16 November 2009

Lonmin Plc

LONMIN

Final Results Announcement

Lonmin Plc, ("Lonmin" or "the Company"), the world's third largest Platinum producer, today announces its Final Results for the year ended 30 September 2009.

HIGHLIGHTS

- **Satisfactory performance in 2009, despite significant challenges:**
    - Sales of 682,955 ounces of platinum – 2% below initial guidance for Marikana
    - Rand gross operating costs lower than guidance
    - Mining - consistent underlying performance, with Saffy and Hossy achieving ramp-up targets
    - Process Division - progress made, despite previously reported Number One furnace incident
    - Safety performance continues to improve - Lost Time Injuries fell 8%, LTIF rate improved

- **Management actions taken in 2009:**
    - Non-value adding production eliminated – 75,000 Platinum ounces removed from market
    - Major cost restructuring program completed
    - Balance Sheet strengthened
    - Operational headquarters and executive management team to relocate

- **Key focus areas for 2010 and beyond:**
    - Continuing the restoration of Lonmin's operational health
    - Delivering organic growth into a recovering market
    - Improving our position on the cost curve
    - Discussions ongoing regarding the future of Incwala Resources

- **Outlook for 2010:**
    - Industry-wide challenges will continue - Section 54 safety stoppages, escalating labour & power costs
    - PGM markets likely to improve steadily
    - Platinum sales guidance of 700,000 Platinum ounces
    - Capital expenditure expected to be up to $270 million
    - Targeting to manage South African Rand gross operating costs to be below local inflation

- **Medium term outlook:**
    - Strong PGM markets in 2011 and 2012
    - Mined production expected to grow steadily to 850,000 Platinum ounces

Ian Farmer, Chief Executive Officer, commented:

"2009 saw the first significant steps in restoring Lonmin's operational health. Whilst there is still further work to be done, I am confident that the performance of the business is moving in a positive direction.

"Lonmin is well placed, following the decisive management actions taken in 2009, enabling us to grow into the robust market fundamentals we foresee developing in 2011 and beyond. Lonmin has high quality, long life assets and increasing production volume together with vigilant cost control will improve our position on the cost curve."

FINANCIAL HIGHLIGHTS

Continuing Operations Year to 30 September		2009	2008
Revenue	$m	1,062	2,231
Underlying operating (loss) / profit (i)	$m	(93)	963
Operating (loss) / profit (ii)	$m	(142)	764
Underlying (loss) / profit before taxation (iii)	$m	(111)	997
(Loss) / profit before taxation	$m	(272)	779
Underlying (loss) / earnings per share (iii)	cents	(59.2)	335.8
(Loss) / earnings per share	cents	(163.7)	277.7
Net debt (iv)	$m	113	303
Gearing (iv)	%	2	12

NOTES ON FINANCIAL HIGHLIGHTS

i. Underlying operating (loss) / profit is defined as operating profit excluding special items (see note (iii))

ii. Operating (loss) / profit is defined as revenue less operating expenses before impairment of available for sale financial assets, net finance costs and share of profit of associate and joint venture.

iii. Underlying (loss) / earnings are based on (loss) / profit for the year excluding one-off restructuring and reorganisation costs, impairment of available for sale financial assets, foreign exchange on tax balances, exchange losses on rights issue proceeds and the movement in fair value of the derivative liability in respect of the rights issue. For prior years, underlying also excludes profits on disposal of subsidiaries, impairment of goodwill, intangibles and property, plant and equipment, takeover bid defence costs, pension scheme payments relating to scheme settlements and effects of changes in corporate tax rates.

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

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This press release is available on www.lonmin.com. A live webcast of the Final Results presentation starting at 09.30hrs (London) on 16 November 2009 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.

Chairman's Statement

Overview of the year

2009 has been an eventful and challenging year. Lonmin has operated in an extremely difficult pricing and currency environment with the average US$ basket price per PGM ounce sold some 49% lower than last year. As a result, our revenues declined dramatically by over 50% or $1.2 billion.

The first signs that this revenue collapse was a possibility occurred very early in the year and management took immediate decisive action through the closure of unprofitable operations, the reduction of costs and the restriction of capital expenditure. This was followed by the strengthening of our funding position and then our balance sheet to position us to weather the storm.

Overall, under Ian Farmer's leadership, the management team has made good progress in the drive to restore the operational health of the business. The strong focus on operational stability and discipline has brought increased rigour to the setting of targets and the monitoring of performance against them. It is pleasing to report that in the 2009 financial year we were largely successful in delivering against our key targets:

- Marikana platinum sales: were only 2% below our target set at the start of the year;
- Costs: Rand gross operating costs were lower than our original guidance as well as our updated and more challenging guidance set in May 2009, and crucially were lower than in the previous financial year;
- Restructuring: we achieved $64 million of cost savings in the second half of 2009 as a result of the restructuring programme, ahead of our initial annualised target of $90 million;
- Productivity and production: by the end of the year at our Mining business, Hossy and Saffy had both achieved their published productivity and production targets and we made good progress in restoring ore reserve development. At our Process Division, monthly recoveries improved materially; and
- Balance sheet: capital expenditure for 2009 and year end net debt were both within market guidance.

While so much has been achieved in a short time, it was disappointing that difficulties were again experienced with the Number One furnace, which was taken out of operation for a period towards the end of the financial year and subsequently operated at reduced capacity.

There is much to be done before the operational health of Lonmin is fully restored. This must however be achieved in conjunction with an increase in safe production and an improvement in our position on the cost curve. All efforts will be directed towards these achievements in 2010 and beyond in order to position Lonmin to maximise benefit as the market recovers.

Rights Issue

A successful $458 million Rights Issue was completed in June 2009. As a result, Lonmin now enjoys greater financial headroom, with enhanced balance sheet flexibility and an improved ability to withstand potential adverse movements in the PGM pricing environment and/or the Rand/US dollar exchange rate. We are grateful to our shareholders for their overwhelming support for this fund raising.

Lonmin in the South African landscape

Our ability to operate effectively as an investor in South Africa is a function of our behaviour as a responsible corporate citizen. Lonmin embraces the tenets of the Mining Charter and seeks in its actions to advance the transformation agenda prescribed by the South African government. In this context it is however inescapable that the economic realities imposed by metal pricing, currency exchange rates and general financial conditions, none of which the Company can control, can have profound effects on the rate at which mutual aspirations can be realised.

Relations with our employees are of paramount importance, and we put on record our appreciation of the constructive behaviour of our employees, the trade unions, and indeed government, in the extensive and painful restructuring exercise conducted in the early months of the year. Constructive engagement also forms the basis of our current wage negotiations: industry settlements to date have been in excess of inflation despite the harsh revenue environment and lack of profitability. The long term health of the industry generally, and Lonmin in particular, depends on an appropriate balance being reached between increased wage awards, productivity improvements and the imperative of profitability to enable the business to invest for growth and earn appropriate shareholder returns.

Lonmin believes that it can, and should, operate as a zero-harm business and strives in every way to improve continuously its safety performance, acknowledging that its business is inherently hazardous. It is a matter of the deepest regret that three employees lost their lives during the year and I would like to convey our sincerest condolences to their families. The very considerable improvement in our safety performance achieved over recent years slowed slightly in 2009, partly due to the disruption to operations caused by the extensive restructuring exercise, which reduced employment levels by some 20%.

We support fully the attention paid by the Department of Mineral Resources to enforcing improvement in the design and application of safety standards in the industry. Our operations have been much affected during the year by this increased attention, and production stoppages as a result of Section 54 safety notifications caused the loss of some 30,000 Platinum ounces, or 5% of underground production, in 2009. This is a high economic cost specifically to the Company but no less to the nation, due to the reduction in foreign exchange and tax receipts. There is an argument for the Department of Mineral Resources to sponsor and lead a co-operative process with PGM producers and organised labour to agree procedures to achieve a consistent application of monitoring measures and remedies, without jeopardising the pursuit of improved safety and reasonable economic returns.

As it currently stands, Lonmin is a UK domiciled company with the vast majority of its operating assets in South Africa. The Board has therefore concluded that the location of executive management should reflect this reality and accordingly has taken the decision to relocate our operational headquarters and executive management team from London to Johannesburg. We believe that this will enhance day-to-day management and communications, and performance improvements will flow from greater efficiencies. The decision reflects our commitment to South Africa and our willingness to continue to play a full part in the national transformation process.

The Board's key functions of management oversight, strategic direction, decision making and corporate governance will remain in London, where the majority of Lonmin's shareholders are located. Lonmin greatly values its UK domicile and primary listing in London and will continue to maintain a Board with the blend of backgrounds, skills and experience required to provide effective leadership appropriate for a FTSE100 company.

Incwala Resources

During the year, discussions commenced regarding the future of Incwala Resources (Pty) Ltd, (Incwala), our Black Economic Empowerment partner. These discussions are on-going and involve Lonmin, the Historically Disadvantaged South African (HDSA) shareholders of Incwala and the HDSAs' providers of finance. We will update the market on these discussions, once they have been fully concluded. In pursuing these discussions, our objective is to ensure that Lonmin has a relationship of mutual trust with its partner and that its partner has both leadership capacity and financial independence without further recourse to Lonmin's balance sheet.

Dividend

Despite our confidence in the future and the measures being taken by management to improve the health of the business, our profitability and cash flows remain under pressure. Consequently, given our continuing focus on cash conservation and balance sheet management, the Board continues to take a conservative but appropriate stance towards the distribution of dividends. The Board has therefore taken the decision not to declare a final dividend for the 2009 financial year. This follows the Board's decision to pass the final dividend for the 2008 financial year and the interim dividend for the 2009 financial year.

The Board will keep the matter of dividend distributions under constant review and will resume payments as soon as conditions allow. Our policy remains that dividend distributions will be based on the reported earnings for the year, but take into account the projected cash requirements of the business.

Roger Phillimore
Chairman

Chief Executive's Review

Introduction

Lonmin produced a satisfactory performance in 2009, despite some significant challenges and the completion of a major restructuring programme during the year. Production at our core Marikana underground operations was in line with 2008 levels and we achieved our revised 2009 sales guidance by selling 682,955 ounces of Platinum.

Whilst there is still some way to go before we achieve our goal of fully restoring the operational health of the business, 2009 saw significant steps in achieving this objective, enabling us to provide guidance for 2010 sales of 700,000 Platinum ounces, implying a slight increase from 2009. Whilst the increment is only modest, it is a significant turning point. Importantly, improving the operational health of the business will also ensure that we are well positioned to capitalise on the investments we have made over recent years as we look to deliver further growth into the robust market fundamentals we foresee in 2011 and beyond.

1. Significant management actions taken:

At the end of 2008, we reacted swiftly to the global economic downturn, taking a number of significant actions.

Non-value adding production eliminated

Firstly, we took an immediate decision to eliminate non-value adding production. We placed our uneconomic Baobab shaft at Limpopo on to care and maintenance for the foreseeable future. We also closed our opencast operations at Marikana, as well as rationalising certain areas of high cost production at the underground operations there. In total, these actions have removed around 75,000 Platinum ounces from the market place.

Major cost restructuring programme completed

Alongside that exercise, we completed a major restructuring programme across our operations, with all personnel levels affected and around 20% of our total workforce leaving the business during the year. This was a significant, but essential, exercise as we right sized the organisation and reduced costs. Understandably the restructuring programme impacted employee morale and caused some disruption to production for a large part of the year.

Balance sheet strengthened

We negotiated with our lending banks the re-financing of a significant portion of our debt facilities during the year, with the tenure of these facilities being extended beyond short term horizons. In addition, we then successfully strengthened our balance sheet by raising $458 million through the completion of a Rights Issue in June. Furthermore, we successfully negotiated the waiving of all EBITDA covenants relating to our debt facilities until September 2010.

Operational headquarters and executive management team relocated

In October 2009, we announced plans to relocate our operational headquarters from London to Johannesburg. This will place executive management in a single location close to our operations and will therefore enhance day-to-day management and communications. It will also enable us to engage more effectively with our South African stakeholders.

2. Industry-wide supply challenges:

The significant factors currently impacting the South African PGM industry are likely to continue into 2010.

PGM industry continues to be cash constrained

South African mining inflation remains relatively high, putting pressure on industry margins and capital investment. Recent improvements in US dollar based PGM pricing have been largely offset by South African Rand strength, which has resulted in capital shortages and new projects being delayed. Cash flow management remains a high priority in the industry.

