10 May 2010

Lonmin Plc

2010 Interim Results Announcement

Lonmin Plc, (Lonmin or the Company), the world's third largest PGM producer, today announces its Interim Results for the half year period ending 31 March 2010.

HIGHLIGHTS

- **Financial performance much improved:**
  - Underlying profit before tax of $82 million – $195 million greater than the prior year period
  - Gross operating South African Rand costs fell by 4% to R4.4 billion from prior year period
  - Group cost per PGM ounce produced fell by 6% to R6,535 per PGM ounce

- **Management focus on operational delivery:**
  - Production from underground operations at Marikana effectively in line with prior year period
  - Good improvements in underground concentrator recoveries and grade, compared to the prior year period
    - Underground concentrator recoveries up to 84.6% from 80.8%
    - Underground milled head grade up to 4.74 g/t from 4.57 g/t
  - Ore reserve development makes steady progress – immediately available ore reserves increased by 18% to 2.4 million centares from the end of the 2009 financial year
  - Efficiency initiatives, supported by last year's restructuring programme, resulted in a good cost performance
  - 2010 sales and cost guidance remain unchanged from November 2009

- **Safety performance improving, but always more to do:**
  - LTIFR improved slightly from the end of 2009 to 5.74 per million man hours worked
  - Frequency and impact of Section 54 safety stoppages significantly reduced from second half of 2009

- **Quality of operational performance improving:**
  - Production ramp-up at Saffy and Hossy continues, but challenges remain at K3
  - Concentrators achieve highest levels of recoveries for nearly 7 years
  - Future concentrator recovery benefits expected from Chrome sale contracts signed during the period
  - Limited production impact from matte run out at the Number One furnace on 30 March 2010

- **Meeting capital investment requirements whilst maintaining balance sheet strength:**
  - Capital expenditure expected to be in line with guidance of up to $270 million and is predominantly focused on mine development
  - Financial position remains strong, despite net debt increasing to $250 million, with gearing of 7%
  - Net debt expected to reduce in H2 2010

- **Lonmin's Black Economic Empowerment platform secured:**
  - Long term future and financial stability of Incwala Resources secured under new leadership of Shanduka Resources
  - Lonmin providing significant financing for the transaction substantially sourced through equity Placing announced today

- **Market outlook improving:**
  - Short term continued gradual improvement anticipated – market to be tightly balanced during 2010
  - Remain optimistic on long term outlook, supported by continued emission system demand and legislation

Ian Farmer, Chief Executive, commented:

"We are seeing steady quarter on quarter improvements in operational stability and productivity, supported by the delivery of efficiency initiatives throughout the business. Highlights include the improvements in grade and concentrator recoveries and the tight cost control exercised during the period. This progress has been made without compromising our safety record.

"As a result, we remain on track to meet our 2010 sales guidance of 700,000 ounces of Platinum and we are reiterating our initial cost guidance of managing the increase in our South African Rand gross operating costs to be below local inflation. This is despite the 10% wage increase for our workforce granted with effect from October 2009.

"Our short term view of PGM markets remains cautiously optimistic and we expect the market to gradually improve through 2010. In the longer term, we are increasingly optimistic that firming demand for PGMs, combined with continued supply side constraints, will underpin long term fundamentals."

FINANCIAL HIGHLIGHTS

Continuing Operations Six Months to 31 March		2010	2009
Revenue	$m	661	436
Underlying (i) operating profit / (loss)	$m	70	(98)
Operating profit / (loss) (ii)	$m	65	(142)
Underlying (i) profit / (loss) before taxation	$m	82	(113)
Profit / (loss) before taxation	$m	77	(196)
Underlying (i) earnings / (loss) per share (restated) (viii)	cents	22.8	(47.9)
Earnings / (loss) per share (restated) (viii)	cents	15.5	(67.9)
Trading cash inflow / (outflow) per share (restated) (iii, viii)	cents	31.1	(10.3)
Free cash outflow per share (restated) (iv, viii)	cents	(43.0)	(84.9)
Net debt as defined by the Group (v)	$m	(250)	(449)
Interest cover (times) (vi)	x	4.7	44.9
Gearing (vii)	%	7	17

NOTES ON FINANCIAL HIGHLIGHTS

i Underlying excludes one-off restructuring and reorganisation costs and foreign exchange on tax balances. For the 6 month period ending 31 March 2009, in addition to restructuring costs and foreign exchange on tax balances, underlying also excludes impairment of available for sale financial assets.

ii Operating profit / (loss) 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 minority 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 2010 and 31 March 2009 on the underlying operating profit / (loss) 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.

viii During the prior year the Group undertook a Rights Issue of shares. As a result the loss per share, trading cash flow per share and free cash flow per share for the 6 months to 31 March 2009 have been adjusted to the date of issue to reflect the bonus element of the Rights Issue as disclosed in note 6.

ENQUIRIES:

Investors / Analysts:

Tanya Chikanza +44 (0) 207 201 6000
Acting Head of Investor Relations

Media:

Cardew Group +44 (0) 207 930 0777
Rupert Pittman / James Milton

Financial Dynamics +27 (0) 21 487 9000
Dani Cohen / Ravin Maharaj

This press release is available on www.lonmin.com. A live webcast of the Interim Results presentation starting at 09.30hrs (London) on 10 May 2010 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.

Disclaimer

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Chief Executive's Review

Introduction

Our performance in the first half of the 2010 financial year showed steady quarter on quarter improvements in operational stability and productivity, supported by the delivery of efficiency initiatives throughout the business. Importantly, we also showed a return to profitability with our underlying profit before tax for the period of $82 million being $195 million higher than last year's loss of $113 million. Profit before tax for the period was $77 million compared to the loss before tax of $196 million recorded for the first half of 2009.

Management focus on operational delivery

Management focus continues to be on the delivery of operational improvements throughout the business. Good progress was made in the period, particularly in the areas of grade, concentrator recoveries and ore reserve development.

We have continued our efforts to implement cost and productivity efficiencies, with a number of initiatives having been implemented across our operations. Examples include a number of intensive training programmes on key areas such as ore type knowledge and advance per blast, as well as various cost-cutting measures. As a consequence, and as a result of the significant restructuring programme we completed in 2009, our cost performance during the first half of 2010 was strong, with cost per ounce reducing relative to the prior year period. This is the first time cost per ounce has fallen, versus a comparative period, since this metric was introduced in 2005. Gross operating Rand-based costs during the first six months of 2010 were R4.4 billion compared to R4.6 billion in the prior year period.

On 2 March 2010, we signed contracts to sell Chrome contained in our concentrator tailings. These agreements will enable us to realise value from our Chrome by-product revenues and will in addition help us to improve our PGM concentrator recoveries going forward.

2010 sales and cost guidance remain unchanged from November 2009

Based on our performance to date, we remain confident that we will meet our sales guidance of 700,000 ounces of Platinum for 2010, despite a matte run-out at the Number One furnace at the end of the first half of the year. This result is dependent on how the Number One furnace performs for the remainder of the year and on a limited amount of toll refining of mainly low grade concentrate.

This production performance will be supported in the second half of 2010 by the continued ramp-up of Saffy and Hossy shafts, initial production from the re-opened Merensky opencast pit and through sustaining the improved levels of the head grade and concentrator recoveries achieved during the first half of the year.

The cost control initiatives mentioned above together with the major restructuring programme completed last year will help us to meet our cost guidance of managing the increase in our South African Rand gross operating costs below local inflation. This is despite the 10% wage settlement agreed in December 2009 for the 2010 financial year, power tariff increases, the start-up of our Merensky opencast operations and the costs associated with the Number One furnace matte run-out.

Safety performance improved but always more to do

Our employees' safety remains a key priority.

During the first half of 2010, our safety performance remained satisfactory, as we continued to focus on safe behaviour and visible leadership. Our Lost Time Injury Frequency rate (LTIFR) improved slightly from the end of the 2009 financial year to 5.74 per million man hours worked but we suffered 2 industrial fatalities, both as a result of fall-of-ground incidents. We extend our sincere condolences to the families and friends of our late colleagues Mr Bavuyise Bala and Mr Siyabonga Tomose.

The economic impact of safety-related Section 54 stoppages remains an issue throughout the industry. At our Marikana operations, the tonnage impact was similar compared to the prior year period, at around 149,000 tonnes, but it was significantly better than in the second half of 2009, when around 355,000 tonnes were lost as a result of safety stoppages. We experienced 8 such safety shutdowns during the first half of the 2010 financial year, compared to 13 during the prior year period, and 22 during the second half of 2009.

This significant reduction in the frequency of safety shutdowns from the second half of 2009 reflected an emphasis on consistent adherence to safety standards across our operations, as well as a more pragmatic approach to safety shutdowns by the Department of Mineral Resources.

Our largest shaft, K3, which contributes around 25% of production at Marikana, continued to experience a relatively greater proportion of Section 54 safety shutdowns. This reflects the shaft's historical safety record and a number of significant incidents during the first half of the year, in particular a 7 day safety shutdown following a fatal incident at the shaft on 10 December 2009.

Quality of Mining performance improving

Mining management continues to place a strong emphasis on quality, with a number of processes and procedures now in place to underpin improvements in discipline, training and quality of our mining practices. To this end, we achieved an improvement in the quality of our mining during both quarters of the first half of 2010, despite a significant reduction in the size of our workforce following last year's restructuring programme. This improvement in mining quality is illustrated by the improvement in head grade during the first two quarters of 2010. Production statistics for the second quarter of the year can be found in a separate announcement published today.

We also continued to roll-out a number of Employee Relations programmes throughout the Mining business, to further support our recent progress in this area. Our Employee Relations strategy has been designed to promote a performance driven culture, supported by commitment from all key stakeholders and improved communication between management and employees. At the same time, the management team continues to underpin its relationship with union management, based on a partnership framework.

Grade and development

Underground milled head grade increased to 4.74 grammes per tonne in the first half of 2010 from 4.57 grammes per tonne in the prior year period. This improvement was a result of cleaner mining across the property, a better ratio of stoping to development at Hossy and Saffy as well as an improved ore mix. This is a significant value driver.

Immediately available ore reserves at Marikana at the end of the first half of the 2010 financial year stands at 2.4 million centares, an 18% improvement from 2.0 million centares at the end of September 2009, and we aim to further increase development by the end of this year. The total working cost spent on development was around $65 million in the half, an increase of 10% in Rand terms over the prior year period.

Mine Production

Production from our core underground mining operations at Marikana fell marginally from the prior year period to 5.1 million tonnes. Conventional underground mining operations at Marikana produced 4.3 million tonnes during the first half, a decline of 8%, equivalent to around 0.4 million mined tonnes, from the first half of 2009. This decline was mainly the result of the closure of two uneconomic decline shafts and a number of half levels at Marikana in 2009, as well as reduced tonnage from K3, partly due to increased disruption to production relating to the Section 54 safety stoppages.

Saffy and Hossy shafts continued to perform well, delivering a combined increase in production of 0.3 million mined tonnes, or 43%, from the prior year period. Saffy continues to be run on a hybrid basis, with conventional stoping supported by mechanised development. We still face challenges in the recruitment, transfer, training and stabilisation of new crews at the shaft, but management has put in place a number of actions to ensure a continued smooth transition process. We are starting to see the results of these management actions, with an improved productivity and cost profile at the shaft in the first half of 2010, and average production of around 80,000 tonnes per month during the period. We expect Saffy to increase monthly tonnages moderately from this level through to September 2010, with an anticipated increase in production towards the end of 2011 with the opening of four new levels at the shaft. As a result, we are still on track to achieve full shaft capacity of 200,000 reef tonnes per month in 2012.

