millions	Per share amount cents
Underlying EPS	**91**	**202.3**	**45.0**	44	193.1	22.8	138	196.7	70.2
Share option schemes	**-**	**0.6**	**(0.2)**	-	0.3	-	-	0.5	(0.2)
Diluted underlying EPS	**91**	**202.9**	**44.8**	44	193.4	22.8	138	197.2	70.0

Underlying earnings per share have been presented as the Directors consider it important to present the underlying results of the business. Underlying earnings per share are based on the earnings attributable to equity shareholders adjusted to exclude special items (as defined in note 3) as follows:

	6 months to 31 March 2011			6 months to 31 March 2010			Year ended 30 September 2010		
	Profit for the period $m	**Number of shares millions**	**Per share amount cents**	Profit for the period $m	Number of shares millions	Per share amount cents	Profit for the year $m	Number of shares millions	Per share amount cents
Basic EPS	**90**	**202.3**	**44.5**	30	193.1	15.5	112	196.7	56.9
Special items (note 3)	**1**	**-**	**0.5**	14	-	7.3	26	-	13.3
Underlying EPS	**91**	**202.3**	**45.0**	44	193.1	22.8	138	196.7	70.2

Notes to the Accounts (continued)

6 Earnings per share (continued)

Headline earnings and the resultant headline earnings per share are specific disclosures defined and required by the Johannesburg Stock Exchange.

These are calculated as follows:

	6 months to 31 March 2011 $m	6 months to 31 March 2010 $m	Year ended 30 September 2010 $m
Earnings attributable to ordinary shareholders under IAS 33	**90**	30	**112**
Add back loss on disposal of property, plant and equipment	**1**	-	**5**
Add back impairment of assets (note 3)	**2**	-	**12**
Tax related to the above items	**(1)**	-	**(5)**
Non-controlling interests	**-**	-	**(2)**
Headline earnings	**92**	30	**122**

	6 months to 31 March 2011			6 months to 31 March 2010			Year ended 30 September 2010		
	Profit for the period $m	**Number of shares millions**	**Per share amount cents**	Profit for the period $m	Number of shares millions	Per share amount cents	Profit for the year $m	Number of shares millions	Per share amount cents
Headline EPS	**92**	**202.3**	**45.5**	30	193.1	15.5	122	196.7	62.0
Share option schemes	**-**	**0.6**	**(0.2)**	-	0.3	-	-	0.5	(0.1)
Diluted Headline EPS	**92**	**202.9**	**45.3**	30	193.4	15.5	122	197.2	61.9

7 Dividends

No dividends were declared during the period (6 months to 31 March 2010 - $nil and year ended 30 September 2010 - $30 million proposed dividend). The proposed dividend as at September 2010 was paid during the period.

Notes to the Accounts (continued)

8 Analysis of net debt [i]

	As at 1 October 2010 $m	Cash flow $m	Foreign exchange and non-cash movements $m	As at 31 March 2011 $m
Cash and cash equivalents	**148**	**(33)**	**-**	**115**
Current borrowings	**(71)**	**11**	**-**	**(60)**
Non-current borrowings	**(462)**	**101**	**2**	**(359)**
Unamortised bank fees	**10**	**-**	**(2)**	**8**
Net debt as defined by the Group[i]	**(375)**	**79**	**-**	**(296)**

	As at 1 April 2010 $m	Cash flow $m	Foreign exchange and non-cash movements $m	As at 30 September 2010 $m
Cash and cash equivalents	92	58	(2)	148
Current borrowings	(45)	(26)	-	(71)
Non-current borrowings	(310)	(152)	-	(462)
Unamortised bank fees	13	-	(3)	10
Net debt as defined by the Group[i]	(250)	(120)	(5)	(375)

	As at 1 October 2009 $m	Cash flow $m	Foreign exchange and non-cash movements $m	As at 31 March 2010 $m
Cash and cash equivalents	282	(193)	3	92
Current borrowings	(58)	13	-	(45)
Non-current borrowings	(349)	39	-	(310)
Unamortised bank fees	12	-	1	13
Net debt as defined by the Group[i]	(113)	(141)	4	(250)

Footnotes:

i Net debt as defined by the Group comprises cash and cash equivalents, bank overdrafts repayable on demand and interest bearing loans and borrowings less unamortised bank fees.

ii At 31 March 2010 unamortised bank fees of $13 million were shown as a prepayment where facilities had not been drawn down and therefore there was no loan balance to offset against. As at 31 March 2011 $8 million of unamortised bank fees have been offset against loans according to the amortisation profile.