Labour environment remains challenging

The labour environment continues to be a significant influence on the performance of producers, from both a productivity and cost perspective. Industry wage settlements for 2010 have once again been above inflation. Lonmin's negotiations take place late in the year and, at the time of writing this report, we remain in discussions with our recognised unions on this matter. Furthermore, the shortage of key skills remains an issue for the mining industry in general. With these challenges in mind, Lonmin recognises the importance of employee engagement strategies.

Section 54 safety stoppages increasing in frequency

We support the Department of Mineral Resources' increased focus on safety. This focus was evidenced in 2009 by an increase in prevalence and severity of Section 54 safety stoppages throughout the industry. Lonmin lost over half a million tonnes of ore production as a result of these stoppages during the 2009 financial year, representing some 30,000 Platinum ounces or 5% of total underground production. These stoppages are likely to continue in 2010 and beyond. Our challenge is to improve on our industry leading safety record in order to reduce the impact of these stoppages on our operational and financial performance.

Producers who are able to deliver the strongest safety performances should benefit from fewer interruptions and higher productivity. Our safety performance remains strong and improved slightly in 2009. However, it was with regret that we reported the death of three of our employees during the year.

Increasingly difficult and more complex geology

The Bushveld Complex is a mature geological environment and mines in the area will continue to deepen over time, with many of the easier to access reserves becoming steadily depleted. This is expected to have a consequent impact on industry costs, grades and recoveries in the future. Lonmin is in the fortunate position of having access to relatively shallow reserves and resources.

Outlook for supply and cost of electricity remains uncertain

Challenges in the supply and cost of electricity in South Africa remain. Electricity pricing tariffs are expected to increase by over 45% in 2010 and there will be similar power price increases in the subsequent years. In addition, there is a possibility that security of supply could again come under pressure in the medium term, adding to the supply side challenges outlined above.

3. The possibility of a positive surprise in the PGM pricing:

The Rand PGM basket price throughout 2009 continued to squeeze industry profitability and cash flow, restricting capital investment. If this continues, further short term under investment will be the natural consequence. We therefore anticipate that supply will struggle to keep up with recovering demand from 2010 onwards and, as demand returns, there should be a recovery in PGM profit margins.

Short to medium term outlook for Platinum demand

Looking at Platinum specifically over the next few years, we expect demand to improve gradually in 2010. This will be supported by a steady recovery in the automotive and industrial sectors with the market being in balance for the year. The behaviour of investors in the Exchange Traded Funds will continue to influence short term price movements. In early to mid 2011, we expect to see the start of a more significant upturn in demand, supported by increasing momentum in the automotive and industrial sectors followed by a more pronounced market rebound, with the market moving back into deficit.

Long term outlook for Platinum and PGM demand

In the longer term, the future of PGM market fundamentals remains strong, primarily as a result of the unique characteristics of PGMs and their applications in autocatalysts. This is underpinned by the various emissions legislation being introduced in the coming years to combat global climate change. In addition, PGMs are expected to be critical in the application of fuel cell technology, which continues to advance in a number of sectors, including a growing number of commercial applications for stationary fuel cells. The Platinum market, in particular, is also expected to be supported by continuing demand from the Asian jewellery market. As a result of these factors, we firmly believe that the Platinum and other PGM markets continue to be structurally compelling over time.

4. Key Focus Areas for 2010 & beyond:

Lonmin needs to be well prepared for the opportunity presented by the prospect of an improvement in the market environment. As such, our focus in 2010 and beyond is on completing the restoration of the operational health of the business, growing our unit throughput and, through this, improving our position on the cost curve.

a) Restoring operational health:

In our Mining business, we have implemented several productivity improvement initiatives and cost control programmes, as well as increasing our focus on employee relations. We reorganised our senior operational management team to ensure a greater emphasis on long term operational health, with a specific focus on long term planning. Our Process Division benefited from stability throughout the value chain, assisted by our increased investment in plant maintenance. I am confident that we now have a strong management team in place across the business, supported by improving morale within the business.

Further details on these initiatives can be found in the Operational Review in this announcement.

b) Delivering organic growth:

We expect to deliver several years of steady growth from our core Marikana operations through production from our three new shafts, Saffy, Hossy and K4. The majority of the capital needed to initiate and ramp-up production at these shafts has already been invested. Capital expenditure is now predominantly focused on ore body development to support the production ramp-up of these shafts.

Short to medium term growth in mined production – from Saffy, Hossy and K4

At Saffy shaft, we made good progress during the year in converting our mining method from fully mechanised to hybrid mining. There is still some work to be done before this process is completed, but we achieved our target of 80,000 tonnes per month, up from 45,000 tonnes at the end of the 2008 financial year. In 2010, we expect Saffy to continue to ramp-up towards its production capacity of 200,000 tonnes per month.

A year ago, we took the decision to continue to run Hossy shaft on a fully mechanised basis. At that time, we set a productivity target for Hossy for the end of the 2009 financial year of an average of 1,500 square metres per month per suite of equipment. I am delighted to say that this target was achieved in September 2009, with the best performing suites at Hossy reaching productivity of around 1,800 square metres per suite per month during that month. Furthermore, the shaft achieved monthly production of over 60,000 tonnes at that time, from 20,000 tonnes per month in September 2008. Whilst this performance does not yet make production costs competitive with conventional mining methods, it is encouraging to see what can be done once the appropriate degree of focus is applied. Consequently, we have taken the decision to continue with a fully mechanised mining method at Hossy for the foreseeable future and we are now targeting to reach 2,200 square metres per suite of equipment per month by September 2011.

The development of K4 remains on track and we anticipate initial production will take place in the first half of the 2012 financial year, although development ounces will be produced in 2011. By the time K4 ramps up to full production of around 225,000 tonnes per month, we expect these three shafts will be contributing over 50% of our total underground production at Marikana.

This organic growth from our Mining business will be supplemented by a number of projects at our Marikana property, from which we expect to deliver further value. This includes the extraction of chrome from our mined production and the re-treatment of tailings following the processing of this chrome.

Medium term requirement to increase smelting capacity and reduce risk

It is crucial that the growth in mined production is supported by processing capacity and reliability, particularly at our Smelting facility.

From a reliability perspective, we experienced a matte run-out at the Number One furnace in June 2009, following which we acted quickly to mitigate the impact on production. Our knowledge of the workings of the furnace has improved as a result of the incident and we have a highly competent team running it. Smelting will always be a high risk aspect of our industry, however, we are confident that we will be able to improve further our management of this unit in the future and therefore improve the vessel’s reliability.

From a capacity perspective, our Number One and Pyromet furnaces have the requisite capacity to support current and medium term levels of production. However, taking into account our longer term growth ambitions, and the need to mitigate the risk of Smelter disruptions, we anticipate a requirement for increased Smelter capacity in the coming years. We have therefore started to investigate options for additional backup capacity.

c) Improving our position on the cost curve

The focus on restoring the operational health of the business and delivering organic growth is critical to improving our position on the industry cost curve.

Actions taken to support this included the completion of a major restructuring programme at our operations, through which we anticipated $90 million of annualised cost savings. During the second half of 2009 we estimate that we actually saved $64 million and so we are well on our way to beating this target. This helped us to report Rand gross operating costs below our initial, as well as our revised and more challenging, cost guidance target communicated during the year.

In addition we have implemented a number of productivity improvement programmes and cost-cutting initiatives across the business to ensure that our position on the cost curve continues to move in the right direction. Details on these initiatives are outlined in the Operational Review.

The continued inflationary environment in South Africa, including an anticipated increase in real wages for the majority of our workforce, means that strict cost control allied to growth in productivity is paramount next year. In 2010, we are targeting to manage the increase in South African Rand gross operating costs to be below local inflation.

5. Outlook

Our Marikana operations remain at the heart of the Lonmin business and our focus remains on improving safety, reducing costs and growing production, through delivery of profitable ounces, from what is a high quality, sizeable ore body. In this regard it is pleasing to see a reported 20% increase in our resource base at Marikana, more detail on which can be found on pages 12 to 14 in this announcement.

We anticipate Marikana mined production will increase in 2010, more than offsetting the reduction in opencast tonnes and ounces from Pandora, as these pits are now closed. This should allow metals in concentrate production to increase by around 5% and, as a result, we expect to achieve 2010 sales of around 700,000 Platinum ounces, slightly ahead of 2009.

To support this growth, we anticipate that capital expenditure for the 2010 financial year will be up to $270 million. This will predominantly be focused on Saffy and Hossy, as well as on declines in our two largest conventional shafts and the continued development of K4. We will of course continue to maintain a balance between the investment requirements of the business and the imperative of maintaining a strong balance sheet.

Beyond 2010, the ramp-up of the three newer shafts will more than offset the decline in production from some of our smaller shallower shafts which are expected to come to the end of their lives over the next few years. As a result, we expect to steadily grow metal in concentrate production from our Marikana operations and the Pandora joint venture so that by 2013 we expect to deliver sustained, profitable production of around 850,000 ounces of Platinum per annum. This will be supported by capital expenditure of between $300 million and $350 million per annum from 2011. This anticipated production growth and capital investment is of course subject to market conditions, and our planning in this regard will be regularly reviewed by management, as market circumstances unfold.

Our growth projects at Akanani and Limpopo give us longer term growth optionality to supplement the short to medium term growth to be delivered from our core operations at Marikana.

Achieving this growth, supported by the restoration of the operational health of the business, is a significant challenge but one which will restore the market's view of Lonmin as the quality asset in the sector. In January we will commence the process of consolidating the executive team in Johannesburg, thereby enhancing day-to-day management and communication within the business.

Ian Farmer
Chief Executive Officer

Operational Review

MARKET OVERVIEW

PGM prices declined significantly during the first three months of our 2009 financial year, with Platinum falling to a low of $756 per ounce in October 2008 and Rhodium declining to a low of $1,000 per ounce the following month. The steep decline in these prices was almost entirely as a result of a dramatic deterioration in automotive demand during the period, exacerbated by automotive companies de-stocking, the selling of inventories and investor reaction to the economic downturn.

PGM prices started to improve in the second quarter of the year, stabilising in the following quarter, on the back of strong jewellery and investment demand. Tentative signs of automotive recovery became evident during the fourth quarter of the 2009 financial year, supported by the potentially short term impact of the various fiscal stimulus and scrappage schemes introduced by governments around the world. Consequently, further pricing recovery occurred in that period, with the Platinum price closing at $1,280 per ounce and Rhodium closing at $1,650 per ounce on 30 September 2009.

However, the strength of the South African Rand largely offset these improvements in US dollar based PGM prices, and continued to put pressure on industry margins and cash flows. Furthermore, the South African cost environment remains challenging, with continued inflation across the mining sector. Consequently Lonmin management will carefully balance the need to invest in growth ahead of the upturn whilst at the same time remaining focused on maintaining strong financial discipline.

SAFETY

Our focus on safety remains undiminished. Our safety performance continued to improve in 2009, with actual Lost Time Injuries reported down 8% from 2008 and our Lost Time Injury Frequency Rate improving slightly to 6.21 per million man hours worked. However, it is with regret that we report the death of three of our employees during 2009. Our approach to safety is based on a number of key standards, implemented across our property, including:

- **Visible leadership**: which is crucial to our success in safety and a powerful aid in creating an interdependent safety culture;
- **Safe behaviour observations:** are carried out as a lead indicator to our safety performance and we conduct continuous risk assessments to minimise unsafe behaviour or situations;
- **Safety training and awareness campaigns**: form an important component of our safety management systems;
- **Incident Cause Analysis Method**: through which we investigate incidents and near miss incidents, with the objective of root causes being identified and preventative actions taken. Findings from these incidents are critical to our efforts in eliminating fatalities and are communicated across our operations; and
- **Incident reporting**: we report safety incidents to the Department of Minerals and Resources as required by the Mine Health and Safety Act 29 of 1996, which is aligned with the International Labour Organisation's Code of Practice on Recording and Notification of Occupational Accidents and Diseases.

Through the implementation of these standards, we continually strive to eliminate fatalities, reduce injuries and near miss incidents, encourage positive behaviour and enhance our safety training and awareness programmes.

MINING

Total tonnes mined during the 2009 financial year were 10.8 million, a 1.6 million decline from 2008. All of this reduction related to our decision to close production units which were unprofitable. Of the production shortfall, 1.2 million tonnes related to the closure of opencast operations at Marikana and Pandora whilst 0.4 million tonnes were due to placing of the Baobab shaft at Limpopo on care and maintenance during the first half of the 2009 financial year.