At Hossy, we are continuing with the fully mechanised proof-of-concept project, with the shaft producing an average of around 60,000 tonnes per month during the first half of 2010. Our average productivity during the first half of 2010 was diluted by two new quadrants coming into production at the shaft during the period. However, we retain our target of achieving productivity of 2,200 square metres per month per suite of equipment by the end of the 2011 financial year, in fully developed quadrants. The main challenges continue to be a shortage of key skills, the reliability of the equipment and the ability to run an efficient maintenance programme.

As previously announced, we re-opened a Merensky opencast pit in March 2010, with a view to supplementing the proportion of Merensky blend composition for feed into the Number One furnace. We expect to mine around 0.4 million tonnes from this opencast operation in the second half of 2010. As a result of revised contractor terms and improved pricing, these ounces will be profitable.

Pandora underground production increased by 8% during the first half of 2010 from the prior year period. Lonmin purchases 100% of the ore from the Pandora joint venture and this ore contributed 11,261 saleable ounces of Platinum in concentrate and 21,545 saleable ounces of total PGMs in concentrate to our production, decreases of 56% and 54% respectively from 2009, due to the closure of the Pandora opencast operations during 2009. The Pandora joint venture contributed $3 million of profit after tax for our account in the first half of the 2010 financial year.

Total tonnes mined declined by 9% from the prior year period to 5.2 million, following the planned closure of non-value adding production at our Limpopo operations and the opencast operations at Marikana and the Pandora joint venture in 2009. Adjusting for these discontinued operations, total tonnes mined declined by 2% or 0.1 million mined tonnes.

Consistent operational delivery throughout the Process Division

Our Process Division produced an excellent performance during the first half of 2010 with the concentrators, in particular, delivering significant operational improvements.

Concentrators

Metals in concentrate production from Marikana increased by 1% to 310,603 saleable ounces of Platinum, despite tonnes milled at Marikana for the first half declining by 7% from the prior year period to 5.0 million tonnes. This was due to the improvements in grade, outlined above, and to improvements in concentrator recoveries. Underground concentrator recoveries improved significantly during the first half to 84.6%, from 80.8% during the prior year period. The improvement was due in part to the improved head grade but also the result of continued benefits from our concentrator optimisation programme, excellent plant availability and a rigorous focus on batch milling the right ore through the right concentrators. This significant improvement is a major value driver.

Total metals in concentrate production was 609,142 saleable ounces of PGMs, which is down by around 30,000 PGM saleable ounces compared to the first half of 2009. However, during that period, the closed Limpopo and opencast operations at Marikana and Pandora produced around 51,000 PGM saleable ounces.

As announced on 2 March 2010, we signed contracts with the Xstrata-Merafe Chrome Venture and ChromTech for the construction of Chrome recovery plants to treat tailings from UG2 concentrators at our Marikana operations. These plants are expected to be in full production by the second half of our 2011 financial year. We anticipate that annualised incremental revenue from these contracts will be approximately $20 - 30 million per annum from mid-2011. In addition, we have commenced a design for the construction of PGM recovery plants to recover PGMs from the Chrome-depleted UG2 tailings returned to us. This project is expected to cost around $70 - 75 million over the next 3 to 4 years and will improve concentrator recoveries at our UG2 plants, where these tailings treatment plants will be installed, by around 2% from 2012 onwards.

Smelter

The Number One furnace had been performing consistently since the completion of the re-build. However, a matte run-out occurred on 30 March 2010. To mitigate the impact of the closure of the Number One furnace, we immediately commenced the running of our Pyromet furnaces.

Following a full inspection and detailed investigation, we discovered that the cause of the incident was as a result of matte that came into contact with 2 lower waffle coolers after the heat up phase following a mickey block repair. The repair has been fully completed and the furnace is expected to tap matte shortly. We expect this incident to have limited impact on production for the 2010 financial year. The total cost of the incident was around $5 million, including the cost of the re-build and the additional cost of running the Pyromet furnaces.

A risk mitigation programme at the Number One furnace is under way and we are reviewing the vessel's original specification, with a view to making it more robust. As a result, the furnace will be taken down in the new financial year when modifications will be made to reduce the risk of further matte run outs. These modifications include increasing the safety margin, in terms of matte levels and replacing the lower waffle coolers with refractory bricks and plate coolers. It is anticipated that further enhancements will be made during subsequent planned maintenance shutdowns. This will include lifting of the matte tappe holes to increase campaign life.

Looking at longer term risk mitigation, the Board has approved some $40 million of additional capital expenditure to build an additional 10 MW Pyromet type furnace which will provide future back up and growth capacity to our smelting operations. It will increase our smelting capacity by around 30% and significantly reduce the impact on our revenues flows of unplanned smelter down time. Furthermore, we plan to utilise the lower risk technology of plate coolers at this furnace, as opposed to copper waffle coolers, which are currently in use at the Number One furnace.

We anticipate commissioning this new furnace in late 2012. This furnace will be on the site of the old Merensky furnace, thus making use of the existing infrastructure. The site and design allows for a further 10MW furnace to be added in a modular fashion at some future time.

Refineries

Our refineries performed well during the period. Total refined production for the first half of the 2010 financial year was on budget at 291,921 ounces of Platinum and 587,150 of total PGMs, down 8% and 3% respectively from the same period in 2009. These decreases were as anticipated, due to the planned 30 day re-build of the Number One furnace, which was completed on 9 November 2009. The variance between the decline in refined production of Platinum compared to that of PGMs was mainly due to differences in the timing of metal-in-process inventories.

Meeting capital investment requirements whilst maintaining balance sheet strength

A key management priority has been to maintain an appropriate capital structure, whilst still enabling the business to have the capacity to develop in the future.

Balance sheet and capital expenditure

At the end of the period, we had total committed debt facilities of $940 million, with no short term debt re-financing obligations. Net debt at the end of the first half of 2010 increased by $137 million from the end of 2009 to $250 million, as a result of cash outflows relating to Incwala Resources during the period and due to the traditional second half weighting of our production and sales cycles. Gearing stood at just 7% at the end of the period. We expect net debt to reduce in the second half of 2010.

The balance sheet therefore remains strong and flexible enough to support the future growth of the business. Capital expenditure incurred in the first half of 2010 was $106 million and we continue to expect capital investment for the year to be up to $270 million.

Dividend

The Board's policy remains that dividends are based upon reported earnings for the year with due regard for the projected cash requirements of the business. Despite the much improved trading conditions in the period market uncertainties remain. In addition the Group's debt levels have increased, as described above. In light of this, the Board has decided not to declare an interim dividend.

The Board is minded to resume prudent dividend payments as soon as circumstances allow and is optimistic that it will be possible to declare a final dividend for the 2010 financial year provided current trading conditions persist.

Lonmin's Black Economic Empowerment platform secured

In a separate press release, published today, we announced a transaction which on completion will result in majority ownership of Incwala Resources (Pty) Limited (Incwala), Lonmin's black economic empowerment (BEE) partner, by Shanduka Resources (Pty) Limited (Shanduka).

Shanduka, which the Board believes has a proven track record of investment in the natural resources sector, has agreed to acquire Incwala shares from a number of counter-parties, including certain of the original Historically Disadvantaged South African ("HDSA") shareholders of Incwala, and on completion will hold interests directly and indirectly representing in aggregate 50.03% of the shares of Incwala. This transaction will therefore substantially simplify the ownership structure of Incwala, creating the basis for a long term relationship with a single majority HDSA shareholder.

The objective of securing a new BEE partner, via a financially robust funding structure, is critical to the future development of Lonmin. Following an extensive process in this regard, it has become clear that this objective can only be achieved with significant funding from Lonmin. In line with the Board's policy to maintain an appropriate capital structure, which supports Lonmin's financial flexibility and future growth, the financing for this transaction is being funded by a combination of the net proceeds of an equity

Placing with institutional investors, announced today, and from Lonmin's own financial resources. Lonmin intends to issue of up to 9,654,000 new ordinary shares from this Placing, to be placed with institutional investors, representing up to approximately 5% of the Company's current issued share capital immediately prior to the Placing.

Operating successfully in South Africa today requires a BEE partner that can actively add value. Meeting South Africa's transformational aspirations, addressing productivity challenges in partnership with unions and investing in growth with assurance of mining right security, all demand that the relationships with our many stakeholders function effectively. The Board believes that a partnership with Shanduka will serve Lonmin well in this regard. Cyril Ramaphosa, Executive Chairman of Shanduka Group (Proprietary) Limited, Shanduka's holding company, will join the Lonmin Board following completion of the transaction.

The South African Minister of Mineral Resources and The Department of Mineral Resources have acknowledged Lonmin's support for the transaction and endorse it in principle as a constructive contribution, which facilitates the long term financial stability of our BEE structure.

Market outlook positive

PGM prices increased steadily during the first half of the 2010 financial year

Platinum rose steadily in price throughout the period to $1,644 per ounce at the end of March 2010, from $1,291 per ounce at the start of October 2009. Rhodium increased to $2,575 per ounce at the end of March 2010, from $1,650 at the start of the period, whilst Palladium rose to $479 per ounce from $297 per ounce during that time.

This increase in prices was due to some recovery in the global economy, the impact of the various automotive incentive schemes introduced by governments around the world which bolstered new vehicle sales and a significant take-up of the new US Platinum and Palladium Exchange-Traded Funds (ETFs), launched in late December 2009.

Automotive demand – gradually improving short term outlook, positive long term outlook

In the automotive sector, there was a strong recovery in demand towards the end of 2009 and into the first quarter of 2010, supported by various stimuli and scrappage schemes. However, recovery in the automotive sector is still at an early stage, particularly as these schemes are coming to an end. We nevertheless anticipate a moderate automotive and industrial recovery, which is likely to gain momentum over the course of the year and we expect this to be followed by more pronounced demand momentum in 2011 and 2012.

The medium term demand outlook is expected to be further bolstered by increasingly tighter emissions legislation, particularly for off-road diesel vehicles which use a greater proportion of Platinum in their autocatalysts.

In the longer term, we are increasingly optimistic about PGM demand in the automotive sector due to the role they play in a number of technologies that will compete with the standard combustion engine in the future, such as hybrids and fuel cells. While PGMs are not utilised in electric vehicles, we expect this technology to remain niche for the greater part of the next twenty years, due to technical issues, the cost constraints and charging infrastructure hurdles relating to battery vehicles.

Jewellery demand – will continue to be influenced by pricing levels

Jewellery demand in 2009 was well ahead of 2008 and provides a refuge at times of suppressed industrial demand supported by responsible marketing by industry stakeholders. Chinese jewellery demand growth appears to be slowing down in 2010 as Platinum prices continue to rise. However, overall Chinese imports of Platinum are still rising strongly, suggesting that strategic investment and/or other end-uses are more than offsetting the impact of higher prices on jewellery this year. Elsewhere in the world jewellery demand seems to be holding steady but higher prices may put a damper on growth.

Investment demand – becoming an increasingly important price driver

The introduction of ETFs in recent years has added a new dynamic to the market, particularly in 2010 with the addition of the US ETFs. Investment absorbed excess inventory in late 2009 and so far in 2010, which would otherwise have placed downward pressure on prices. We therefore expect investment interest to continue to be an increasingly important driver of PGM prices. Investment in the first quarter of 2010 has been strongly supported by the US ETFs which accounted for around 310,000 ounces and 550,000 ounces of Platinum and Palladium demand respectively, as at 31 March 2010.

PGM market outlook – view remains positive

Despite recent mine resumption and expansion announcements, our view of the PGM market outlook remains unchanged. Demand is increasing more rapidly than anticipated while the depressed Rand PGM basket price in late 2008 and 2009 squeezed industry profitability and cash flow, with short term under-investment being the consequence. We therefore anticipate that supply will struggle to keep up with recovering demand from this year onwards.

For 2010, we expect investment demand to remain strong, with industrial demand gradually improving, leaving the market close to balance. In 2011 and 2012, we expect to see a more significant upturn in industrial demand, and a slower supply response, thereby shifting the market into deficit.

In the longer term, we anticipate that future PGM demand opportunities will arise from on-going tightening of emissions legislation, particularly for off-road vehicles and from stationary fuel cell technology. As a result of all of these factors, PGM markets are structurally compelling and the long term fundamentals attractive.

Board changes

On 11 March 2010, we announced the appointment of Dr Len Konar as a non executive Director of the Company. Len is a highly respected businessman in South Africa and we look forward to his contribution to the development of Lonmin in the coming years and in supporting us to address the continuing challenges of transformation in our South African operations.

It has also been announced today that Mahomed Seedat, currently Chief Operating Officer, will be appointed to the Board as a non executive Director with effect from 1 January 2011. He will remain in his executive position until then. Mahomed has a wealth of experience in the mining industry and operating in South Africa and we look forward to him joining the Board.

The search for a South African based Chief Financial Officer to replace Alan Ferguson is well underway and we expect to make an appointment well before the end of the 2010 financial year. We have also made good progress in planning for the relocation of our operational headquarters to Johannesburg and this process is expected to be completed by the end of the 2010 calendar year. As a result of this transition, we have also taken the opportunity to review the organisational structure in South Africa in order to enable faster and more efficient decision-making.

Employees' contribution

Finally, I would like to express my sincere gratitude to all of our employees, contractors and community members for supporting Lonmin in safely delivering a steady performance in the first half of 2010.

Ian Farmer
Chief Executive
9 May 2010

Financial Review

Introduction

The first six months of 2010 have been impacted by three significant factors:

- PGM pricing: prices were severely impacted by the global recession in the first half of 2009 which saw the PGM basket price fall to just $699 per ounce. As reported at the 2009 year end, the second half of 2009 saw a recovery in prices with the PGM basket increasing by 23% to $861 per ounce. This recovery has continued in the first half of 2010 with the basket price increasing a further 24% from the second half of 2009 to $1,068 per ounce resulting in a 53% increase, or $227 million of incremental revenue, over the first half of last year.

- Foreign exchange: the average daily exchange rate for the Rand to the US Dollar is significantly stronger in the first six months of 2010 with a rate of R7.48/$ compared to a rate of R9.91/$ in the first six months of 2009. This 25% increase has adversely impacted operating profits by $109 million which has offset some of the pricing benefits. During 2009 the exchange rate was particularly volatile with the exchange rate in the first half of R9.91/$ moving to R8.10/$ in the second half.

- Cost control: in the first half of 2009 a major restructuring programme was carried out which resulted in the closure of unprofitable operations and a reduction in the cost base for ongoing operations.

    - The restructuring of ongoing operations was largely implemented at the end of March 2009. Hence, in the first six months of 2010 the cost base has benefited fully from this restructuring with a saving of $41 million compared to the first half of 2009. The saving from the reduction in the ongoing cost base has essentially offset the impact of cost escalation, which was circa 10% for labour.
    - In the first half of 2010 we also saved $27 million from closed operations in comparison to the first half of 2009.
    - Total labour cost savings in the last 12 months, as a result of the restructuring undertaken, amount to at least $110 million which compares to our forecast at the time of $90 million. Although the upside was impacted by the strengthening of the Rand we delivered more than forecast in Rand terms.

- It should be noted that there will be relatively little cost benefit from the restructuring when comparing the second half of 2010 to the second half of 2009. In the second half of 2010 Rand costs are expected to increase from the levels in the first half of 2010 due to: the resumption of opencast operations at Marikana; utility costs; the smelter rebuild and higher volumes which will impact on variable costs. Despite these factors we maintain our guidance that the full year total South African costs in Rand will increase less than South African inflation.

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 ended 30 September 2010. 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.

Analysis of results

Income Statement

The $168 million movement between the underlying operating profit of $70 million in the six months to 31 March 2010 and the underlying operating loss of $98 million for the six months to 31 March 2009 is given below. This substantial increase in profitability reflects a high proportion of price increases flowing through to the bottom line as a result of good cost control and is despite the significant adverse impact of a stronger Rand.

	$m
Year to 31 March 2009 reported operating loss	(142)
Year to 31 March 2009 special items	44
Year to 31 March 2009 underlying operating loss	(98)
PGM price	227
PGM volume	8
PGM mix	(10)
Revenue changes	225
Cost changes (including foreign exchange impact)	(57)
Year to 31 March 2010 underlying operating profit	70
Year to 31 March 2010 special items	(5)
Year to 31 March 2010 reported operating profit	65

Revenue

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

	6 months to 31.03.10 $/oz	6 months to 30.09.09 $/oz	6 months to 31.03.09 $/oz	31.03.10 vs 31.03.09 %
Platinum	1,489	1,202	947	57.2
Palladium	400	252	192	108.3
Rhodium	2,332	1,515	1,650	41.3
PGM basket	1,068	861	699	52.8

This improvement has been driven by new ETFs which were launched in the US for Platinum and Palladium during the first half of 2010 and by a limited recovery in vehicle and industrial demand. These significant price increases have given rise to $227 million additional revenue in the period. It should be noted, however, that in Rand terms the basket price increased by only 15.7% compared to the first half of 2009 to R8,077 per PGM ounce due to a 24.5% strengthening of the Rand.

PGM sales volume for the six months to 31 March 2010 at 593,529 ounces was 9,656 PGM ounces or 1.7% up on the first six months of last year despite the loss of some 51,000 PGM ounces from the suspension of mining at Limpopo and from opencast and 17,000 PGM ounces from W1 and B3 shafts at Marikana which were closed having reached the end of their productive lives. This increase has been achieved through the ramp-up of activity at Hossy and Saffy and good improvements in grade and recovery. The net improvement in PGM volumes contributed $8 million additional revenue in the period. The mix of metals sold resulted in an adverse impact to revenue of $10 million due to the mix of Platinum and Rhodium. This mix decrease was mainly due to metal-in-process inventory timing differences. Total revenue of $661 million is $225 million higher than in the six months to 31 March 2009.

Cost changes

Total South African Rand gross operating costs in the first half of 2010 at R4.4 billion are R0.2 billion lower than the comparative period despite a 10% wage increase. In reported Dollar terms, however, decreases in operating costs were more than offset by adverse foreign exchange effects due to the strong Rand in the period as shown in the table below.

	$m
6 months to 31 March 2009 – underlying costs	534
Increase / (decrease)	
Marikana underground mining	8
Concentrating and processing	7
Overhead costs	(14)
Savings from closed operations (Limpopo and Marikana opencast)	(27)
Operating costs	(26)
Pandora ore purchases	(9)
Metal stock movement	(22)
Foreign exchange	109
Depreciation	5
Cost changes (including foreign exchange impact)	57
6 months to 31 March 2010 – underlying costs	591

Marikana underground mining costs increased slightly in the period with the escalation in labour costs and utilities exceeding the benefits from labour restructuring of $15 million and savings in consumables and services of $13 million. The costs of Hossy and Saffy shafts increased by $15 million, or 24.5%, with volumes increasing by 43.1%. However, this was partially offset by a $7 million saving in the conventional shafts which largely arose as a result of the closure of W1 and B3.

Despite restructuring savings of $5 million, concentrator and processing costs were adverse by $7 million. This was due to the purchase of base metal rich concentrate from Anglo Platinum to help maintain an appropriate blend of material in the smelter and incremental toll treatment costs.

Overhead costs were $14 million lower than the first six months of 2009. Restructuring has saved approximately $10 million with savings made at the London and South African offices together with a reduction in Exploration spend. These have partially been offset by labour escalation, an increase in share based payment charges and a $1 million charge in relation to the new Mining Royalty which came into effect on 1 March 2010.

Costs have also reduced by $27 million following the cessation of production at Marikana opencast and Limpopo. For Limpopo the saving was $9 million due to the shaft going on care and maintenance effectively from December 2009. Marikana opencast was closed in December 2009 and the current period costs are $18 million lower. As noted above Marikana opencast operations will resume in the second half of 2010 and circa R250 million of cost is expected to be incurred in this period.

The cost of ore purchased from the Pandora joint venture is $9 million lower than the prior period with the volume reduction from the cessation of opencast operations more than offsetting the market related increase in pricing.

There was a $22 million favourable impact on operating profit, excluding exchange impacts, from the movement on metal stocks due to a larger increase in stock volumes in the first half of 2010.

Foreign exchange has been a very significant factor with a $109 million adverse impact. This mainly arose from the translation of costs into Dollars with the effective Rand exchange rate strengthening by 22.1% to give an adverse variance of $144 million. In addition the translation of Rand monetary working capital balances gave rise to an adverse impact of $45 million. The strengthening Rand, however, increased the Dollar value of stocks held generating a favourable $80 million which partially offset the above.

In summary total South African Rand gross operating costs at R4.4 billion are R0.2 billion lower than the first half 2009 despite a 10% wage increase. This reflects the final benefits of the March 2009 restructuring programme, the impact of closed operations and the benefit of a much improved cost control culture throughout the organisation. We continue to expect that Rand gross costs will increase by less than local inflation for the full 2010 financial year.

Cost per PGM ounce

The cost per PGM ounce produced by Marikana operations for the six months to 31 March 2010 at R6,535 fell by 4.9% compared to the six months to 31 March 2009. This is the first time cost per ounce has fallen versus a comparable period since this metric was introduced in 2005. This improvement has essentially been achieved by holding costs flat and increasing production through the improvements in head grade and recovery. This clearly demonstrates the benefits of the many programmes initiated in the last 18 months to improve the operational health of the business.

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

Special operating costs

In the six months to 31 March 2009 $44 million of costs were recognised relating to the restructuring of the business which was implemented at the end of the period. These costs reflected charges associated with the reduction of employees together with the abnormal operating costs for Limpopo operations, subsequent to the announcement of closure, and the cost of the restructuring programme itself.

In 2010 special operating costs of $5 million were charged relating to the move of the operational headquarters from London to South Africa. We are only part way through this change and this initial charge mainly relates to the expected cost of reducing the London office staff numbers. The principal objective of this change is to improve operational effectiveness. This move is expected to be completed in the last quarter of this calendar year.

Impairment of available for sale financial assets

The Group holds listed investments which are marked to market. In the six months to 31 March 2009, given the state of the financial markets, the value of these investments had fallen below original acquisition cost and this resulted in a $39 million impairment which was taken to the income statement, effectively rebasing the cost of acquisition. In the second half of 2009 there was a $9 million recovery in value and this gain was taken directly to equity. In the six months to March 2010 the value of these investments has increased by $5 million and this was also recognised directly in equity.