During the year, we took the opportunity to restructure our senior operational management team, in order to create a Technical Services function. This function is responsible for, amongst other things, the life of mine plan, based on input from all areas of the business, Group wide capital expenditure and providing an important check and balance with regard to the technical health of the business. Chris Sheppard, previously EVP Mining, has taken on the role of EVP Technical Services, and Mark Munroe, who played a crucial role in the implementation of the restructuring programme, has been appointed EVP Mining. Mark is now responsible for safely delivering growth in production and the necessary productivity improvements from our Marikana mining operations.

A primary area of focus for the Mining management team continues to be ore reserve development, building on the recent progress made at Marikana. At the end of September 2009, underground ore reserve development at Marikana reached 2.0 million square metres of immediately available ore reserves. Most of our shafts at Marikana now have appropriate levels of development, but there remains scope for improvement at certain shafts, particularly K3. It is likely to take another twelve to eighteen months before we achieve acceptable levels of available ore reserves, as higher extraction rates will require even greater levels of development replacement.

A number of productivity programmes were instigated by the Mining management team in 2009 which are expected to start to show benefits in 2010. These include:

- Initial steps to revise incentive programmes for our productive employees to increase the element of variable pay;
- Labour management improvement programmes, including a number of projects to tackle absenteeism;
- Initiation of consultations with the recognised unions to increase the number of shifts worked;
- Removing technical bottlenecks through our Half Level Optimisation programme and the implementation of operating systems at each shaft; and
- Implementation of several initiatives to assist us in better managing inspections by the Department of Mineral Resources, including a review of relevant procedures and the roll-out of a union consultation and communication plan relating to Section 54 stoppages.

We are continuing to run a number of cost cutting initiatives within the Mining business and strict cost management is embedded at each of our shafts at Marikana. One such example is the bill of materials project, introduced in 2009 at every shaft at Marikana. The project tracks and monitors the purchase and usage of key consumables against what is expected for the proposed level of production, ensuring greater control of the procurement of these consumables and a better understanding of purchasing and usage patterns.

Marikana Mining

Total Marikana underground production during the 2009 financial year was the same as 2008 at 10.2 million tonnes. The ramp-up in production from our mechanised and hybrid shafts was offset by, amongst other things, an increase in prevalence and severity of Section 54 safety shutdowns at our Marikana operations. In 2009, we lost around 0.5 million tonnes as a result of these shutdowns, compared to around 0.2 million tonnes in 2008.

In 2009 we mined 8.5 million tonnes from our conventional underground Marikana operations, a decline of 0.6 million tonnes from 2008. Around half of this decline was due to the increase in Section 54 shutdowns, as outlined above with 80% of the total tonnes lost due to Section 54 safety shutdowns in 2009 occurring at K3 and Rowland, our two largest shafts. In addition, around 0.1 million tonnes were lost at our Marikana conventional underground operations following the planned closure of a small uneconomic decline shaft and a further five half levels at Marikana during the third quarter of 2009. Finally tonnes were lost during 2009 as a direct result of disruption relating to the restructuring programme completed in March, when a total of 7,000 full time employees and contractors left the business.

Production from our mechanised and hybrid shafts increased 49% year-on-year to 1.7 million tonnes. Saffy performed extremely well, despite the multiple challenges faced by shaft management in converting from fully mechanised to hybrid mining during the year, with the shaft achieving its year end monthly hoisting target of 80,000 tonnes in September 2009. It will take a further 18 months for the full transition to hybrid mining, but we are taking the appropriate action to deliver this project safely, on time and within budget. To support us in the production ramp-up in 2010, we plan to increase the number of crews during the first half of the year. At the end of the 2009 financial year, there were 31 stoping crews at Saffy and, by April 2010, we expect to have 45 crews operating at the shaft. As a result, we expect production to continue growing towards shaft capacity of around 200,000 tonnes per month, which we aim to achieve in 2014. By that time, we anticipate Saffy's current workforce complement of around 2,300 will have increased to approximately 4,000.

Hossy also had a good year, achieving average productivity of around 1,500 centares per month per suite of equipment at the end of the 2009 financial year, in line with our initial targets set in November 2008. During the year, production at Hossy continued to ramp-up to over 60,000 tonnes per month by September 2009, from around 20,000 tonnes in October 2008.

The improvement in productivity at Hossy shaft was a result of substantial management effort and focus to deliver an improved performance during the year. We made some important upgrades to the way we implement mechanised mining at the shaft. Firstly, we increased our focus on equipment availability, with better maintenance and quicker repair times being achieved, supported by improved mining standards and conditions. Secondly, we made improvements in the utilisation of the extra low profile equipment, focusing on improving operator and supervisors' skills, as well as upgrading management operating systems. Thirdly, we made some significant changes to the shaft's mining layout and, as a result, we are starting to see an increase in stoping panels per fleet and we expect that to continue in 2010. Finally, we upgraded the shaft's infrastructure, implementing a new communication network backbone, installing new strike conveyors and constructing a new maintenance workshop at the shaft.

Costs for the 2009 financial year at our core underground conventional operations at Marikana Mining were R466 per tonne, up 14% from 2008. If we adjust for the additional tonnes lost due to Section 54's the year on year increment would be 10%. Costs at our mechanised and hybrid operations at Marikana for the 2009 financial year were R630 per tonne, up 3% from 2008. It should be noted in this context that the wage inflation for 2009 was 12.5%. Capital expenditure during 2009 at our Marikana Mining division was R1,293 million, the majority of which was allocated to Hossy, Saffy and K4.

Pandora joint venture

Our share of production from the Pandora joint venture ground during the year was 298,000 tonnes mined, a decline of 25% from 2008, as a result of the planned stoppage of opencast production at the joint venture. The underground operations at Pandora produced 142,000 tonnes, a 15% increase from 2008. Lonmin purchases 100% of the ore from the Pandora joint venture and this ore contributed 46,421 saleable ounces of Platinum in concentrate and 85,168 saleable ounces of total PGMs in concentrate to our production. Pandora joint venture activities made a loss of $1 million after tax for our account in the financial year.

We are at the final stages of a feasibility study on the underground extension of the Pandora Joint Venture, subject to approval by the joint venture partners, which is planned to come into production in 2013.

PROCESS DIVISION

At the Process Division, management remains focused on plant maintenance, efficiency, and stability in order to maximise recoveries. In 2009, we made good progress on a number of fronts at each of the operating units within the division.

Costs for the year in the Process Division were R1,508 per PGM ounce, up 4% from 2008, and capital expenditure was R539 million.

Concentrators

The concentrators produced a total of 663,101 saleable ounces of Platinum in concentrate during the 2009 financial year, a 9% year-on-year decline, mainly as a result of closing production at the Marikana and Pandora opencast operations, as well as at Limpopo. Overall Concentrator recoveries improved during the 2009 financial year to 79.8%, from 79.2% in 2008, partly due to the milling of less oxidised opencast ore from deeper pits in the 2009 financial year. Underground recoveries fell to 81.0%, from 81.7% in 2008, mainly as a result of undertaking extensive maintenance on some of our Marikana concentrators in the first quarter of the 2009 financial year and due to ore mix. However, performance against our internal models, which take account of ore mix issues, showed a significant improvement during the year as a result of a strong management team, investment in maintenance to improve plant availability, and our concentrator optimisation project. As evidence of this improvement in performance, overall recoveries at Marikana improved to 82.3% for September 2009, compared to 79.5% in October 2008.

Underground milled head grade was 1.7% lower year-on-year at 4.57 grammes per tonne (5PGE+Au) mainly as a result of an increased proportion of development ore coming from Hossy and Saffy and a general increase in development ore throughout the operations. On the UG2 horizon, we mined a larger proportion of ore from some of the slightly lower grade areas of the Marikana ore body and there was some unplanned dilution, partially as a result of localised geological conditions. There is still a lack of flexibility in face availability on the Merensky reef horizon, and some localised lower grade areas were encountered, particularly during the first quarter of the year. Overall milled head grade decreased marginally year-on-year from 4.52 to 4.50 grammes per tonne (5PGE+Au).

We are working on a number of ways to extract value from the treatment of our tailings. This involves the extraction of chrome for onward sale, leaving the retreated tailings in a form such that PGMs can be extracted. This will also enhance recoveries. We also have a number of inventory management initiatives in place to ensure we optimise the value of stock in the system, which is important in a cash constrained environment.

Smelter

On 14 June 2009, we shut down our Number One furnace following a matte run out. From our investigations, we identified a design weakness in the furnace, around the matte tappe hole area, which, when allied with other factors, including the level at which the electrodes operate in the furnace, caused this incident. The furnace was subsequently run at reduced power for most of the fourth quarter of 2009. Production was supported by the running of our Pyromet furnaces.

Following a re-design of the matte tappe hole area at the furnace, a re-build commenced on 10 October 2009. On inspection, we were pleased with the condition of the interior of the furnace as this is a good indication that the changes we made to management of electrodes had the desired effect. The rebuild has been completed, with matte being tapped on 9 November 2009. As a result of the re-build, refined production during the first quarter of the 2010 financial year will be well below that of the prior year period.

Whilst the Number One furnace has had a number of run outs since it came into commission in 2002, our analysis shows that it has performed in line with other smelters in the industry. We mitigated the financial impact of the June run out and the cost impact in the year was not significant, at around $5 million, given the short term catch up capacity we have in place. Our knowledge of the workings of the Smelter has improved significantly and we have an experienced Smelter team.

We have initiated a study to look at increasing Smelter capacity in the longer term. Additional capacity will also enable us to mitigate further the risk and impact of future Smelter disruptions as production increases.

Management is also focused on managing the base metal feed through the Smelter. Lonmin predominantly mines UG2 ore, with around 20% of the ore we mine being base metal-rich Merensky ore. Following the placing of the Limpopo operation, with its base metal rich ore, on care and maintenance we require a moderate increase in the proportion of Merensky material in the short term to maintain the correct blend composition for feed into the Number One furnace. To resolve this issue, we plan to re-open one of our Merensky opencast pits in 2010, from which we expect to produce around 25,000 Platinum ounces during the year. As a result of revised contractor terms, these ounces will be profitable. In the meantime we are purchasing some low grade Merensky type concentrate from a third party, a portion of which is expected to remain in stock at the end of 2010. We expect to achieve the optimal Merensky content in our feed once K4 shaft, which is relatively high in Merensky ore, commences production.

Refineries

Our refineries performed consistently throughout the year. At the Base Metal Refinery (BMR), we were successful in completing a major project to release locked up metal-in-process at one of the storage tanks at the facility. This will help lower average stock levels in the refinery. Total refined production for 2009 was 657,317 ounces of Platinum and 1,244,709 of total PGMs, down 6% and 7% respectively from the same period in 2008. However, taking into account the closure of opencast operations at Marikana and Pandora and the placing of Limpopo operations on care and maintenance, 2009 total refined production would have been flat compared to 2008. Final metal sales for 2009, including the sale from the BMR of 25,062 Platinum ounces of metal-in-process inventory in the fourth quarter of the year, were in line with our revised sales guidance at 682,955 ounces of Platinum and 1,268,918 of total PGMs.

Reserves & Resources

During 2009, Lonmin has reviewed its Mineral Resource and Reserves and certain areas have been re-estimated where necessary. The major changes are as follows:

- Continued extension drilling of the Marikana Mineral Resource area provided an additional 10 Moz 3PGE+Au in Resource;
- A 7% increase in the overall Marikana Mineral Resource grade resulted from extension drilling into high grade Merensky Reef areas and enhanced Merensky Mineral Resource estimation techniques;
- The Marikana Mineral Reserve grade increased by 2% overall;
- Optimisation of planned Resource extraction below the K4 Vertical Shaft Block has demonstrated that value is enhanced by combining the Sub Incline Resources with the K5 Resources, rather than with K4. The re-designation of the Sub Incline area resulted in a reduction of approximately 5 Moz 3PGE+Au in Probable Mineral Reserves, which remain as Mineral Resources in the inventory. The Reserves are expected to be re-instated once the necessary pre-feasibility work has been completed over the combined K5 and K4 Sub-Incline blocks;
- The total Mineral Resource content increased by 15% and the 3PGE+Au grade increased by 3%. This was largely realised in the Inferred Resource at both the Schaapkraal Prospecting Area at Marikana and the Limpopo Baobab Mine Block;

- Continued diamond drilling at Akanani resulted in a higher proportion of P2 Indicated Mineral Resources, further increasing the confidence of this Mineral Resource; and
- The Pandora Plan 4 area has been fully included in the Mineral Reserve resulting in an additional 0.4 Moz of 3PGE+Au in the Probable Reserve category attributable to Lonmin.