Summary of net finance income / (costs)

	Six months to 31 March	
	2010	2009
	$m	$m
Net bank interest and fees	(22)	(8)
Capitalised interest payable and fees	23	10
Exchange	6	(26)
Other	1	0
Net finance income / (costs)	8	(24)

Net bank interest and fees are $14 million higher than the comparative period. The key reason for the increase was an $10 million increase in bank fees expensed arising on the refinancing and waiver of covenants agreed at the end of financial year 2009. Net interest payable also increased by $4 million reflecting the higher margins charged in the more challenging credit environment. The volatility and significant weakening of the Rand against the US Dollar at times during the six months to 31 March 2009 had a marked impact on Rand cash balances held for operational and funding purposes. This resulted in $24 million of exchange losses on net debt which was the main component of the $26 million charge in the prior period. A small exchange gain on net debt of $3 million occurred in the six months to 31 March 2010 reflecting more stable conditions together with a $3 million exchange gain on other receivables. The total net finance income of $8 million for the six months to 31 March 2010 was therefore $32 million favourable to the six months to 31 March 2009.

Share of profit of equity accounted investments

The share of profit from the associate and joint venture has declined by $5 million from $9 million in the six months to 31 March 2009. This was due to the share of Pandora profits falling by $3 million as a result of lower volumes, with the ending of opencast operations, and reduced profits from Incwala with minimal dividends paid.

Profit / (loss) before tax and earnings

Reported profit before tax for the six months to 31 March 2010 at $77 million is $273 million better than the prior period. This increase comprises a $207 million improvement in reported operating profit, a $39 million favourable variance on impairment, a $32 million benefit on net finance costs and the $5 million reduction in the Group's share of profit from the associate and joint venture.

Reported tax for the current period was a charge of $42 million. This included exchange losses on the translation of Rand denominated tax balances with underlying tax of $31 million being charged at an effective rate of 55%. The underlying charge largely reflects deferred tax being recognised on accelerated capital allowances with minimal current tax in the period due to losses and unredeemed capital allowances brought forward. Secondary tax charges were also immaterial in the period with low dividends paid to minorities.

Profit for the six months to 31 March 2010 attributable to equity shareholders amounted to $30 million (2009 – loss $112 million) and the earnings per share was 15.5 cents compared with a loss per share of 67.9 cents in 2009. Underlying earnings per share, being earnings excluding special items, amounted to 22.8 cents (2009 – underlying loss per share 47.9 cents). The loss per share figures in the six months to 31 March 2009 has been adjusted to reflect the effect of the Rights Issue which completed in June 2009.

Balance sheet

A reconciliation of the movement in equity shareholders' funds for the six months to 31 March 2010 is given below.

	$m
Equity shareholders' funds as at 1 October 2009	2,417
Total comprehensive income and expense	32
Transfer to reserve for own shares	14
Share based payments and shares issued	4
Equity shareholders' funds as at 31 March 2010	2,467

Equity shareholders' funds during the period increased by $32 million due to the recognition of $30 million attributable profit and sundry movements in comprehensive income. This was further augmented by a transfer of accruals for share based payments to the reserve for own shares as the directors decided to settle all award schemes with equity having obtained shareholder consent to allow formerly cash settled schemes to be settled by equity.

Net debt at $250 million has increased by $137 million since the 2009 year end. This is a result of payments to Impala of $59 million, under vendor financing indemnities given on the setting up of Incwala, together with adverse working capital movements described below. Lonmin expects that net debt at the end of financial year 2010 will be lower than at the half year as sales are forecast to be significantly higher in the second half.

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 7% at 31 March 2010 and 17% at 31 March 2009.

Cash flow

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

	Six months to 31 March	
	2010	2009
	$m	$m
Operating profit / (loss)	65	(142)
Depreciation and amortisation	52	47
Changes in working capital	(46)	146
Other	15	(13)
Cash flow generated from operations	86	38
Interest and finance costs	(24)	(7)
Tax	(2)	(48)
Trading cash inflow / (outflow)	60	(17)
Capital expenditure	(132)	(106)
Dividends paid to non-controlling interests	(11)	(17)
Free cash outflow	(83)	(140)
Indemnity payments re Incwala	(59)	-
Shares issued	1	15
Equity dividends received	-	3
Cash outflow	(141)	(122)
Opening net debt	(113)	(303)
Foreign exchange	3	(24)
Unamortised fees	1	-
Closing net debt	(250)	(449)
Trading cash inflow / (outflow) (cents per share)	31.1c	(10.3)c
Free cash outflow (cents per share)	(43.0)c	(84.9)c

Note: Trading cash flow per share and free cash flow per share have been restated for the effects of the Rights Issue.

Cash flow generated from operations in the six months to 31 March 2010 was positive, at $86 million, despite being impacted by working capital outflows of $46 million. Working capital was adverse due to inventory balances which increased by $82 million reflecting a stock build up, compared to a stock release in the prior period and creditor balances falling by $32 million although these were partially offset by a reduction of $68 million on debtors. Compared to the prior period cash flow generated from operations was up $48 million, with the $207 million improvement in profitability was offset by the $192 million turnaround in the working capital position.

Trading cash inflow for the period amounted to $60 million against a $17 million outflow in the comparative six months. The cash flow on interest and finance costs increased due to the payment of arrangement fees on the renegotiation of bank facilities which occurred at the end of the 2009 financial year. The tax payment in 2009 represented the final on account payment in respect of 2008 profits and a limited outflow of secondary taxes in respect of the dividend. Following the difficult trading conditions in 2009 tax payments in 2010 have been de-minimis. The trading cash inflow per share was 31.1 cents in the six months to 31 March 2010 against a 10.3 cents outflow in the six months to 31 March 2009 as restated for the Rights Issue.

Capital expenditure cash flow at $132 million was $26 million above the prior period (with capital creditors reducing by $26 million). In Mining the expenditure incurred was focused on development of the operations at Hossy and Saffy, equipping and development at K4, investment in sub-declines at K3 and Rowland and developing Newman opencast. In the Process Division spend was focused at the concentrators. For the 2010 full year our guidance for capital expenditure incurred remains at up to $270 million. We continue to monitor the balance between the need to invest for future production with the requirement to maintain a strong balance sheet.

Dividends paid to minorities in the period at $11 million were $6 million lower than the prior six months and reflected the minimum payment required to service loan facilities in Incwala.

Free cash outflow at $83 million was $57 million favourable to the prior period with the free cash outflow per share of 43.0 cents improving by 41.9 cents over the comparative period. As reported at the 2009 final results the Directors decided not to declare a dividend and consequently no equity dividend cash outflow occurred in the period.

After the effect of the $59 million paid to Impala, as described above, the overall cash outflow for the six months to 31 March was $141 million which increased net debt accordingly.

Events after the balance sheet date

As announced, Shanduka Resources (Proprietary) Limited ("Shanduka") has agreed to acquire a majority stake in Incwala Resources (Proprietary) Limited, Lonmin's Black Economic Empowerment partner. The Board believes Shanduka is a high-quality empowerment partner and to ensure that our empowerment company operates on a financially stable footing Lonmin will provide funding of approximately £206 million (at R11.3/£), on commercial terms, to Shanduka to facilitate the transaction. The existing HDSA receivables in respect of Incwala of $91 million (circa £61 million) will form part of this loan. The loan will be provided through a combination of an equity placement, with the balance coming from existing financial resources. As the loan also encompasses participation in potential value gains for Lonmin shareholders it is expected that a derivative will be recognised which will give rise to volatility in reported results through a non cash movement in the future. When this transaction completes certain contingent liabilities to the value of $45 million will fall away.

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. The Group also has a number of contingent liabilities.

These factors are the critical ones to take into consideration when addressing Going Concern. As is clear from the following paragraphs, we are in a strong position. 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.

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.

In the half year we extended the R1.75 billion revolving credit facility which now matures in November 2011(previously this was a multi-currency $175 million facility which matured in November 2010). In addition, as previously noted, all EBITDA covenants at March 2010 were waived as well as the net debt to EBITDA covenants at September 2010. Our relationship banks continue to show clear confidence in our business and we fully expect this support to continue.

As at 30 September 2009, we had net debt of $113 million. At 31 March 2010, net debt had increased to $250 million, comprising $355 million of drawn down facilities net of $92 million of cash and equivalents and $13 million of unamortised bank fees. This represents an increase in net debt from 30 September 2009 of $137 million, with $59 million of this resulting from some of the Incwala contingent liabilities crystallising in the period.

Lonmin has $940 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 $150 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 starting in July 2010, with a final repayment of $50 million in November 2012;
- The margin on both these facilities is 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, to be next tested in March 2011; a minimum EBITDA/net interest ratio of 4.0 times, to be next tested in September 2010; and a maximum net debt/tangible net worth ratio of 0.75 times, tested in March 2010, and moving to 0.7 times on a semi-annual basis thereafter;

- 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 $300 million term loan which expires in mid 2013; and
- Key covenants in both these South African facilities are consistent and are tested at the WPL / EPL 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. We have successfully secured a covenant waiver for the net debt / EBITDA ratio at 31 March 2010 and 30 September 2010 and the EBITDA / net interest ratio at 31 March 2010 in both the R1.75 billion revolving credit facility and the $300 million term loan.

An effective funding rate of circa 6% is anticipated for the financial year.

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.

Interest rate risk

Currently, the bulk of our outstanding borrowings are in US Dollars and at floating rates of interest. Given current market rates, this position is not considered to be high risk at this point in time. 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

Most of the Group's operations are 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. Excess cash is normally remitted to the UK on a regular basis. 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.

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. 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.

Fiscal risk

The South African Government introduced a new Mining Royalty on 1 March 2010. The impact on the first half of 2010 has therefore been minimal. The Royalty is calculated based on a percentage of Gross Sales. The percentage is calculated using a formula depending on whether the Company sells concentrate, ore or refined products. The Royalty formula is subject to a minimum royalty rate of 0.5%, which will be applicable if the formula calculation results in a rate of less than 0.5%.

The formula for refined products is:

$$\% \text{ of Gross Sales} = \left(\frac{\text{Adjusted EBIT*}}{\text{Gross Sales} \times 12.5} \times 100\right) + 0.5$$

* Adjusted EBIT for the purpose of the Royalty calculation is statutory EBIT adjusted for, amongst other things, depreciation and a capital deduction based on Mining Tax rules.

Contingent liabilities

The contingent liabilities of the Group total some $74 million which has fallen by $57 million from 30 September 2009 mainly due to Impala calling guarantees worth R442 million ($59 million) in the period. This resulted in the recognition of an HDSA receivable (which is backed by a counter indemnity). Full details of the remaining contingent liabilities are disclosed in note 10 to the Interim Financial Statements although it should be noted that on completion of the Shanduka transaction the contingent liabilities will fall by $45 million to $29 million with only the Impala indemnities and third party guarantees, which do not relate to Incwala, remaining.

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 27 to 29 of the 2009 Annual Report, available from the Company's website, www.lonmin.com.

Alan Ferguson
Chief Financial Officer
9 May 2010

Operating Statistics

			Units	6 months to 31 March 2010	6 months to 31 March 2009
Tonnes mined	Marikana	Underground - total	000	5,142	5,258
		Underground - conventional	000	4,276	4,654
		Underground - Hossy & Saffy [1]	000	866	605
		Opencast	000	7	229
		Total	000	5,150	5,488
	Limpopo	Total - Underground	000	-	87
	Pandora attributable [2]	Underground	000	77	71
		Opencast	000	-	110
		Total	000	77	181
	Lonmin Platinum	**Underground**	**000**	**5,220**	**5,417**
		Opencast	**000**	**7**	**339**
		Total	**000**	**5,227**	**5,756**
Tonnes milled [3]	Marikana	Underground	000	4,899	5,124
		Opencast	000	61	194
		Total	000	4,961	5,319
	Limpopo	Total - Underground	000	-	92
	Pandora [4]	Underground	000	167	168
		Opencast	000	-	251
		Total	000	167	419
	Lonmin Platinum	Underground	000	5,066	5,384
		Head grade [5]	g/t	4.74	4.57
		Recovery rate [6]	%	84.6	80.8
		Opencast	000	61	445
		Head grade [5]	g/t	1.96	4.68
		Recovery rate [6]	%	42.3	70.6
		Total	**000**	**5,128**	**5,829**
		Head grade [5]	**g/t**	**4.71**	**4.58**
		Recovery rate [6]	**%**	**84.4**	**80.0**

				6 months to 31 March 2010	6 months to 31 March 2009
Metals in concentrate [7]	Marikana	Platinum	oz	310,603	308,617
		Palladium	oz	145,175	143,110
		Gold	oz	6,490	7,057
		Rhodium	oz	43,802	43,000
		Ruthenium	oz	66,893	66,454
		Iridium	oz	14,634	14,520
		Total PGMs	oz	587,598	582,759
		Nickel [8]	MT	1,276	1,321
		Copper [8]	MT	794	825
	Limpopo	Platinum	oz	-	3,770
		Palladium	oz	-	3,331
		Gold	oz	-	243
		Rhodium	oz	-	487
		Ruthenium	oz	-	688
		Iridium	oz	-	159
		Total PGMs	oz	-	8,679
		Nickel [8]	MT	-	76
		Copper [8]	MT	-	54
	Pandora [4]	Platinum	oz	11,261	25,754
		Palladium	oz	5,276	11,601
		Gold	oz	77	202
		Rhodium	oz	1,782	3,566
		Ruthenium	oz	2,693	5,216
		Iridium	oz	455	971
		Total PGMs	oz	21,545	47,310
		Nickel [8]	MT	17	25
		Copper [8]	MT	10	15
	Lonmin Platinum	**Platinum**	**oz**	**321,864**	**338,142**
		Palladium	**oz**	**150,451**	**158,042**
		Gold	**oz**	**6,567**	**7,503**
		Rhodium	**oz**	**45,584**	**47,053**
		Ruthenium	**oz**	**69,586**	**72,358**
		Iridium	**oz**	**15,089**	**15,649**
		Total PGMs	**oz**	**609,142**	**638,748**
		Nickel [8]	**MT**	**1,293**	**1,422**
		Copper [8]	**MT**	**804**	**894**

				6 months to 31 March 2010	6 months to 31 March 2009
Metallurgical production	Lonmin refined metal production [12]	Platinum	oz	291,742	317,904
		Palladium	oz	150,292	147,393
		Gold	oz	7,437	8,647
		Rhodium	oz	42,945	44,688
		Ruthenium	oz	72,749	72,952
		Iridium	oz	20,423	12,479
		Total PGMs	oz	585,588	604,063
	Toll refined metal production	Platinum	oz	179	315
		Palladium	oz	63	-
		Gold	oz	-	-
		Rhodium	oz	809	573
		Ruthenium	oz	512	1,009
		Iridium	oz	-	184
		Total PGMs	oz	1,562	2,081
	Total refined PGMs	**Platinum**	**oz**	**291,921**	**318,219**
		Palladium	**oz**	**150,355**	**147,393**
		Gold	**oz**	**7,437**	**8,647**
		Rhodium	**oz**	**43,754**	**45,261**
		Ruthenium	**oz**	**73,261**	**73,961**
		Iridium	**oz**	**20,423**	**12,663**
		Total PGMs	**oz**	**587,150**	**606,145**
	Base metals	**Nickel [9]**	**MT**	**1,550**	**1,632**
		Copper [9]	**MT**	**904**	**1,079**

Sales	Refined metal sales	Platinum	oz	291,922	313,671
		Palladium	oz	150,354	147,184
		Gold	oz	7,413	9,318
		Rhodium	oz	47,301	38,739
		Ruthenium	oz	75,871	67,501
		Iridium	oz	20,667	12,500
		Total PGMs	oz	593,529	588,913
	Concentrate and other [10]	Platinum	oz	-	(1,818)
		Palladium	oz	-	(3,222)
		Gold	oz	-	-
		Rhodium	oz	-	-
		Ruthenium	oz	-	-
		Iridium	oz	-	-
		Total PGMs	oz	-	(5,039)
	Lonmin Platinum	**Platinum**	**oz**	**291,922**	**311,853**
		Palladium	**oz**	**150,354**	**143,962**
		Gold	**oz**	**7,413**	**9,318**
		Rhodium	**oz**	**47,301**	**38,739**
		Ruthenium	**oz**	**75,871**	**67,501**
		Iridium	**oz**	**20,667**	**12,500**
		Total PGMs	**oz**	**593,529**	**583,873**
		Nickel [9]	**MT**	**1,386**	**1,368**
		Copper [9]	**MT**	**1,006**	**907**

				6 months to 31 March 2010	6 months to 31 March 2009
Average prices		Platinum	$/oz	1,489	947
		Palladium	$/oz	400	192
		Gold	$/oz	1,125	871
		Rhodium	$/oz	2,332	1,650
		Ruthenium	$/oz	154	124
		Iridium	$/oz	421	393
		Basket price of PGMs [11]	$/oz	1,068	699
		Basket price of PGMs [11]	R/oz	8,077	6,984
		Nickel [9]	$/MT	15,844	15,721
		Copper [9]	$/MT	6,417	6,062

Exchange Rate	Average rate for period [13]	R/$	7.48	9.91
	Closing rate	R/$	7.28	9.49

Footnotes:

1 Hossy and Saffy are replacement/growth shafts in ramp up. Hossy is fully mechanised whilst Saffy has conventional stoping but mechanised development. In previous production reports this section showed all M&A/Hybrid mining. All comparatives have been restated.

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 include metal derived from slag processing and have been calculated at industry standard downstream processing losses to present produced saleable ounces.

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.

10 Concentrate and other sales essentially relates to BMR concentrate and BMR/PMR residues.

11 Basket price of PGMs is based on the revenue generated from the actual PGMs (5PGE + Au) sold in the period.

12 Lonmin refined metal production and sales include an estimated 5koz saleable ounces of Platinum produced from toll refining third party concentrate (2009 - nil).

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

		6 months to 31 March 2010	6 months to 31 March 2009
Capital Expenditure [1]	Rm	793	1,001
	$m	106	101
Group cost per PGM ounce sold [2]			
Mining – Marikana	R/oz	4,354	4,712
Mining – Limpopo	R/oz	-	7,404
Mining – (weighted average)	R/oz	4,354	4,751
Concentrating – Marikana	R/oz	845	817
Concentrating - Limpopo	R/oz	-	1,820
Concentrating – (weighted average)	R/oz	845	831
Process division	R/oz	785	827
Shared business services	R/oz	551	547
C1 cost per PGM ounce produced	R/oz	6,535	6,956
Stock movement	R/oz	(432)	103
C1 cost per PGM ounce sold before base metal credits	R/oz	6,103	7,059
Base metal credits	R/oz	(373)	(508)
C1 costs per PGM ounce sold after base metal credits	R/oz	5,730	6,551
Amortisation	R/oz	550	430
C2 costs per PGM ounce sold	R/oz	6,280	6,981
Pandora mining costs:			
C1 Pandora mining costs (in joint venture)	R/oz	4,763	3,004
Pandora JV cost/ounce produced to Lonmin (adjusting Lonmin share of profit)	R/oz	7,021	4,537

Footnotes:

1 Capital expenditure is the aggregate of the purchase of property, plant and equipment and intangible assets (excludes capitalised interest). The figures previously reported in the prior period reflected the cash flow amount but these have been restated to reflect expenditure on an accrued basis excluding capitalised interest.

2 It should be noted that with the restructuring of the business in 2009 the cost allocation between business units has been changed and, therefore, whilst the total is on a like-for-like basis, individual line items are not totally comparable.

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 2010 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 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Lynton Richmond

for and on behalf of KPMG Audit Plc
Chartered Accountants, London
9 May 2010

Consolidated income statement

for the 6 months to 31 March 2010

Continuing operations	Note	6 months to 31 March 2010 Underlying [i] $m	Special items (note 3) $m	6 months to 31 March 2010 Total $m	6 months to 31 March 2009 Underlying [i] $m	Special items (note 3) $m	6 months to 31 March 2009 Total $m	Year ended 30 Sep 2009 Underlying [i] $m	Special items (note 3) $m	Year ended 30 Sep 2009 Total $m
Revenue	2	**661**	**-**	**661**	436	-	436	1,062	-	1,062
EBITDA / (LBITDA) [ii]	2	**122**	**(5)**	**117**	(51)	(44)	(95)	1	(49)	(48)
Depreciation, amortisation and impairment		**(52)**	**-**	**(52)**	(47)	-	(47)	(94)	-	(94)
Operating profit / (loss) [iii]	2	**70**	**(5)**	**65**	(98)	(44)	(142)	(93)	(49)	(142)
Impairment of available for sale financial assets		**-**	**-**	**-**	-	(39)	(39)	-	(39)	(39)
Finance income	4	**11**	**-**	**11**	3	-	3	9	-	9
Finance expenses	4	**(3)**	**-**	**(3)**	(27)	-	(27)	(28)	(73)	(101)
Share of profit of equity accounted investments		**4**	**-**	**4**	9	-	9	1	-	1
Profit / (loss) before taxation		**82**	**(5)**	**77**	(113)	(83)	(196)	(111)	(161)	(272)
Income tax (expense) / income [iv]	5	**(31)**	**(11)**	**(42)**	16	53	69	(18)	(33)	(51)
Profit / (loss) for the period		**51**	**(16)**	**35**	(97)	(30)	(127)	(129)	(194)	(323)
Attributable to:										
-Equity shareholders of Lonmin Plc		**44**	**(14)**	**30**	(79)	(33)	(112)	(103)	(182)	(285)
-Non-controlling interests		**7**	**(2)**	**5**	(18)	3	(15)	(26)	(12)	(38)
Earnings / (loss) per share (restated) [vi]	6	**22.8c**		**15.5c**	(47.9)c		(67.9)c	(59.2)c		(163.7)c
Diluted earnings / (loss) per share [v] (restated) [vi]	6	**22.8c**		**15.5c**	(47.9)c		(67.9)c	(59.2)c		(163.7)c

Footnotes:

i Underlying excludes one-off restructuring and reorganisation costs and foreign exchange on tax balances. For the 6 month period to 31 March 2009, in addition to restructuring costs and foreign exchange on tax balances, underlying also excludes impairment of available for sale financial assets. For the year ended 30 September 2009, underlying also excludes losses on forward exchange contracts in respect of the Rights Issue, foreign exchange losses on Rights Issue proceeds and the movement in fair value of the derivative liability in respect of the Rights Issue.

ii EBITDA / (LBITDA) is operating profit / (loss) before depreciation, amortisation and impairment of goodwill, intangibles and property, plant and equipment.

iii Operating profit / (loss) 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) / income relates substantially to overseas taxation and includes exchange losses of $10 million (6 months to 31 March 2009 - exchange gains of $50 million, year ended 30 September 2009 - exchange losses of $38 million) as disclosed in note 5.

v Diluted earnings / (loss) per share are based on the weighted average number of ordinary shares in issue adjusted by dilutive outstanding share options. In the 6 months to 31 March 2009 and the year ended 30 September 2009 outstanding share options were anti-dilutive and so have been excluded from diluted earnings per share in accordance with IAS 33 - *Earnings Per Share*.

vi During the prior year the Group undertook a Rights Issue of shares. As a result the loss per share and diluted loss per share for both the 6 months to 31 March 2009 and the year ended 30 September 2009 have been adjusted to the date of issue to reflect the bonus element of the Rights Issue as disclosed in note 6.