A summary of the changes in both the Lonmin Mineral Resources and Reserves is shown in the following tables and should be read in conjunction with the Key Assumptions outlined below. The complete 2009 Mineral Resources and Reserves statement can be found on our website: www.lonmin.com.

Mineral Resources (Total Measured, Indicated & Inferred)[1,4]

Area	**30-Sep-2009**				**30-Sep-2008**			
	Mt[5]	3PGE+Au		Pt	Mt[5]	3PGE+Au		Pt
		g/t	Moz	Moz		g/t	Moz	Moz
Marikana	750.7	5.01	120.8	71.1	672.0	4.68	101.1	59.3
Limpopo[2]	144.7	4.22	19.6	10.0	138.1	4.23	18.8	9.5
Limpopo Baobab shaft	46.1	3.91	5.8	3.0	28.6	4.00	3.7	1.9
Akanani	176.6	3.96	22.5	9.4	154.4	4.42	21.9	9.3
Pandora JV	54.9	4.29	7.6	4.7	55.5	4.30	7.7	4.7
Loskop JV[3]	10.1	4.04	1.3	0.8	10.1	4.04	1.3	0.8
Total	**1,183.1**	**4.67**	**177.6**	**98.9**	**1,058.8**	**4.54**	**154.5**	**85.6**

Mineral Reserves (Total Proved & Probable)[1]

Area	**30-Sep-2009**				**30-Sep-2008**			
	Mt[5]	3PGE+Au		Pt	Mt[5]	3PGE+Au		Pt
		g/t	Moz	Moz		g/t	Moz	Moz
Marikana	297.5	4.11	39.3	23.8	332.6	4.03	43.1	25.9
Limpopo	40.1	3.23	4.2	2.1	40.1	3.23	4.2	2.1
Limpopo Baobab shaft	9.4	3.16	1.0	0.5	9.4	3.16	1.0	0.5
Pandora JV	3.1	4.25	0.4	0.3	0.5	4.28	0.06	0.04
Total	**350.1**	**3.98**	**44.8**	**26.6**	**382.5**	**3.93**	**48.3**	**28.5**

Notes

1) *All figures are reported on a Lonmin Plc attributable basis, the relative proportions of ownership per project being shown in the Key Assumptions outlined below.*

2) *Limpopo[2] excludes Baobab shaft.*

3) *Loskop JV[3] excludes Rh, due to insufficient assays, and therefore 2PGE+Au is reported.*

4) *Resources are reported Inclusive of Reserves.*

5) *Quantities have been rounded to one decimal place and grades have been rounded to two decimal places, therefore minor computational errors may occur.*

Key assumptions regarding the 2009 Lonmin Mineral Resource and Reserve Statement

- Mineral Resources are reported inclusive of Mineral Reserves. Resources that are converted to Reserves are also included in the Mineral Resource statement.
- All quoted Resources and Reserves include Lonmin's attributable portion only. There have been no changes in the percentage attributable to Lonmin during the year. The following percentages were applied to the total Mineral Resource and Reserve for each property:

	Marikana	Limpopo – Dwaalkop JV	Limpopo – Baobab, Doornvlei, Zebediela	Akanani	Pandora	Loskop
Lonmin Attributable	82%	41%	82%	74%	34.85%	41%

- Incwala Resources, Lonmin's BEE partner, owns 18% of both Western Platinum Limited and Eastern Platinum Limited and 26% of Akanani.
- Limpopo includes Dwaalkop JV which is a Lonmin managed JV between Mvelaphanda Resources (50%) and Western Platinum (50%).
- Pandora JV: Eastern Platinum Limited has an attributable interest of 42.5% in the Pandora Joint Venture together with Anglo Platinum (42.5%), Mvelaphanda Resources (7.5%) and the Bapo Ba Mogale Mining Company (7.5%).
- Loskop JV: Western Platinum Limited has an attributable interest of 50% in the Loskop Joint Venture with Boynton Investments.
- Grades are reported as 3PGE+Au, which is a summation of the Platinum, Palladium, Rhodium and Gold grades. Available assay information, obtained from concentrate and drillhole core, indicates that the proportion of 3PGE+Au contained in 5PGE+Au is approximately as follows:

	UG2	Merensky	Platreef
Marikana	0.82	0.93	-
Limpopo	0.86	0.93	-
Akanani	-	-	0.95
Pandora	0.81	-	-

- Mineral Resources are reported as *"in-situ"* tonnes and grade and allow for geological losses such as faults, dykes, potholes and Iron Rich Ultramafic Pegmatite (IRUP).
- Mineral Resources are estimated using a minimum true width of at least 90 cm and therefore may include some diluting material.
- Proved and Probable Mineral Reserves are reported as tonnes and grade expected to be delivered to the mill, are inclusive of diluting materials and allow for losses that may occur when the material is mined.
- Mine tailings dams are excluded from the above Mineral Resource summary.
- For economic studies and the determination of pay limits, consideration was made of both short and long term revenue drivers. The following long term assumptions were used: Pt $1600, Pd $400, Rh $3,000, Ru $150, Ir $430, Au $700 per ounce and Ni $15,000, Cu $4,000 per tonne, using an average exchange rate of $1 to R9.
- Unless otherwise stated, the Lonmin Mineral Resources and Reserves estimates were prepared or supervised by various persons employed by Lonmin.

Financial Review

Introduction

The 2009 financial year was impacted by four significant factors:

- PGM Pricing: as a result of the global economic downturn, and its impact on PGM customers, the pricing environment was significantly weaker than the prior year with the average PGM basket price nearly 50% lower. This had a major impact on our revenues during 2009, down $1.2 billion or 52.4%. Pricing has, however, improved during 2009 with the PGM basket increasing by 23% from $699 per ounce in half one to $861 per ounce in half two;

- Foreign exchange: the average daily exchange rate for the Rand to the US Dollar weakened from R7.45/$ in 2008 to R9.00/$ in 2009 which has had a benefit of $179 million on operating profit with the vast majority of the effect being in the first half. The exchange rate during 2009 has, however, been far more volatile trading across a range of more than R4/$. From a closing rate of R8.27/$ at the end of 2008 the Rand quickly weakened to a rate of around R10/$ where it remained for much of half one (with a peak of R11.59/$ on 22 October). The second half of 2009 has seen a substantial strengthening of the Rand with rates falling to as low as R7.27/$ and an average of around R8/$. This strengthening of the Rand has effectively offset all the second half US Dollar pricing gains noted above;

- Restructuring: a major restructuring programme was carried out in the year which resulted in the closure of unprofitable operations and a reduction in the cost base for ongoing operations. This restructuring programme has incurred a one-off cost of $49 million, but is expected to deliver annualised cost benefits of approximately $90 million. In the second half cost savings from the above totalled $64 million with foreign exchange rates enhancing the US Dollar impact. In Rand terms savings were ahead of the initial expectations. As a result of the actions taken total South African gross operating costs at R8.8 billion were R0.6 billion lower than 2008 despite a 12.5% pay award effective throughout the year;

- Balance sheet management: during the year significant steps have been taken to strengthen the balance sheet. In May the Group undertook a Rights Issue which was over 96% subscribed and raised $458 million after costs and foreign exchange charges in line with expectations given in the prospectus. In addition $575 million of existing credit facilities have been re-negotiated, extending the debt maturity profile, and agreement has also been reached with the Group's bankers to waive all EBITDA related covenants at 30 September 2009 and 31 March 2010 and the net debt/EBITDA related covenant at 30 September 2010. The volatility in PGM prices and the Rand to US Dollar exchange rate mean that our EBITDA margins could remain low and difficult to predict. Both of these matters are discussed in further detail below.

Basis of preparation

The financial information presented has been prepared on the same basis and using the same accounting policies as those used to prepare the financial statements for the year ended 30 September 2008.

Analysis of results

Income Statement

The underlying operating profit for the year to 30 September 2008 of $963 million has fallen to a loss of $93 million in the year to 30 September 2009. An analysis of the movement between the years is given below:

	$m
Year to 30 September 2008 reported operating profit	764
Year to 30 September 2008 special items	199
Year to 30 September 2008 underlying operating profit	963
PGM price	(1,037)
PGM volume	(203)
PGM mix	98
Base metals	(27)
Cost changes (including foreign exchange impact)	113
Year to 30 September 2009 underlying operating loss	(93)
Year to 30 September 2009 special items	(49)
Year to 30 September 2009 reported operating loss	(142)

Revenue:

The PGM market was generally strong in the 2008 financial year enabling the Group to achieve a PGM basket price of $1,529 per ounce for this year (with Platinum at $1,655 per ounce and Rhodium at $7,614 per ounce).

The economic downturn following the credit crunch impacted the last quarter of financial year 2008 and had a significant effect on financial year 2009 as a whole. Vehicle manufacturers are the principal customers for PGM metals, in particular Rhodium, and it has been one of the most affected sectors in the downturn. The market for PGMs was also significantly impacted by destocking and some selling of inventories by vehicle manufacturers. In addition there was a significant reduction in the investment holdings of Exchange Traded Funds (ETFs) which had fallen from nearly 500,000 Platinum ounces during July 2008 to circa 280,000 Platinum ounces at September 2008.

Between March 2008 and July 2008 Platinum and Rhodium traded consistently above $2,000 per ounce and $9,000 per ounce respectively. There was then a sharp decline with Platinum falling to a low point of $756 per ounce on 27 October 2008 and Rhodium falling to a low point of $1,000 per ounce on 25 November 2008. Pricing remained at low levels during the first calendar quarter of 2009 but subsequently there have been some signs of recovery. Global light vehicle sales volumes have been increasing since the start of 2009, supported by stimulus measures in a number of countries, and vehicles stocks are at historically low levels. The ETFs have been restocking indicating growing confidence in price improvements with holdings recovering to 560,000 Platinum ounces at the year end and the Chinese jewellery market has grown significantly. Platinum recovered to $1,280 per ounce by the end of 2009 with an average for the year of $1,079 per ounce. In a similar manner Rhodium recovered to $1,650 per ounce by the end of 2009 with an average for the year of $1,478 per ounce. The decline in pricing versus 2008 has led to a reduction in revenue of just over $1 billion.

The PGM sales volume for the year at 1,268,918 ounces were 132,453 below the prior year (of which approximately 103,000 ounces can be attributed to closed operations) resulting in an adverse revenue impact of $203 million (based on 2008 pricing as all price effects are included in the price variance described above). The mix of metals sold resulted in a favourable impact to revenue of $98 million due to the mix of Platinum and Rhodium. The contribution from base metals fell by $27 million, or one-third, with Nickel prices falling by 33.5%.

Cost changes (increase) / decrease:

	$m
Marikana conventional underground mining	(30)
Hossy and Saffy shafts	(35)
Concentrating and processing	(18)
Overhead costs	74
Savings from closed operations	76
Operating costs	67
Pandora ore purchases	41
Metal stock movement	(176)
Foreign exchange	179
Depreciation	2
Total	113

Marikana conventional underground mining costs in the year increased by only $30 million or 7.1% over the year to 30 September 2009, despite wage inflation of 12.5% and increased ore reserve development costs, mainly due to the restructuring benefits in half two estimated at $33 million.

During 2008 the new shafts, Hossy and Saffy, first become fully operational and began to incur working costs. In 2009 the shafts were fully operational during the whole year and production increased by nearly 50%. These factors gave rise to an increase in costs for these shafts of $35 million or 46.5% as planned.

Processing and concentrating costs increased by $18 million reflecting incremental utility costs, costs due to the Smelter rebuild, additional toll fees, investments in plant maintenance and additional staff to improve plant stability and recoveries.

Overhead costs are $74 million lower than 2008. Approximately $30 million of this saving has been generated by lower royalties (which are profit related) and a decline in share based payments and associated taxes. However, the remaining $44 million of saving has been created through specific actions. The scope of exploration activities has been reduced significantly with expenditure less than half that of the prior year. The London Head Office has been refocused with a reduction of approximately one-third of the staff and central costs in South Africa have been reduced. Training and consulting costs have also been reduced.

Costs have also reduced by $76 million following the cessation of production at unprofitable operations. Opencast operations ceased on the 31 December 2008 with subsequent costs incurred only with respect to rehabilitation. The intention to close the Limpopo Baobab shaft was announced in November 2008. After a 21 day wage related strike in December effective operations, and therefore production, ceased. From December to March, when the operation was closed, Limpopo operating costs have been treated as a special item. After March the ongoing care and maintenance costs have been treated as underlying costs but are a fraction of the full operating costs.