Consolidated statement of comprehensive income

for the 6 months to 31 March 2010

	6 months to 31 March 2010	6 months to 31 March 2009	Year ended 30 September 2009
	$m	$m	$m
Profit / (loss) for the period	**35**	(127)	(323)
Other comprehensive income / (expense):			
Change in fair value of available for sale financial assets	**5**	(23)	9
Net change in fair value of cash flow hedges	**(5)**	10	5
Gains on settled cash flow hedges released to the income statement	**(1)**	(14)	(24)
Foreign exchange on retranslation of equity accounted investments	**-**	5	6
Deferred tax on items taken directly to the statement of comprehensive income	**2**	7	6
Total comprehensive income / (expense) for the period	**36**	(142)	(321)
Attributable to:			
- Equity shareholders of Lonmin Plc	**32**	(126)	(280)
- Non-controlling interests	**4**	(16)	(41)
	36	(142)	(321)

Consolidated statement of financial position
as at 31 March 2010

	Note	**As at 31 March 2010 $m**	As at 31 March 2009 $m	As at 30 September 2009 $m
Non-current assets				
Goodwill		**113**	113	113
Intangible assets		**977**	956	964
Property, plant and equipment		**2,107**	1,950	2,036
Equity accounted investments		**163**	174	159
Available for sale financial assets		**73**	34	68
Other receivables	10	**91**	18	25
		3,524	3,245	3,365
Current assets				
Inventories		**353**	285	271
Trade and other receivables		**220**	112	287
Assets held for sale		**-**	6	6
Tax recoverable		**-**	-	1
Derivative financial instruments		**-**	16	1
Cash and cash equivalents	8	**92**	82	282
		665	501	848
Current liabilities				
Overdraft	8	**-**	(6)	-
Trade and other payables		**(277)**	(239)	(337)
Interest bearing loans and borrowings	8	**(45)**	-	(58)
Derivative financial instruments		**(5)**	-	-
Tax payable		**(12)**	(9)	(10)
		(339)	(254)	(405)
Net current assets		**326**	247	443
Non-current liabilities				
Employee benefits		**(1)**	(11)	(11)
Interest bearing loans and borrowings	8	**(310)**	(525)	(349)
Deferred tax liabilities		**(614)**	(457)	(579)
Provisions		**(78)**	(48)	(67)
		(1,003)	(1,041)	(1,006)
Net assets		**2,847**	2,451	2,802
Capital and reserves				
Share capital	9	**193**	157	193
Share premium	9	**777**	320	776
Other reserves		**85**	97	89
Retained earnings		**1,412**	1,463	1,359
Attributable to equity shareholders of Lonmin Plc		**2,467**	2,037	2,417
Attributable to non-controlling interests		**380**	414	385
Total equity		**2,847**	2,451	2,802

Consolidated statement of changes in equity
for the 6 months to 31 March 2010

	Equity shareholders' funds						
	Called up share capital $m	Share premium account $m	Other reserves [ii] $m	Retained earnings $m	Total $m	Non-controlling interests [iii] $m	Total equity $m
At 1 October 2008	156	305	100	1,586	2,147	447	2,594
Loss for the period	-	-	-	(112)	(112)	(15)	(127)
Comprehensive expense	-	-	(3)	(11)	(14)	(1)	(15)
Change in fair value of available for sale financial assets	-	-	-	(23)	(23)	-	(23)
Net change in fair value of cash flow hedges	-	-	8	-	8	2	10
Gains on settled cash flow hedges released to the income statement	-	-	(11)	-	(11)	(3)	(14)
Foreign exchange gain on retranslation of equity accounted investments	-	-	-	5	5	-	5
Deferred tax on items taken directly to the statement of comprehensive income	-	-	-	7	7	-	7
Items recognised directly in equity	1	15	-	-	16	(17)	(1)
Dividends	-	-	-	-	-	(17)	(17)
Shares issued under the IFC option agreement [i]	1	15	-	-	16	-	16
At 31 March 2009	157	320	97	1,463	2,037	414	2,451
At 1 April 2009	157	320	97	1,463	2,037	414	2,451
Loss for the period	-	-	-	(173)	(173)	(23)	(196)
Comprehensive (expense) / income	-	-	(8)	27	19	(2)	17
Change in fair value of available for sale financial assets	-	-	-	32	32	-	32
Net change in fair value of cash flow hedges	-	-	(4)	-	(4)	(1)	(5)
Gains on settled cash flow hedges released to the income statement	-	-	(9)	-	(9)	(1)	(10)
Foreign exchange gain on retranslation of equity accounted investments	-	-	-	1	1	-	1
Deferred tax on items taken directly to the statement of comprehensive income	-	-	5	(6)	(1)	-	(1)
Items recognised directly in equity	36	456	-	42	534	(4)	530
Share-based payments	-	-	-	2	2	-	2
Dividends	-	-	-	-	-	(4)	(4)
Share capital and share premium recognised on Rights Issue [iv]	35	477	-	-	512	-	512
Rights Issue costs charged to share premium [iv]	-	(21)	-	-	(21)	-	(21)
Exchange gain on shares to be issued [iv]	-	-	-	4	4	-	4
Reversal of fair value movements on derivative liability recognised in respect of Rights Issue [iv]	-	-	-	36	36	-	36
Shares issued on exercise of share options	1	-	-	-	1	-	1
At 30 September 2009	193	776	89	1,359	2,417	385	2,802

Consolidated statement of changes in equity (continued)
for the 6 months to 31 March 2010

	Equity shareholders' funds						
	Called up share capital $m	Share premium account $m	Other reserves [ii] $m	Retained earnings $m	Total $m	Non-controlling interests [iii] $m	Total equity $m
At 1 October 2009	**193**	**776**	**89**	**1,359**	**2,417**	**385**	**2,802**
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)**
Gain 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 [v]	**-**	**-**	**-**	**14**	**14**	**1**	**15**
Shares issued on exercise of share options	**-**	**1**	**-**	**-**	**1**	**-**	**1**
Dividends	**-**	**-**	**-**	**-**	**-**	**(11)**	**(11)**
At 31 March 2010	**193**	**777**	**85**	**1,412**	**2,467**	**380**	**2,847**

Footnotes:

i During the prior year 1,172,583 shares were issued under the International Finance Corporation option agreement. As the shares were issued at a discount only $15 million of cash was received.

ii Other reserves at 31 March 2010 represent the capital redemption reserve of $88 million (31 March 2009 and 30 September 2009 - $88 million) and a $3 million debit hedging reserve net of deferred tax (31 March 2009 - $9 million, 30 September 2009 - $1 million credit hedging reserve net of deferred tax). The movement in the current period represents the movement on the hedging reserve.

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 During the prior year the Group undertook a Rights Issue in which 35,072,129 shares were issued (see note 9).

v During the period the Directors took the decision to settle all award schemes with equity shares. As a result the balance on the liability for own shares relating to previously cash settled schemes was transferred to the reserve for own shares.

Consolidated statement of cash flows
for the 6 months to 31 March 2010

	Note	**6 months to 31 March 2010 $m**	6 months to 31 March 2009 $m	Year ended 30 September 2009 $m
Profit / (loss) for the period		**35**	(127)	(323)
Taxation	5	**42**	(69)	51
Share of profit after tax of equity accounted investments		**(4)**	(9)	(1)
Finance income	4	**(11)**	(3)	(9)
Finance expenses	4	**3**	27	101
Impairment of available for sale financial assets	3	**-**	39	39
Depreciation and amortisation		**52**	47	94
Change in inventories		**(82)**	34	48
Change in trade and other receivables		**68**	214	59
Change in trade and other payables		**(32)**	(102)	(9)
Change in provisions		**8**	(3)	12
Share-based payments		**7**	(10)	(1)
Other non-cash expenses		**-**	-	2
Cash inflow from operations		**86**	38	63
Interest received		**1**	2	3
Interest and bank fees paid		**(25)**	(9)	(34)
Tax paid		**(2)**	(48)	(48)
Cash inflow / (outflow) from operating activities		**60**	(17)	(16)
Cash flow from investing activities				
Investment in joint venture		**-**	-	(5)
Payments made under guarantees given in respect of HDSA investors	10, 11	**(59)**	-	-
Dividend received from associate		**-**	3	3
Purchase of property, plant and equipment		**(132)**	(98)	(221)
Purchase of intangible assets		**-**	(8)	(13)
Cash used in investing activities		**(191)**	(103)	(236)
Cash flow from financing activities				
Dividends paid to non-controlling interests		**(11)**	(17)	(21)
Proceeds from current borrowings	8	**-**	-	58
Repayment of current borrowings	8	**(13)**	-	-
Proceeds from non-current borrowings	8	**-**	-	225
Repayment of non-current borrowings	8	**(39)**	(4)	(405)
Proceeds from Rights Issue	9	**-**	-	516
Costs of Rights Issue	9	**-**	-	(21)
Loss on forward exchange contracts in respect of Rights Issue	9	**-**	-	(33)
Issue of ordinary share capital		**1**	15	16
Cash (used) / generated in financing activities		**(62)**	(6)	335
(Decrease) / increase in cash and cash equivalents	8	**(193)**	(126)	83
Opening cash and cash equivalents	8	**282**	226	226
Effect of exchange rate changes	8	**3**	(24)	(27)
Closing cash and cash equivalents	8	**92**	76	282

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 2010 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. 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 2009.

The comparative figures for the financial year ended 30 September 2009 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 2009 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 2010.

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 2010.

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 year

A number of new standards, amendments to standards and interpretations to IFRS as adopted by the EU that are effective for the current period, have been applied in preparing these consolidated financial statements and have affected the figures being disclosed. The following are of relevance to the Group:

IFRS 8 - *Operating Segments* introduces the management approach to segment reporting. As a result of adopting IFRS 8 the Group's segments have changed from Platinum, Corporate and Exploration to PGM Operations, Evaluation and Exploration. The use of an "other" column and a column for intersegment eliminations provides the required reconciliations back to the consolidated figures.

IAS 1 (amendment) - *Presentation of Financial Statements* affects the presentation of owner changes in equity (with the requirement to present in a statement of changes in equity within the primary statements for all owner changes in equity) and to present a statement of comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs.

IAS 23 (amendment) - *Borrowing Costs* requires that an entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. This is in line with Lonmin's existing policy for capitalising borrowing costs and therefore has no effect on the Group's results.

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

Notes to the accounts (continued)

1 Statement on accounting policies (continued)

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

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

IAS 32 (amendment) - *Classification of Rights Issue* (effective 1 February 2010) allows rights issues which will exchange an entity's own equity for a fixed amount of cash in any currency to be treated as equity if the rights have been offered pro-rata to all existing equity holders. The Rights Issue undertaken by the Group last year meets this criteria, however, as the amendment had not been adopted by the EU at the time of signing the 2009 year end financial statements the amendment could not be applied by the Group. Since the net effect on retained earnings is $nil the Directors have decided not to adopt the amendment early and so not to restate the 2009 comparative figures. This is further explained in note 9 to the interim accounts.