The cost of ore purchased from the Pandora joint venture is $41 million lower than the prior year with volume falling due to the cessation of opencast operations and the fall in metal prices which determine the bought-in price.

Movements on metal stock inventory were very different between 2008 and 2009. During 2008 stock levels increased by $128 million from a low point at September 2007, due to escalating costs and an inventory build up. Conversely in 2009 the metal inventory value has reduced by $48 million with reduced inventories, despite the Smelter operating at low power levels at the end of the year. These two movements in aggregate have caused a $176 million adverse effect.

Foreign exchange has been an extremely positive factor with a $189 million benefit arising on the translation of costs with the average Rand to US Dollar rate of exchange for costs weakening by 18%. This was partially offset by a $10 million adverse movement arising from the translation of working capital.

In summary Rand costs at R8.8 billion are R0.6 billion lower than 2008 despite a 12.5% wage increase and are below our guidance issued at the half year. This reflects ongoing benefits of the restructuring programme as well as the benefit of closed operations. In 2010 the Directors expect Rand gross costs to increase by less than local inflation, despite anticipated mining volume increases, due to a full year’s benefit arising from the restructuring and ongoing cost control measures.

Restructuring programme:

In total the restructuring undertaken in the year resulted in a headcount reduction in excess of 7,000 as per our guidance at the interims. Around 4,800 employees left the Group, with 3,600 of these leaving as part of the restructuring programme (of which less than 300 were as a result of compulsory redundancy) and a net reduction of 1,200 through natural attrition. Nearly 2,300 contractor positions were removed. The programme was substantially implemented at the end of the first half. In comparison to the anticipated annualised labour cost benefit of $90 million (R900 million) announced at the interims the Group has saved $64 million (R525 million) in the second half. This means that we have outperformed our initial expectations even allowing for the strengthening of the Rand and also that a payback on the $49 million one off restructuring cost has already been achieved.

Cost per PGM ounce:

The cost per PGM ounce produced by Marikana operations for the year to 30 September 2009 at R6,590 was 7.4% higher than 2008. Whilst overall Rand costs were well controlled given the 12.5% pay award, as described above, the reduction in production volumes impacted unit costs negatively. A key factor was the frequency and severity of safety related shutdowns in the year which caused an increase of circa R200 per PGM ounce.

Further details of unit costs analysis can be found in the operating statistics. It should be noted that with the restructuring of the business 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.

Special operating costs:

In FY08 special costs had a significant impact on operating profit with $199 million being charged. This largely related to the impairment of assets related to Limpopo, together with bid defence costs and a pension settlement. In 2009 the one-off costs of $49 million related to costs associated with the reduction in employees together with the abnormal operating costs for Limpopo operations, subsequent to the announcement of closure, and the cost of the restructuring programme itself. More details can be found in note 3.

Impairment of available for sale financial assets:

The Group holds listed investments which are marked to market. In financial year 2008 the market value of certain of these investments fell below the original acquisition cost and this resulted in a $19 million impairment which was taken to the income statement. In 2009 further mark to market losses were incurred resulting in $39 million further charges being recognised at the interim results. Subsequent to March 2009 the value of these investments have recovered by $9 million however, under IFRS, these gains are reflected directly in equity.

Summary of net finance (costs) / income:

	Year to 30 September	
	2009	2008
	$m	$m
Net bank interest and fees	(20)	(18)
Capitalised interest payable and fees	23	23
Exchange	(20)	(2)
Rights Issue impacts	(73)	-
Other	(2)	4
Net finance (costs) / income	(92)	7

Net interest charges and fees were little changed in 2009 and correspondingly capitalised interest was also similar. The volatility and significant weakening of the Rand against the US Dollar at times during the year to 30 September 2009 had a marked impact on Rand cash balances held for operational and funding purposes resulting in $23 million of exchange losses which was the main component of the $20 million charge.

The Rights Issue had a major impact on reported net finance costs in the year with three factors contributing all of which have been treated as special items in the income statement:

- The Group undertook forward currency hedges to fix the US Dollar value from Sterling receipts arising from the fully underwritten Rights Issue and as a result received $458 million net of expenses and exchange differences in line with the $457 million estimated in the prospectus. However, Sterling strengthened prior to the Rights Issue proceeds being received and if no cover had been taken the Group would have received an additional $33 million. This fair value loss is taken through the income statement under IFRS with the corresponding offset increasing share premium.
- Rights Issue proceeds were received over the offer period in Sterling or Rand and were recognised at spot rates on the date of receipt. The retranslation of these balances prior to the closing of the offer resulted in a loss of $4 million recognised in exchange on net debt.
- There is a $36 million loss arising as a result of IAS 32 as adopted by the EU recognising a derivative liability in respect of the Rights Issue. This loss does not impact cash and, as it is effectively reversed in retained earnings, has no overall impact on the balance sheet and financial position of the group. IAS 32 was amended in October 2009 such that, once adopted by the EU, the Rights Issue would be treated more appropriately as an equity transaction. In this case the $36 million loss would not arise. Note 10 gives more detail in this regard.

The total net finance cost of $92 million for the year was therefore $99 million adverse to the prior year of which $73 million related to special items arising from the treatment of the Rights Issue (see note 10).

Share of profit of associate and joint venture:

The share of profit has decreased by $26 million in the period reflecting the reduced profitability of the Pandora joint venture, which has been impacted by the reduction in metal prices in a similar manner to the Group, and by reduced income in the Incwala associate as a result of significantly reduced minority dividends paid by the Group’s operating subsidiaries.

(Loss) / profit before tax and earnings:

Reported losses before tax for the year to 30 September 2009 at $272 million are $1,051 million worse than the prior year. This has been driven by the $906 million decline in reported operating profit, the $99 million adverse movement on net finance costs, the decrease of $26 million in the Group’s share of profit from associates and joint ventures and the further $20 million loss on available for sale financial assets.

Reported tax for the current year was a charge of $51 million. Current tax in the year effectively reflects the secondary tax on dividends with negligible corporate taxation in the year. A net $38 million adverse exchange loss arose on the retranslation of Rand tax liabilities which is treated as special. In comparison to the $213 million charge for reported tax in the prior year this resulted in a $162 million benefit.

Loss for the year attributable to equity shareholders amounted to $285 million (2008 – profit $455 million) and the loss per share was 163.7 cents compared with earnings per share of 277.7 cents in 2008. Underlying loss per share, being earnings excluding special items, amounted to 59.2 cents (2008 – underlying earnings per share 335.8 cents). The loss and earnings per share figures have been adjusted to reflect the effect of the Rights Issue.

Balance sheet

A reconciliation of the movement in equity shareholders’ funds for the year to 30 September 2009 is given below.

	$m
Equity shareholders’ funds as at 1 October 2008	2,147
Recognised income and expense	(280)
Shares issued	508
Reversal of fair value movements on Rights Issue derivative liability	36
Share based payments and other	6
Equity shareholders’ funds as at 30 September 2009	2,417

Equity shareholders’ funds were $2,417 million at 30 September 2009 compared with $2,147 million at 1 October 2008, an increase of $270 million. This was due to the recognition of $280 million of attributable losses being more than offset by the total increase in share capital and share premium of $508 million from the issue of shares, of which $491 million arose on the Rights Issue (net of costs) and the reversal of the $36 million loss on the Rights Issue derivative liability loss as described above.

Net debt at $113 million has decreased by $190 million since the 2008 year end mainly due to the benefit of the Rights Issue.

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 2% at 30 September 2009 and 12% at 30 September 2008.

Cash flow

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

	Year to 30 September	
	2009	2008
	$m	$m
Operating (loss) / profit	(142)	764
Depreciation and amortisation	94	96
Impairment	-	174
Operating profit before depreciation, amortisation and impairment	(48)	1,034
Change in working capital	110	(84)
Other	1	(3)
Cash flow from operations	63	947
Interest and finance costs	(31)	(12)
Tax	(48)	(229)
Trading cash (outflow) / inflow	(16)	706
Capital expenditure	(234)	(378)
Proceeds from disposal of assets held for sale	-	1
Dividends paid to minority	(21)	(65)
Free cash (outflow) / inflow	(271)	264
Disposals / (investment in joint venture)	(5)	3
Financial investments	-	(17)
Net proceeds from rights shares issued (before foreign exchange loss on advance cash held)	462	-
Other shares issued	16	6
Equity dividends received / (paid)	3	(186)
Cash inflow	205	70
Opening net debt	(303)	(375)
Foreign exchange	(27)	2
Unamortised fees	12	-
Closing net debt	(113)	(303)
Trading cash (outflow) / inflow (cents per share)	(9.2)c	431.0c
Free cash (outflow) / inflow (cents per share)	(155.6)c	161.2c

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 year was positive, at $63 million, despite being impacted by the restructuring programme which caused a cash outflow of $49 million. Compared to the prior year, cash flow generated from operations was down by $884 million due to the adverse impact of the fall in operating profit before depreciation, amortisation and impairment of $1,082 million being offset to a limited extent by the $194 million turnaround in the working capital position. This change in working capital reflected a substantial improvement in trade debtors, partly through lower metal prices but also through the achievement of improved credit terms, together with the favourable relative movement on the stock position being offset by a reduction in creditors which was impacted by a Rand translation effect. After interest and finance costs of $31 million and tax payments of $48 million, trading cash outflow for the year amounted to $16 million against a $706 million inflow in the prior year. The cash flow on interest and finance costs increased due to the payment of arrangement fees on the renegotiation of bank facilities. The tax payments 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. The trading cash outflow per share was 9.2 cents in the year to 30 September 2009 against a 431.0 cents inflow in the year to 30 September 2008 as restated for the Rights Issue.

Capital expenditure cash flow at $234 million was $144 million below the prior year with the Group reducing expenditure in the current difficult economic environment. In Mining the expenditure was focused on development of the operations at Hossy and Saffy, equipping at K4 and investment in sub-declines at K3 as well as securing some water resources at Akanani. In the Process Division we invested mainly in the Smelter upgrade and in improvements at the Concentrators. This expenditure was below our market guidance of $250 million reflecting strict controls on this area of spend. For 2010 our guidance for capital expenditure is up to $270 million. This reflects the need to invest ahead of the expected market upturn in order to deliver more ounces from 2011 onwards which will also assist in improving unit cost performance. We will, however, always balance the need to invest with the requirement to maintain a strong balance sheet and will manage spend accordingly.

Dividends paid to minorities in the year at $21 million were $44 million lower than the prior year. The dividend paid in the year largely related to profits generated in 2008.

Free cash outflow at $271 million was $535 million adverse to the prior year with free cash inflow per share of 161.2 cents deteriorating to an outflow of 155.6 cents. As reported at the 2008 final results and 2009 interims the Directors decided not to declare a dividend. Consequently no dividend cash outflow occurred in the year.

In the second half, Lonmin Plc undertook a Rights Issue which raised $462 million of equity net of transaction costs and the loss on forward currency hedges. The transaction also gave rise to a $4 million loss on the exchange on net borrowings and therefore resulted in a $458 million inflow, in line with the prospectus. In addition the International Finance Corporation exercised an option in the year to subscribe for Lonmin share capital and this represented the majority of the remaining equity issuance.

The overall cash inflow for the year to 30 September was $205 million which decreased net debt accordingly.

Dividends

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. As a result of our financial results for the year and with 2010 still potentially challenging for PGM prices and exchange rates the Board has decided not to declare a dividend in respect of the year to 30 September 2009.

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 and sensitivities, are disclosed in this regard.

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 e.g. 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 year Lonmin completed the refinancing of $575 million of existing committed facilities comprising, in the UK, a $250 million revolving credit facility and a $150 million amortising term loan (both now maturing in 2012) and, in South Africa, a $175 million revolving credit facility maturing in November 2010 (together the ''New Facilities''). This refinancing has significantly lengthened the tenure of the Company's banking facilities. In June 2009, the Company successfully completed a 2 for 9 Rights Issue which raised net proceeds of $458 million and further strengthened the balance sheet. Some of these proceeds were used to pay down debt in the UK, the remainder being held on deposit. In addition the Company agreed with its banks to waive all EBITDA covenants at September 2009 and March 2010 as well as the net debt to EBITDA covenants at September 2010. Our relationship banks have shown clear confidence in our business by agreeing to these New Facilities and covenant waivers and we fully expect this support to continue.

As at 30 September 2008, Lonmin had net debt of $303 million. At 30 September 2009, Lonmin's net debt had decreased to $113 million, comprising $407 million of drawn down facilities net of $282 million of cash and equivalents and $12 million of unamortised bank fees. This represents a decrease in net debt from 30 September 2008 of $190 million.

Lonmin has $875 million of committed facilities in place, with $575 million of these comprising new facilities. The main elements of the new facilities can be summarised as follows:

- For the period commencing April 2009, Lonmin has agreed a new $250 million revolving credit facility in the UK, which will expire in November 2012.
- For the period commencing August 2009, Lonmin has agreed a new $150 million forward-start 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 originally included a maximum net debt/EBITDA ratio of 4.0 times, to be first tested in March 2010; a minimum EBITDA/net interest ratio of 4.0 times, to be first tested in March 2010; and a maximum net debt/tangible net worth ratio of 0.75 times, to be tested in September 2009 and March 2010, and moving to 0.7 times on a semi-annual basis thereafter. 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 South Africa, Lonmin has secured an extension to the maturity of the existing $175 million multi-currency revolving credit facility to November 2010; this facility was previously due to mature in October 2009. The margin is 141bps over JIBAR until 30 September 2009 if drawn in Rand, with pricing on US Dollar draw downs being negotiated at the time. The margin from 1 October 2009 will be 350bps over JIBAR.
- Originally, key covenants for this facility, which are to be tested at the WPL/EPL level in South Africa, included 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. These covenants are consistent with our $300 million term loan which expires in mid 2013. We have successfully secured a covenant waiver for the net debt/EBITDA ratio at 30 September 2009, 31 March 2010 and 30 September 2010 and the EBITDA/net interest ratio at 30 September 2009 and 31 March in both the $175 million multi-currency revolving credit facility and the $300 million term loan. As a consequence of this, the margin on the $300 million term loan has increased from 100bps to 300bps.
- One-off up-front arrangement and lending fees associated with the debt refinancing amount to $14 million and will be amortised over the life of the facilities they relate to.

With the commencement of the New Facilities and the re-pricing of the $300 million term loan, interest payable will increase and an effective funding rate of circa 6% is anticipated.

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, all 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 and 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.

The approximate effect on the Group's results of a 10% movement in the Rand to US Dollar 2009 year average exchange rate would be as follows:

EBIT	±	$91m
Profit for the year	±	$53m
EPS (cents)	±	30.4c

These sensitivities are based on 2009 prices, costs and volumes and assume all other variables remain constant. They are estimated calculations only.

Commodity price risk

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

On base metals, which are by-products of PGM production, 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 Nickel and Copper looking forward over the next 12 to 24 months. The Group has undertaken a number of hedging contracts on Nickel and Copper sales using outright forward contracts.

The approximate effects on the Group's results of a 10% movement in the 2009 financial year average metal prices achieved for Platinum (Pt) ($1,086 per ounce) and Rhodium (Rh) ($1,571 per ounce) would be as follows:

		Pt		Rh
EBIT	±	$74m	±	$15m
Profit for the year	±	$44m	±	$9m
EPS (cents)	±	25.2c	±	5.1c

The above sensitivities are based on 2009 volumes and assume all other variables remain constant. They are estimated calculations only.

Fiscal risk

The South African Government originally intended to introduce a new Mining Royalty in 2009, but this has now been deferred until 1 March 2010. The Royalty Bill has now been enacted, the Royalty being 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:

$$\% \text{ of Gross Sales} = \frac{\text{Adjusted EBIT}^{*}}{\text{Gross Sales} \times 12.5} \times 100$$

* 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

At the balance sheet date indemnities given by Lonmin to Impala Platinum Holdings Limited (Impala) of R618 million ($83 million) were shown as contingent liabilities. These indemnities were in respect of any non-payment by any HDSA of the vendor financing amounts arising on the sale of the 9.11% interest in Western Platinum Limited and Eastern platinum Limited on the relevant due date. Lonmin has a counter indemnity claim for the full amount which is secured on the relevant HDSA investor's shares in Incwala. After the balance sheet date, R294 million ($39 million) has been called by Impala and was paid on 7 October 2009 resulting in the recognition of a HDSA receivable (which is backed by the counter indemnity). A further R147 million ($20 million) is exercisable on 16 December 2009. Of the remaining indemnity, R118 million ($16 million) is enforceable on 30 September 2011 and R59 million ($8 million) is enforceable on 16 December 2011.

Alan Ferguson
Chief Financial Officer

Operating Statistics – 5 Year Review

		Units	**2009**	2008	2007	2006	2005
Tonnes mined							
Marikana	Underground - conventional	000	**8,472**	9,076	10,574	10,883	10,241
	Underground – M&A[1]	000	**1,710**	1,150	638	601	680
	Underground - total	000	**10,182**	10,226	11,212	11,484	10,921
	Opencast	000	**234**	1,300	1,597	1,583	2,653
Limpopo	Underground	000	**87**	523	757	857	212
	Opencast	000	**-**	-	-	14	-
Pandora attributable[2]	Underground	000	**142**	124	128	100	54
	Opencast	000	**156**	275	286	176	-
Lonmin Platinum	Underground	000	**10,411**	10,875	12,096	12,441	11,187
	Opencast	000	**389**	1,575	1,883	1,772	2,653
	Total	000	**10,801**	12,449	13,979	14,213	13,840
% tonnes mined from UG2 reef		%	**77.7**	73.1	72.0	71.2	74.3
Tonnes milled[3]							
Marikana	Underground	000	**10,148**	10,206	11,216	11,502	10,975
	Opencast	000	**622**	1,163	1,469	1,854	2,444
Limpopo	Underground	000	**92**	534	781	887	214
	Opencast	000	**-**	-	-	14	-
Pandora[4]	Underground	000	**335**	293	301	236	127
	Opencast	000	**430**	595	649	394	-
Ore Purchases[5]	Underground	000	**-**	-	75	14	-
	Opencast	000	**-**	30	20	18	-
Lonmin Platinum	Underground	000	**10,576**	11,033	12,373	12,639	11,316
	Opencast	000	**1,053**	1,788	2,138	2,280	2,444
	Total	000	**11,628**	12,821	14,511	14,919	13,760
Milled head grade							
Marikana	Underground	g/t	**4.57**	4.71	4.98	5.00	4.98
	Opencast	g/t	**2.63**	3.06	4.11	4.25	4.88
Limpopo	Underground	g/t	**3.66**	3.47	3.50	4.09	3.84
	Opencast	g/t	**-**	-	-	3.29	-
Pandora	Underground	g/t	**4.84**	5.11	4.88	5.05	4.54
	Opencast	g/t	**5.23**	5.04	5.33	4.92	-
Ore Purchases	Underground	g/t	**-**	-	3.92	3.92	-
	Opencast	g/t	**-**	2.90	5.16	4.14	-
Lonmin Platinum	Underground	g/t	**4.57**	4.66	4.88	4.94	4.95
	Opencast	g/t	**3.70**	3.70	4.39	4.36	4.88
	Total	g/t	**4.50**	4.52	4.80	4.85	4.94
Metals in concentrate							
Lonmin Platinum	Platinum	oz	**663,101**	732,125	869,832	964,958	908,972
	Palladium	oz	**308,758**	342,081	404,535	447,894	397,546
	Gold	oz	**15,013**	18,932	25,030	31,973	22,269
	Rhodium	oz	**91,920**	99,173	114,601	125,379	115,436
	Ruthenium	oz	**140,106**	152,772	182,326	198,491	187,967
	Iridium	oz	**30,315**	31,562	41,157	41,284	38,465
	Total PGMs	oz	**1,249,214**	1,376,645	1,637,481	1,809,979	1,670,655
	Nickel[6]	MT	**2,794**	3,549	4,636	5,120	4,042
	Copper[6]	MT	**1,763**	2,216	2,814	3,104	2,498

	Units	**2009**	2008	2007	2006	2005
Metallurgical production						
Lonmin refined metal production						
Platinum	oz	**655,291**	699,942	695,842	799,070	796,082
Palladium	oz	**297,415**	330,209	318,758	369,859	348,681
Gold	oz	**18,277**	20,257	20,485	20,955	17,059
Rhodium	oz	**95,596**	91,063	88,469	115,453	87,632
Ruthenium	oz	**146,506**	158,424	135,873	174,639	172,610
Iridium	oz	**23,908**	31,599	30,430	40,836	25,110
Total PGMs	oz	**1,236,992**	1,331,493	1,289,857	1,520,812	1,447,174
Toll refined metal production						
Platinum	oz	**2,025**	-	93,609	-	46,354
Palladium	oz	**941**	-	43,274	-	21,115
Gold	oz	**58**	-	-	-	731
Rhodium	oz	**1,532**	-	12,966	-	7,133
Ruthenium	oz	**2,647**	-	20,439	-	11,524
Iridium	oz	**513**	-	4,090	-	2,263
Total PGMs	oz	**7,717**	-	174,378	-	89,120
Total refined PGMs						
Platinum	oz	**657,317**	699,942	789,451	799,070	842,436
Palladium	oz	**298,356**	330,209	362,032	369,859	369,796
Gold	oz	**18,335**	20,257	20,485	20,955	17,790
Rhodium	oz	**97,128**	91,063	101,435	115,453	94,765
Ruthenium	oz	**149,153**	158,424	156,312	174,639	184,134
Iridium	oz	**24,420**	31,599	34,520	40,836	27,373
Total PGMs	oz	**1,244,709**	1,331,493	1,464,235	1,520,812	1,536,294
Base metals						
Nickel[7]	MT	**3,244**	3,483	4,522	4,342	4,187
Copper[7]	MT	**1,988**	2,009	2,466	2,452	2,547
Capital expenditure[8]	Rm	**2,106**	2,816	1,923	1,207	1,180
	$m	**234**	378	276	182	190

	Units	**2009**	2008	2007	2006	2005
Sales						
Refined metal sales						
Platinum	oz	**659,703**	706,492	786,552	803,471	838,859
Palladium	oz	**305,332**	329,460	362,077	373,303	364,080
Gold	oz	**18,910**	20,151	24,449	22,133	18,122
Rhodium	oz	**94,160**	93,337	102,916	116,281	93,453
Ruthenium	oz	**146,009**	158,477	162,853	179,557	183,372
Iridium	oz	**23,522**	32,140	37,858	38,092	26,676
Total PGMs	oz	**1,247,636**	1,340,057	1,476,705	1,532,837	1,524,562
Concentrate and other[9]						
Platinum	oz	**23,253**	20,425	7,032	136,183	71,396
Palladium	oz	**(2,848)**	11,888	3,232	61,110	37,003
Gold	oz	**13**	117	201	4,641	2,362
Rhodium	oz	**175**	889	1,008	15,965	21,552
Ruthenium	oz	**303**	26,205	1,942	26,137	20,517
Iridium	oz	**387**	1,789	64	5,291	2,548
Total PGMs	oz	**21,282**	61,313	13,479	249,327	155,377
Lonmin Platinum						
Platinum	oz	**682,955**	726,918	793,584	939,654	910,255
Palladium	oz	**302,485**	341,348	365,309	434,413	401,083
Gold	oz	**18,922**	20,268	24,650	26,774	20,484
Rhodium	oz	**94,335**	94,227	103,924	132,246	115,005
Ruthenium	oz	**146,312**	184,682	164,795	205,694	203,889
Iridium	oz	**23,909**	33,929	37,922	43,384	29,224
Total PGMs	oz	**1,268,918**	1,401,371	1,490,184	1,782,164	1,679,939
Nickel	MT	**3,318**	3,338	5,308	4,604	3,892
Copper	MT	**2,045**	1,978	2,474	2,974	2,481
Average Prices						
Platinum	$/oz	**1,086**	1,655	1,213	1,091	852
Palladium	$/oz	**224**	372	339	300	185
Gold	$/oz	**912**	867	647	571	425
Rhodium	$/oz	**1,571**	7,614	5,757	3,971	1,684
Ruthenium	$/oz	**97**	340	404	134	66
Iridium	$/oz	**388**	414	402	233	153
Basket price of PGMs	$/oz	**786**	1,529	1,196	972	668
Nickel	$/MT	**15,006**	22,556	26,461	17,975	12,527
Copper	$/MT	**6,291**	7,212	6,971	7,882	3,168