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 in London. The only inter-segment transactions involve the provision of funding between segments and any associated interest.

	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
	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	(1,392)	(278)	(40)	(34)	402	(1,342)
Net assets / (liabilities)	1,715	572	(38)	598	-	2,847
Share of net assets of equity accounted investments	43	-	-	120	-	163
Additions to non-current assets	111	19	-	-	-	130
Material non-cash items – share-based payments	6	-	-	1	-	7

Notes to the accounts (continued)

2 Segmental analysis (continued)

	6 months to 31 March 2009					
	PGM Operations Segment $m	Evaluation Segment $m	Exploration Segment $m	Other $m	Inter-Segment Adjustments $m	Total $m
Revenue (external sales by product)						
Platinum	295	-	-	-	-	295
Palladium	28	-	-	-	-	28
Gold	8	-	-	-	-	8
Rhodium	64	-	-	-	-	64
Ruthenium	8	-	-	-	-	8
Iridium	5	-	-	-	-	5
PGMs	408	-	-	-	-	408
Nickel	22	-	-	-	-	22
Copper	6	-	-	-	-	6
	436	-	-	-	-	436
Underlying [i]:						
(LBITDA) / EBITDA [ii]	(47)	3	(7)	-	-	(51)
Depreciation and amortisation	(47)	-	-	-	-	(47)
Operating (loss) / profit [ii]	(94)	3	(7)	-	-	(98)
Finance income	2	-	-	1	-	3
Finance expenses	(25)	-	-	(2)	-	(27)
Share of profit of equity accounted investments	6	-	-	3	-	9
(Loss) / profit before taxation	(111)	3	(7)	2	-	(113)
Income tax credit	16	-	-	-	-	16
(Loss) / profit after taxation	(95)	3	(7)	2	-	(97)
Total assets	2,821	819	2	373	(269)	3,746
Total liabilities	(1,011)	(238)	(34)	(281)	269	(1,295)
Net assets / (liabilities)	1,810	581	(32)	92	-	2,451
Share of net assets of equity accounted investments	45	-	-	129	-	174
Additions to non-current assets	94	17	-	-	-	111
Material non-cash items – share-based payments	1	-	-	-	-	1

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	742	-	-	-	-	742
Palladium	68	-	-	-	-	68
Gold	17	-	-	-	-	17
Rhodium	148	-	-	-	-	148
Ruthenium	14	-	-	-	-	14
Iridium	10	-	-	-	-	10
PGMs	999	-	-	-	-	999
Nickel	50	-	-	-	-	50
Copper	13	-	-	-	-	13
	1,062	-	-	-	-	1,062
Underlying [i]:						
EBITDA / (LBITDA) [ii]	11	(6)	(11)	7	-	1
Depreciation and amortisation	(94)	-	-	-	-	(94)
Operating (loss) / profit [ii]	(83)	(6)	(11)	7	-	(93)
Finance income	3	-	-	9	(3)	9
Finance expenses	(31)	-	-	-	3	(28)
Share of (loss) / profit of equity accounted investments	(1)	-	-	2	-	1
(Loss) / profit before taxation	(112)	(6)	(11)	18	-	(111)
Income tax expense	(18)	-	-	-	-	(18)
(Loss) / profit after taxation	(130)	(6)	(11)	18	-	(129)
Total assets	3,089	831	-	625	(332)	4,213
Total liabilities	(1,419)	(257)	(35)	(32)	332	(1,411)
Net assets / (liabilities)	1,670	574	(35)	593	-	2,802
Share of net assets of equity accounted investments	39	-	-	120	-	159
Additions to non-current assets	229	29	-	-	-	258
Material non-cash items – share-based payments	4	-	-	-	-	4

Notes to the accounts (continued)

2 Segmental analysis (continued)

Revenue by destination is analysed by geographical area below:

	6 months to 31 March 2010 $m	6 months to 31 March 2009 $m	Year ended 30 September 2009 $m
The Americas	**149**	77	227
Asia	**163**	141	296
Europe	**268**	162	417
South Africa	**81**	56	122
	661	436	1,062

The Group's revenues are all derived from the PGM Operations segment. This segment has two major customers who contributed 70% and 24% of revenue in the 6 months to 31 March 2010, 64% and 31% in the 6 months to 31 March 2009 and 66% and 27% in the year ended 30 September 2009.

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 2010 $m	6 months to 31 March 2009 $m	Year ended 30 September 2009 $m
South Africa	**3,360**	3,192	3,271
Europe	**-**	1	1
	3,360	3,193	3,272

Footnotes:

i Underlying is defined as per the footnote to the consolidated income statement.

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

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 2010 $m	6 months to 31 March 2009 $m	Year ended 30 September 2009 $m
Operating loss	**(5)**	(44)	(49)
- Restructuring and reorganisation costs [i]	**(5)**	(44)	(49)
Impairment of available for sale financial assets [ii]	**-**	(39)	(39)
Finance expenses (note 9):	**-**	-	(73)
- Loss on forward exchange contracts in respect of Rights Issue	**-**	-	(33)
- Exchange difference on holding Rights Issue proceeds received in advance	**-**	-	(4)
- Movement in fair value of derivative liability in respect of Rights Issue	**-**	-	(36)
Loss on special items before taxation	**(5)**	(83)	(161)
Taxation related to special items (note 5)	**(11)**	53	(33)
Special loss before non-controlling interests	**(16)**	(30)	(194)
Non-controlling interests	**2**	(3)	12
Special loss for the period attributable to equity shareholders of Lonmin Plc	**(14)**	(33)	(182)

Footnotes:

i The amount charged in the 6 months to 31 March 2010 relates to providing for one-off costs of relocating certain London Head Office functions to South Africa. In the prior year the Group incurred restructuring and reorganisation costs primarily comprising employee exit costs together with abnormal non-productive operating costs at Limpopo following the announcement of its closure.

ii Available for sale financial assets are marked to market and in the 6 months to 31 March 2009 some fell below original acquisition costs resulting in $39 million of impairment charges being taken to the income statement.

Notes to the accounts (continued)

4 Net finance income / (expense)

	6 months to 31 March 2010 $m	6 months to 31 March 2009 $m	Year ended 30 September 2009 $m
Finance income:	**11**	3	9
Interest receivable	**1**	2	3
Other interest receivable	**4**	-	-
Movement in fair value of other receivables	**-**	1	3
Exchange gains on other receivables [i]	**3**	-	3
Exchange gains on net debt [ii]	**3**	-	-
Finance expenses:	**(3)**	(27)	(28)
On bank loans and overdrafts	**(11)**	(8)	(15)
Bank fees	**(12)**	(2)	(8)
Capitalised interest [iii]	**23**	10	23
Unwind of discounting on provisions	**(3)**	(1)	(5)
Exchange losses on other receivables [i]	**-**	(2)	-
Exchange losses on net debt [ii]	**-**	(24)	(23)
Special items (note 3):	**-**	-	(73)
Loss on forward exchange contracts in respect of Rights Issue	**-**	-	(33)
Exchange difference on holding Rights Issue proceeds received in advance	**-**	-	(4)
Movement in fair value of derivative liability in respect of Rights Issue	**-**	-	(36)
Total finance expenses	**(3)**	(27)	(101)
Net finance income / (expense)	**8**	(24)	(92)

Footnotes:

i Exchange movements on other receivables have been redefined into finance income (if gains) and finance expenses (if losses) rather than showing all movements in finance expenses.

ii 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.

iii 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 5.5% (6 months to 31 March 2009 - 3.2%, year ended 30 September 2009 - 4.8%).

Notes to the accounts (continued)

5 Taxation

	6 months to 31 March 2010 $m	6 months to 31 March 2009 $m	Year ended 30 September 2009 $m
United Kingdom:			
Current tax expense at 28% (2009 – 28%)	**-**	31	33
Less amount of the benefit arising from double tax relief available	**-**	(31)	(33)
Total UK tax expense	**-**	-	-
Overseas:			
Current tax expense at 28% (2009 – 28%) excluding special items:	**4**	10	11
Corporate tax expense	**3**	-	1
Tax on dividends remitted	**1**	10	10
Deferred tax expense / (income):	**27**	(26)	7
Origination and reversal of temporary differences	**26**	(14)	7
Prior year adjustment	**1**	-	12
Tax on dividends unremitted	**-**	(12)	(12)
Special items: UK and overseas (note 3):	**11**	(53)	33
Deferred tax on restructuring and reorganisation costs	**-**	(9)	(6)
Exchange on current taxation [i]	**-**	(3)	(5)
Exchange on deferred taxation [i]	**10**	(47)	43
Reversal of utilisation of losses from prior periods to offset deferred tax liability	**1**	6	1
Actual tax charge / (credit)	**42**	(69)	51
Tax charge / (credit) excluding special items (note 3)	**31**	(16)	18
Effective tax rate	**55%**	35%	(19%)
Effective tax rate excluding special items (note 3)	**38%**	14%	(16%)

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 2010	6 months to 31 March 2010 $m	6 months to 31 March 2009	6 months to 31 March 2009 $m	Year ended 30 September 2009	Year ended 30 September 2009 $m
Tax charge / (credit) on profit / (loss) at standard tax rate	**29%**	**23**	28%	(55)	28%	(76)
Tax effect of:						
Overseas taxes on dividends remitted by subsidiary companies	**1%**	**1**	1%	(2)	-	-
Unutilised losses [ii]	**7%**	**5**	(8%)	15	(7%)	18
Foreign exchange impacts on taxable profits	**4%**	**3**	-	-	(13%)	35
Prior year adjustment	**1%**	**1**	-	-	(4%)	10
Impairment of available for sale financial assets	**-**	**-**	(6%)	11	(4%)	11
Losses in respect of Rights Issue	**-**	**-**	-	-	(7%)	20
Other	**(2%)**	**(2)**	(1%)	3	-	-
Special items as defined above	**15%**	**11**	21%	(41)	(12%)	33
Actual tax charge / (credit)	**55%**	**42**	35%	(69)	(19%)	51

The Group's primary operations are based in South Africa which has a statutory tax rate of 28% (2009 - 28%). Lonmin Plc operates a branch in South Africa which is subject to a tax rate of 33% on branch profits (2009 – 33%). The secondary tax rate on dividends remitted by South African companies was 10% (2009 - 10%).

Footnotes:

i Overseas tax charges are predominantly calculated based on Rand financial statements. As the Group's 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 2010 is $452 million (31 March 2009 - $297 million, 30 September 2009 - $412 million).

ii 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.

Notes to the Accounts (continued)

6 Earnings / (loss) per share

Earnings / (loss) per share have been calculated on the earnings for the period attributable to equity shareholders amounting to $30 million (6 months to 31 March 2009 - loss of $112 million, year ended 30 September 2009 - loss of $285 million) using a weighted average number of 193.1 million ordinary shares in issue for the 6 months to 31 March 2010 (6 months to 31 March 2009 - 164.9 million ordinary shares, year ended 30 September 2009 - 174.1 million ordinary shares).

In the prior year the Group undertook a capital raising by way of a Rights Issue. As a result the EPS / (LPS) figures have been adjusted retrospectively as required by IAS 33 - *Earnings Per Share*. On 4 June 2009, 35,072,129 ordinary shares were issued with 2 new ordinary shares issued for 9 ordinary shares held. For the calculation of the EPS / (LPS), the number of shares held prior to 4 June 2009 was increased by a bonus factor of 1.048 to reflect the bonus element of the Rights Issue.