	Units	**2009**	2008	2007	2006	2005
Cost per PGM ounce sold [10]						
Group:						
Mining – Marikana	R/oz	**4,468**	3,880	2,306	1,700	1,606
Mining – Limpopo	R/oz	**7,404**	6,363	4,463	3,740	3,587
Mining (weighted average)	R/oz	**4,490**	3,979	2,430	1,827	1,636
Concentrating – Marikana	R/oz	**808**	724	470	330	283
Concentrating – Limpopo	R/oz	**1,820**	1,743	1,506	847	814
Concentrating (weighted average)	R/oz	**815**	761	526	361	291
Process division	R/oz	**693**	686	600	406	269
Shared business services	R/oz	**632**	845	612	463	345
C1 cost per PGM ounce produced	R/oz	**6,630**	6,271	4,168	3,057	2,541
Stock movement	R/oz	**112**	(863)	28	(9)	14
C1 cost per PGM ounce sold before base metal credits	R/oz	**6,742**	5,408	4,196	3,048	2,555
Base metal credits	R/oz	**(440)**	(482)	(762)	(400)	(242)
C1 cost per PGM ounce sold after base metal credits	R/oz	**6,302**	4,926	3,434	2,648	2,313
Amortisation	R/oz	**516**	420	360	272	252
Other EBIT items	R/oz	**-**	-	-	-	(28)
C2 costs per PGM ounce sold	R/oz	**6,818**	5,346	3,794	2,920	2,537
Pandora Mining cost:						
C1 Pandora mining cost (in joint venture)	R/oz	**3,371**	3,223	2,453	1,795	N/C
Pandora JV cost/ounce to Lonmin (adjusting Lonmin share of profit)	R/oz	**5,956**	6,200	4,225	3,110	N/C
Exchange Rates						
Average rate for period						
	R/$	**9.00**	7.45	7.14	6.63	6.28
	£/$	**0.64**	0.51	0.51	0.55	0.54
Closing rate						
	R/$	**7.47**	8.27	6.83	7.77	6.36
	£/$	**0.62**	0.56	0.50	0.53	0.57

Footnotes:

1. M&A comprises ore produced by our fully mechanised shafts and from Saffy shaft, which is being transitioned to hybrid mining.
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. Relates to the tonnes milled and derived metal in concentrate from third-party ore purchases.
6. Corresponds to contained base metals in concentrate.
7. 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.
8. Capital expenditure is the aggregate of the purchase of property, plant and equipment and intangible assets as shown in the consolidated cash flow statement.
9. Concentrate and other sales have been adjusted to a saleable ounces basis using standard industry recovery rates. During the fourth quarter of 2008 financial year, 25,000 oz of refined Ruthenium and 1,500 oz of refined iridium were bought and sold to meet contractual commitments. The metallurgy section of the above table excludes these transactions as they relate to third-party mined and processed metals but they are included in the sales section.
10. 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.

N/C Not calculated

Consolidated income statement
for the year ended 30 September

Continuing operations	Note	2009 Underlying [i] $m	Special items (note 3) $m	2009 Total $m	2008 Underlying [i] $m	Special items (note 3) $m	2008 Total $m
Revenue	2	**1,062**	**-**	**1,062**	2,231	-	2,231
EBITDA / (LBITDA) [ii]		**1**	**(49)**	**(48)**	1,059	(25)	1,034
Depreciation, amortisation and impairment		**(94)**	**-**	**(94)**	(96)	(174)	(270)
Operating (loss) / profit [iii]		**(93)**	**(49)**	**(142)**	963	(199)	764
Impairment of available for sale financial assets		**-**	**(39)**	**(39)**	-	(19)	(19)
Finance income	4	**6**	**-**	**6**	13	-	13
Finance expenses	4	**(25)**	**(73)**	**(98)**	(6)	-	(6)
Share of profit of associate and joint venture		**1**	**-**	**1**	27	-	27
(Loss) / profit before taxation		**(111)**	**(161)**	**(272)**	997	(218)	779
Income tax (expense) / income [iv]	5	**(18)**	**(33)**	**(51)**	(322)	109	(213)
(Loss) / profit for the year		**(129)**	**(194)**	**(323)**	675	(109)	566
Attributable to:							
Equity shareholders of Lonmin Plc		**(103)**	**(182)**	**(285)**	550	(95)	455
Minority interest		**(26)**	**(12)**	**(38)**	125	(14)	111
(Loss) / earnings per share (restated) [v]	6	**(59.2)c**		**(163.7)c**	335.8c		277.8c
Diluted (loss) / earnings per share (restated) [v, vi]	6	**(59.2)c**		**(163.7)c**	334.7c		276.9c
Dividends paid per share (restated)[v]	7			**-**			113.6c

Consolidated statement of recognised income and expense

for the year ended 30 September

	Note	**2009 Total $m**	2008 Total $m
(Loss) / profit for the year		**(323)**	566
Change in fair value of available for sale financial assets		**9**	(127)
Net changes in fair value of cash flow hedges		**5**	16
Gains on settled cash flow hedges released to the income statement		**(24)**	(4)
Foreign exchange on retranslation of associate and joint venture		**6**	5
Deferred tax on items taken directly to the statement of recognised income and expense		**6**	16
Total recognised (expense) / income for the year		**(321)**	472
Attributable to:			
- Equity shareholders of Lonmin Plc	9	**(280)**	352
- Minority interest	9	**(41)**	120
	9	**(321)**	472

Footnotes:

i Underlying (loss) / earnings are based on (loss) / profit for the year excluding one-off restructuring and reorganisation costs, impairment of available for sale financial assets, foreign exchange on tax balances, exchange losses on rights issue proceeds and the movement in fair value of the derivative liability in respect of the rights issue. For prior years, underlying also excludes profits on disposal of subsidiaries, impairment of goodwill, intangibles and property, plant and equipment, takeover bid defence costs, pension scheme payments relating to scheme settlements and effects of changes in corporate tax rates as disclosed in note 3.

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

iii Operating (loss) / profit is defined as revenue less operating expenses before impairment of available for sale financial assets, finance income and expenses and share of profit of associate and joint venture.

iv The income tax expense substantially relates to overseas taxation and includes net exchange losses of $38 million (2008 - exchange gains of $88 million) as disclosed in note 5.

v During the year the Group undertook a rights issue of shares. As a result the 2009 LPS and diluted LPS and the 2008 EPS and diluted EPS and dividends per share figures have been adjusted to the date of issue to reflect the bonus element of the rights issue as disclosed in note 6.

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

Consolidated balance sheet
as at 30 September

	Note	**2009 $m**	2008 $m
Non-current assets			
Goodwill		**113**	113
Intangible assets		**964**	949
Property, plant and equipment		**2,036**	1,893
Investment in associate and joint venture		**159**	163
Available for sale financial assets		**68**	96
Other receivables		**25**	19
		3,365	3,233
Current assets			
Inventories		**271**	319
Trade and other receivables		**287**	326
Assets held for sale		**6**	6
Tax recoverable		**1**	5
Derivative financial instruments		**1**	20
Cash and cash equivalents	8	**282**	226
		848	902
Current liabilities			
Trade and other payables		**(337)**	(346)
Interest bearing loans and borrowings	8	**(58)**	-
Tax payable		**(10)**	(55)
		(405)	(401)
Net current assets		**443**	501
Non-current liabilities			
Employee benefits		**(11)**	(21)
Interest bearing loans and borrowings	8	**(349)**	(529)
Deferred tax liabilities		**(579)**	(540)
Provisions		**(67)**	(50)
		(1,006)	(1,140)
Net assets		**2,802**	2,594
Capital and reserves			
Share capital	9	**193**	156
Share premium	9	**776**	305
Other reserves	9	**89**	100
Retained earnings	9	**1,359**	1,586
Attributable to equity shareholders of Lonmin Plc	9	**2,417**	2,147
Attributable to minority interest	9	**385**	447
Total equity	9	**2,802**	2,594

Consolidated cash flow statement
for the year ended 30 September

	Note	**2009 $m**	2008 $m
(Loss) / profit for the year		**(323)**	566
Taxation	5	**51**	213
Share of profit after tax of associate and joint venture		**(1)**	(27)
Finance income	4	**(6)**	(13)
Finance expenses	4	**98**	6
Impairment of available for sale financial assets	3	**39**	19
Depreciation and amortisation		**94**	96
Other impairment	3	**-**	174
Change in inventories		**48**	(133)
Change in trade and other receivables		**59**	12
Change in trade and other payables		**(9)**	37
Change in provisions		**12**	-
Profit on sale of subsidiary		**-**	(2)
Share-based payments		**(1)**	6
Other non cash expenses / (income)		**2**	(7)
Cash flow from operations		**63**	947
Interest received		**3**	11
Interest and bank fees paid		**(34)**	(23)
Tax paid		**(48)**	(229)
Cash (outflow) / inflow from operating activities		**(16)**	706
Cash flow from investing activities			
Investment in joint venture		**(5)**	-
Dividend received from associate		**3**	-
Proceeds from disposal of subsidiary		**-**	3
Purchase of property, plant and equipment		**(221)**	(354)
Purchase of intangible assets		**(13)**	(24)
Purchase of available for sale financial assets		**-**	(17)
Proceeds from disposal of assets held for sale		**-**	1
Cash used in investing activities		**(236)**	(391)
Cash flow from financing activities			
Equity dividends paid to Lonmin shareholders	9	**-**	(186)
Dividends paid to minority	9	**(21)**	(65)
Proceeds from current borrowings	8	**58**	-
Repayment of current borrowings	8	**-**	(237)
Proceeds from non-current borrowings	8	**225**	170
Repayment of non-current borrowings	8	**(405)**	-
Proceeds from rights issue	10	**516**	-
Costs of rights issue	9, 10	**(21)**	-
Loss on forward exchange contracts in respect of the rights issue	3, 10	**(33)**	-
Issue of other ordinary share capital	9	**16**	6
Cash from / (used in) financing activities		**335**	(312)
Increase in cash and cash equivalents	8	**83**	3
Opening cash and cash equivalents	8	**226**	221
Effect of exchange rate changes	8	**(27)**	2
Closing cash and cash equivalents	8	**282**	226

Notes

1. Basis of preparation

The financial information presented has been prepared on the basis of International Financial Reporting Standards (IFRSs) as adopted by the EU.

2. Segmental analysis

The Group's primary operating segment is the mining of Platinum Group Metals. The majority of the Group's operations are based in South Africa.

	2009			
	Platinum [ii]	**Corporate [iii]**	**Exploration [iv]**	**Total**
Analysis by business group	**$m**	**$m**	**$m**	**$m**
Revenue – external sales	**1,062**	**-**	**-**	**1,062**
Operating loss	**(81)**	**(50)**	**(11)**	**(142)**
Segment total assets	**3,262**	**183**	**768**	**4,213**
Segment total liabilities	**(1,216)**	**(24)**	**(171)**	**(1,411)**
Capital expenditure [i]	**229**	**-**	**29**	**258**
Depreciation and amortisation	**94**	**-**	**-**	**94**
Impairment losses (note 3)	**39**	**-**	**-**	**39**
Share of profit of associate and joint venture	**1**	**-**	**-**	**1**
Share of net assets of associate and joint venture	**159**	**-**	**-**	**159**

	2008			
	Platinum [ii]	Corporate [iii]	Exploration [iv]	Total
Analysis by business group	$m	$m	$m	$m
Revenue – external sales	2,231	-	-	2,231
Operating profit / (loss)	892	(101)	(27)	764
Segment total assets	3,369	25	741	4,135
Segment total liabilities	(1,100)	(267)	(174)	(1,541)
Capital expenditure [i]	389	-	36	425
Depreciation and amortisation	96	-	-	96
Impairment losses (note 3)	193	-	-	193
Share of profit of associate and joint venture	27	-	-	27
Share of net assets of associate and joint venture	163	-	-	163

	2009			
	South Africa	**UK**	**Other**	**Total**
Analysis by geographical location	**$m**	**$m**	**$m**	**$m**
Revenue – external sales	**1,062**	**-**	**-**	**1,062**
Segment total assets	**4,023**	**164**	**26**	**4,213**
Capital expenditure [i]	**258**	**-**	**-**	**258**

Analysis by geographical location	2008			
	South Africa $m	UK $m	Other $m	Total $m
Revenue – external sales	2,231	-	-	2,231
Segment total assets	4,091	10	34	4,135
Capital expenditure [i]	425	-	-	425

Footnotes:

i Capital expenditure includes additions to property, plant and equipment (including capitalised interest), intangible assets and goodwill in accordance with IAS 14 - *Segment Reporting*.
ii The platinum segment includes all operational activities together with direct overheads, plus investments in mining related assets.
iii The corporate segment consists of the London head office and the Johannesburg office.
iv The exploration segment comprises the investment in the Akanani deposit and various exploration sites around the world.