Diluted earnings / (loss) per share are based on the weighted average number of ordinary shares in issue adjusted by dilutive outstanding share options. In the 6 months to 31 March 2009 and the year ended 30 September 2009 outstanding share options were anti-dilutive and so have been excluded from diluted earnings per share in accordance with IAS 33 - *Earnings Per Share*.

	6 months to 31 March 2010			6 months to 31 March 2009 (restated)			Year ended 30 September 2009		
	Profit for the period $m	Number of shares millions	Per share amount cents	Loss for the period $m	Number of shares millions	Per share amount cents	Loss for the year $m	Number of shares millions	Per share amount cents
Basic EPS / (LPS)	**30**	**193.1**	**15.5**	(112)	164.9	(67.9)	(285)	174.1	(163.7)
Share option schemes	**-**	**0.3**	**-**	-	-	-	-	-	-
Diluted EPS / (LPS)	**30**	**193.4**	**15.5**	(112)	164.9	(67.9)	(285)	174.1	(163.7)

	6 months to 31 March 2010			6 months to 31 March 2009 (restated)			Year ended 30 September 2009		
	Profit for the period $m	Number of shares millions	Per share amount cents	Loss for the period $m	Number of shares millions	Per share amount cents	Loss for the year $m	Number of shares millions	Per share amount cents
Underlying EPS / (LPS)	**44**	**193.1**	**22.8**	(79)	164.9	(47.9)	(103)	174.1	(59.2)
Share option schemes	**-**	**0.3**	**-**	-	-	-	-	-	-
Diluted underlying EPS / (LPS)	**44**	**193.4**	**22.8**	(79)	164.9	(47.9)	(103)	174.1	(59.2)

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

	6 months to 31 March 2010			6 months to 31 March 2009 (restated)			Year ended 30 September 2009		
	Profit for the period $m	Number of shares millions	Per share amount cents	(Loss)/profit for the period $m	Number of shares millions	Per share amount cents	(Loss)/profit for the year $m	Number of shares millions	Per share amount cents
Basic EPS / (LPS)	**30**	**193.1**	**15.5**	(112)	164.9	(67.9)	(285)	174.1	(163.7)
Special Items (note 3)	**14**	**-**	**7.3**	33	-	20.0	182	-	104.5
Underlying EPS / (LPS)	**44**	**193.1**	**22.8**	(79)	164.9	(47.9)	(103)	174.1	(59.2)

Notes to the Accounts (continued)

6 Earnings / (loss) per share (continued)

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

These are calculated as follows:

	6 months to 31 March 2010 $m	6 months to 31 March 2009 $m	Year ended 30 September 2009 $m
Earnings / (loss) attributable to ordinary shareholders (IAS 33 earnings)	**30**	(112)	(285)
Add back loss on disposal of property, plant and equipment	**-**	-	4
Add back impairment of assets (note 3)	**-**	39	39
Headline earnings / (loss)	**30**	(73)	(242)

	6 months to 31 March 2010			6 months to 31 March 2009 (restated)			Year ended 30 September 2009		
	Profit for the period $m	Number of shares millions	Per share amount cents	Loss for the period $m	Number of shares millions	Per share amount cents	Loss for the year $m	Number of shares millions	Per share amount cents
Headline EPS / (LPS)	**30**	**193.1**	**15.5**	(73)	164.9	(44.3)	(242)	174.1	(139.0)
Share option schemes	**-**	**0.3**	**-**	-	-	-	-	-	-
Diluted Headline EPS / (LPS)	**30**	**193.4**	**15.5**	(73)	164.9	(44.3)	(242)	174.1	(139.0)

7 Dividends

No dividends were declared or paid in the period (6 months to 31 March 2009 and year ended 30 September 2009 - $nil).

Notes to the Accounts (continued)

8 Analysis of net debt [i]

	As at 1 October 2009 $m	Cash flow $m	Foreign exchange and non-cash movements $m	As at 31 March 2009 $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 [i]	**(113)**	**(141)**	**4**	**(250)**

	As at 1 April 2009 $m	Cash flow $m	Foreign exchange and non-cash movements $m	As at 30 September 2009 $m
Cash and cash equivalents	82	203	(3)	282
Overdrafts	(6)	6	-	-
	76	209	(3)	282
Current borrowings	-	(58)	-	(58)
Non-current borrowings	(525)	176	-	(349)
Unamortised bank fees	-	-	12	12
Net debt [i]	(449)	327	9	(113)

	As at 1 October 2008 $m	Cash flow $m	Foreign exchange and non-cash movements $m	As at 31 March 2009 $m
Cash and cash equivalents	226	(120)	(24)	82
Overdrafts	-	(6)	-	(6)
	226	(126)	(24)	76
Non-current borrowings	(529)	4	-	(525)
Net debt [i]	(303)	(122)	(24)	(449)

Footnote:

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.

9 Rights Issue in prior year

On 11 May 2009, Lonmin Plc announced a fully under-written 2 for 9 Rights Issue of 35.1 million new ordinary shares at £9.00 per new share for shareholders on the London Stock Exchange and at R113.04 per new share for shareholders on the Johannesburg Stock Exchange. The offer period commenced on 15 May 2009 and closed for acceptance on 4 June 2009. The issue was successful and raised as planned net proceeds of $458 million.

The transaction comprised cash proceeds of $516 million received at spot rates and deductions of a $33 million special loss on settlement of forward exchange contracts used to cover the net Sterling amounts expected, $21 million costs of issue charged to share premium and $4 million of special foreign exchange losses on retranslation of advance cash proceeds.

Lonmin Plc raised equity from the issue in both Sterling and Rand. The functional currency of the Company is US Dollar. This resulted in a variable amount of cash being raised. IAS 32 – *Financial Instruments*: Presentation, as adopted by the EU at the time of publication, required the recognition of a derivative liability of $307 million. The fair value of this liability increased by $36 million to the point of exercise due to variations in foreign exchange rates and share price. This loss was charged to finance expenses in the income statement as a special item. On the exercise of the rights the derivative liability was extinguished and the cumulative $343 million liability was reversed to retained earnings creating a net gain of $36 million in reserves, resulting in a net $nil effect on retained earnings.

The IASB issued an amendment to IAS 32 which was adopted by the EU subsequent to the signing of the 2009 year end accounts. Under this amendment no derivative liability and associated fair value remeasurements would have been recognised. Since the net effect on retained earnings is $nil the Directors have decided not to adopt the amendment early and so not to restate the 2009 comparative figures.

For a more detailed explanation of the Rights Issue transaction see note 29 in the 2009 year end financial statements.

Notes to the Accounts (continued)

10 Contingent liabilities

	As at 31 March 2010 $m	As at 31 March 2009 $m	As at 30 September 2009 $m
Third party guarantees [i]	**5**	7	5
Indemnities [ii]	**24**	66	83
Preference share capital put options [iii]	**24**	17	23
Vantage Capital Investments [iv]	**21**	16	20
Outstanding legal claims	**-**	2	-
Contingent liabilities [v]	**74**	108	131

Footnotes:

i Third party guarantees relate to guarantees provided by the Group in connection with the sale of certain subsidiaries in 1996, 1997 and 1998 for which amounts have been reasonably estimated but the liabilities are not probable and therefore the Group has not provided for such amounts in the accounts.

ii Indemnities arise from the vendor financing indemnity given by Lonmin following the purchase of the additional 9.11% in Eastern Platinum Limited (EPL) and Western Platinum Limited (WPL) and the investment in Incwala Resources (Pty) Limited (Incwala). Lonmin agreed to indemnify Impala Platinum Holdings Limited (Impala) against any non-payment on the relevant due date of any principal amount owing to Impala by any HDSA (historically disadvantaged South African) investor in relation to loans made by Impala to HDSA investors for their purchase of shares in EPL and WPL. The indemnity is for the US Dollar equivalent of R176 million ($24 million of which $16 million would become enforceable on 30 September 2011 and $8 million would become due after 16 September 2011). A counter-indemnity has been given by each HDSA investor which is secured on that HDSA investor's shares in Incwala. In the half year to 31 March 2010, Impala called on the portion of indemnity due which totalled US Dollar equivalent of R442 million ($59 million) recognised in other receivables. An indemnity has been given by each HDSA investor which is secured on that HDSA investor's shares in Incwala.

iii Various preference share capital put option agreements were entered into by Lonmin with a number of banks who subscribed for preference shares in HDSAs investing in Incwala. These options, which are for the US Dollar equivalent of R176 million ($24 million), can be put upon Lonmin by the banks in the event that the HDSAs default on payment. A counter-indemnity has been given by each HDSA investor which is secured on that HDSA investor's shares in Incwala.

iv Vantage Capital Investments:

1) In 2006, pursuant to a reorganisation of the HDSA shareholdings in Incwala, Lonmin Plc granted Standard Chartered Bank Johannesburg Branch a put option in respect of 96 preference shares in Vantage Capital Investments (Pty) Ltd. During the year ended 30 September 2007 the bank sold 48 of these put options to Thelo Incwala Investments (Pty) Limited (Thelo). The put option granted by Lonmin Plc outstanding at 31 March 2010 was for the US Dollar equivalent of R120 million ($16 million).

2) The Lonmin Employee Masakane Trust (LEMT) has a 25% shareholding in Thelo. Lonmin Plc has provided a guarantee to Sanlam Capital Markets Limited, on behalf of LEMT, over their 25% share of the Thelo funding to acquire 48 preference shares in Vantage Capital. The guarantee at 31 March 2010 covers the US Dollar equivalent of R35 million ($5 million).

v The preference share capital put options and Vantage Capital Investments guarantees will fall away if the transaction with Shanduka Resources (Proprietary) Limited proceeds as indicated in note 11.

Notes to the Accounts (continued)

11 Events after the balance sheet date

Under the South African Mining Charter, Lonmin is required to comply with Black Economic Empowerment (BEE) regulations by securing relevant BEE accreditation. Lonmin currently fulfils its BEE ownership requirements through its relationship with its BEE partner, Incwala Resources (Pty) Limited (Incwala).

As announced, Shanduka Resources (Proprietary) Limited (Shanduka) has agreed to acquire a majority stake in Incwala. Lonmin and Shanduka both believe the transaction will secure the long term future and financial stability of Incwala.

Given the importance for Lonmin of securing a stable empowerment partnership via a financially robust funding structure, the Company has agreed to provide a loan of approximately £206 million (at R11.3/£), on commercial terms, to Shanduka which will be secured on its holding in Incwala. This includes rolling the existing HDSA financing of $91 million (£61 million at $1.5/£) into the new structure and releasing the existing receivables. In line with the Board's policy to maintain an appropriate capital structure, which retains financial flexibility and supports future growth, the loan will be financed through a combination of an equity Placing with the balance coming from existing financial resources.

In the event there is significant future value created for Shanduka through its investment in Incwala the funding agreement allows Lonmin to participate in this. Lonmin expects at the appropriate time that this may result in a derivative asset being recognised on its statement of financial position. Subsequent to any recognition, any movements in the fair value of the derivative asset arising would be recognised as special gains or losses in the income statement and therefore will increase the volatility of reported results.

On the basis that the deal proceeds as intended, when the above financing is put in place the preference share capital put options and Vantage Capital Investments guarantees will both fall away leaving the Impala vendor financing indemnity ($24 million) as a contingent liability (note 10).