Revenue by destination is analysed by geographical area below:

	2009 $m	2008 $m
The Americas	**227**	580
Asia	**296**	798
Europe	**417**	349
South Africa	**122**	496
Zimbabwe	**-**	8
	1,062	2,231

3. Special Items

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

	2009 $m	2008 $m
Operating loss:	**(49)**	(199)
- Restructuring and reorganisation costs [i]	**(49)**	-
- Profit on disposal of subsidiary [ii]	**-**	2
- Pensions [iii]	**-**	(9)
- Defence costs [iv]	**-**	(18)
- Impairment loss [v]	**-**	(174)
Impairment of available for sale financial assets [vi]	**(39)**	(19)
Finance costs:	**(73)**	-
- Loss on forward exchange contracts in respect of rights issue (note 10)	**(33)**	-
- Exchange difference on holding rights issue proceeds received in advance (note 10)	**(4)**	-
- Movement in fair value of derivative liability in respect of rights issue (note 10)	**(36)**	-
Loss on special items before taxation	**(161)**	(218)
Taxation related to special items (note 5)	**(33)**	109
Special loss before minority interest	**(194)**	(109)
Minority interest	**12**	14
Special loss for the year attributable to equity shareholders of Lonmin Plc	**(182)**	(95)

Footnotes:

i During the year the Group incurred $49 million in restructuring and reorganisation costs (2008 - $nil) primarily comprising employee exit costs together with abnormal non-productive operating costs at Limpopo following announcement of its closure.

ii During 2008 the Group disposed of a subsidiary, Southern Era Mining Exploration South Africa (Pty) Limited, for consideration of $3 million resulting in a profit before tax of $2 million.

iii During 2008 the Group settled the Lonmin Superannuation Scheme (LSS) and incurred a $9 million charge.

iv In 2008 the Group incurred $18 million of defence costs relating to a takeover bid that occurred.

v In 2008 impairment charges primarily comprised the write down of property, plant and equipment of $89 million for the Baobab shaft at Limpopo together with $73 million of smelting synergies recognised as goodwill recognised at acquisition and $7 million relating to the remaining carrying value of the Messina concentrate off-take contract. This impairment arose as a result of reduced reserves and weaker short-term pricing anticipated.

vi During the year certain available for sale financial assets were marked to market and have fallen below original acquisition costs resulting in $39 million of impairment charges being taken to the income statement (2008 - $19 million). In the current year $9 million subsequent gain on financial assets has been recognised in the statement of recognised income and expense (2008 - $127 million loss).

4. Net finance costs

	2009 $m	2008 $m
Finance income:	**6**	13
Interest receivable	**3**	5
Movement in fair value of other receivables	**3**	1
Other interest receivable	**-**	7
Finance expenses:	**(25)**	(6)
Interest payable on bank loans and overdrafts	**(15)**	(22)
Bank fees	**(8)**	(1)
Capitalised interest [i]	**23**	23
Unwind of discounting on provisions	**(5)**	(4)
Exchange differences on other receivables	**3**	(4)
Exchange differences on net debt [ii]	**(23)**	2
Special items:	**(73)**	-
Loss on forward exchange contracts in respect of rights issue (note 3 and 10)	**(33)**	-
Exchange difference on holding rights issue proceeds received in advance (note 3 and 10)	**(4)**	-
Movement in fair value of derivative liability in respect of rights issue (note 3 and 10)	**(36)**	-
Total finance expenses	**(98)**	(6)
Net finance (expense) / income	**(92)**	7

Footnotes:

i Interest expenses incurred have been capitalised on a Group basis to the extent that there is an appropriate qualifying asset. The weighted average interest rate used by the Group for capitalisation is 4.8% (2008 – 4.7%).

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

5. Taxation

	2009 $m	2008 $m
United Kingdom:		
Current tax expense at 28% (2008 – 28%)	**33**	126
Less amount of the benefit arising from double tax relief available	**(33)**	(126)
Total UK tax expense	**-**	-
Overseas:		
Current tax expense at 28% (2008 – 28%) excluding special items	**11**	261
Corporate tax expense	**1**	224
Tax on dividends remitted	**10**	37
Deferred tax expense:	**7**	61
Origination and reversal of temporary differences	**7**	49
Prior year adjustment	**12**	-
Tax on dividends unremitted	**(12)**	12
Special items – UK and overseas (note 3):	**33**	(109)
Reversal of utilisation / (utilisation) of losses from prior years to offset deferred tax liability [i]	**1**	(2)
Exchange on current taxation [ii]	**(5)**	(19)
Exchange on deferred taxation [ii]	**43**	(69)
Tax on restructuring and reorganisation costs	**(6)**	-
Change in South African corporate tax rate from 29% to 28% [iii]	**-**	(19)
Actual tax charge	**51**	213
Tax charge excluding special items (note 3)	**18**	322
Effective tax rate	**(19%)**	27%
Effective tax rate excluding special items (note 3)	**(16%)**	32%

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

	2009	**2009 $m**	2008	2008 $m
Tax (credit) / charge at standard tax rate	**28%**	**(76)**	28%	218
Special items as defined above	**(12%)**	**33**	(14%)	(109)
Tax effect of impairment relating to Baobab shaft at Limpopo	**-**	**-**	6%	49
Tax effect of impairment of available for sale financial assets	**(4%)**	**11**	1%	5
Tax effect of temporary differences relating to prior years	**(4%)**	**10**	6%	49
Tax effect of losses in respect of rights issue	**(7%)**	**20**	-	-
Tax effect of unutilised losses	**(7%)**	**18**	-	-
Foreign exchange impacts on taxable profits	**(13%)**	**35**	-	1
Actual tax charge	**(19%)**	**51**	27%	213

The Group's primary operations are based in South Africa. Therefore, the relevant standard tax rate for the Group is the South African statutory tax rate of 28% (2008 - 28%). The secondary tax rate on dividends remitted by South African companies is 10% (2008 - 10%).

Footnotes:

i The Group holds a number of available for sale financial assets which are marked to market. In the current and prior year most of the investments decreased in value resulting in the unwind of the associated deferred tax balances which had accumulated on the previous increases in fair value of the investments. Losses below initial carrying value have not created deferred tax assets because future profits arising in relevant statutory entities are not considered sufficiently certain. In the prior year one of the investments increased in value resulting in a deferred tax balance arising on setting off unutilised tax losses against the gain. In the current year this investment decreased in value resulting in part of the previously recognised deferred tax balance reversing and the reversal of related utilised losses.

ii 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 30 September 2009 is $416 million (30 September 2008 - $373 million).

iii The corporation tax rate for the year was 28% (2008 - 28%). The corporation tax rate was changed to 28% in the prior financial year which resulted in a net release of deferred tax liabilities of $19 million. This tax saving was reported as special.

6. (Loss) / earnings per share

(Loss) / earnings per share have been calculated on the loss attributable to equity shareholders amounting to $285 million (2008 – profit $455 million) using a weighted average number of 174,116,102 ordinary shares in issue (2008 – 163,803,041 ordinary shares).

During the year the Group undertook a capital raising by way of a rights issue. As a result the (LPS) / EPS 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 two new ordinary shares issued for every existing nine ordinary shares held. For the calculation of the (LPS) / EPS, the number of shares held prior to 4 June 2009 have been increased by a bonus factor of 1.048 to reflect the bonus element of the rights issue.

Diluted (loss) / earnings per share is based on the weighted average number of ordinary shares in issue adjusted by dilutive outstanding share options in accordance with the IAS 33 – *Earnings Per Share*. In the 12 months to 30 September 2009 outstanding share options were anti-dilutive and so have been excluded from the diluted loss per share in accordance with the IAS 33 – *Earnings Per Share*.

	2009			2008 (restated)		
	Loss for the year $m	**Number of shares**	**Per share amount cents**	Profit for the year $m	Number of shares	Per share amount cents
Basic (LPS) / EPS	**(285)**	**174,116,102**	**(163.7)**	455	163,803,041	277.8
Share option schemes	**-**	**-**	**-**	-	520,181	(0.9)
Diluted (LPS) / EPS	**(285)**	**174,116,102**	**(163.7)**	455	164,323,222	276.9

	2009			2008 (restated)		
	Loss for the year $m	**Number of shares**	**Per share amount cents**	Profit for the year $m	Number of shares	Per share amount cents
Underlying (LPS) / EPS	**(103)**	**174,116,102**	**(59.2)**	550	163,803,041	335.8
Share option schemes	**-**	**-**	**-**	-	520,181	(1.1)
Diluted underlying (LPS) / EPS	**(103)**	**174,116,102**	**(59.2)**	550	164,323,222	334.7

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

	2009			2008 (restated)		
	(Loss) / profit for the year $m	**Number of shares**	**Per share amount cents**	Profit for the year $m	Number of shares	Per share amount cents
Basic (LPS) / EPS	**(285)**	**174,116,102**	**(163.7)**	455	163,803,041	277.8
Special items (note 3)	**182**	**-**	**104.5**	95	-	58.0
Underlying (LPS) / EPS	**(103)**	**174,116,102**	**(59.2)**	550	163,803,041	335.8

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

	Year ended 30 September 2009 $m	Year ended 30 September 2008 $m
(Loss) / earnings attributable to ordinary shareholders (IAS 33 earnings)	**(285)**	455
Less profit on sale of subsidiary (note 3)	**-**	(2)
Add back loss on disposal of property, plant and equipment	**4**	-
Add back impairment of assets (note 3)	**39**	193
Tax related to the above items	**-**	1
Headline (loss) / earnings	**(242)**	647

	2009			2008 (restated)		
	Loss for the year $m	**Number of shares**	**Per share amount cents**	Profit for the year $m	Number of shares	Per share amount cents
Headline (LPS) / EPS	**(242)**	**174,116,102**	**(139.0)**	647	163,803,041	395.0
Share option schemes	**-**	**-**	**-**	-	520,181	(1.3)
Diluted Headline (LPS) / EPS	**(242)**	**174,116,102**	**(139.0)**	647	164,323,222	393.7

7. Dividends

	2009		2008 (restated) [i]	
	$m	**Cents per share**	$m	Cents per share
Prior year final dividend paid in the year	**-**	**-**	94	57.3
Interim dividend paid in the year	**-**	**-**	92	56.3
Total dividend paid in the year	**-**	**-**	186	113.6
Interim dividend paid in the year	**-**	**-**	92	56.3
Proposed final dividend for the year	**-**	**-**	-	-
Total dividend in respect of the year	**-**	**-**	92	56.3

Footnotes:

i During the year the Group undertook a rights issue. As a result, the dividend per share figures have been adjusted retrospectively by applying a factor of 1.048 in order to adjust for the bonus element of the rights issue.

8. Net debt as defined by the Group

	As at 1 October 2008 $m	**Cash flow $m**	**Foreign exchange and non cash movements $m**	**As at 30 September 2009 $m**
Cash and cash equivalents	**226**	**83**	**(27)**	**282**
Current borrowings	**-**	**(58)**	**-**	**(58)**
Non-current borrowings	**(529)**	**180**	**-**	**(349)**
Unamortised bank fees	**-**	**-**	**12**	**12**
Net debt as defined by the Group	**(303)**	**205**	**(15)**	**(113)**

	As at 1 October 2007 $m	Cash flow $m	Foreign exchange and non cash movements $m	As at 30 September 2008 $m
Cash and cash equivalents	222	2	2	226
Overdrafts	(1)	1	-	-
	221	3	2	226
Current borrowings	(237)	237	-	-
Non-current borrowings	(359)	(170)	-	(529)
Net debt as defined by the Group	(375)	70	2	(303)

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. Total Equity

	Equity shareholders' funds						
	Called up share capital $m	Share premium account $m	Other reserves[iv] $m	Retained earnings $m	Total $m	Minority interests[v] $m	Total equity $m
At 1 October 2008	**156**	**305**	**100**	**1,586**	**2,147**	**447**	**2,594**
Total recognised income and expense	**-**	**-**	**(11)**	**(269)**	**(280)**	**(41)**	**(321)**
Dividends	**-**	**-**	**-**	**-**	**-**	**(21)**	**(21)**
Share-based payments	**-**	**-**	**-**	**2**	**2**	**-**	**2**
Share capital and share premium recognised on rights issue [ii]	**35**	**477**	**-**	**-**	**512**	**-**	**512**
Rights issue costs charged to share premium [ii]	**-**	**(21)**	**-**	**-**	**(21)**	**-**	**(21)**
Exchange gain on shares to be issued [ii]	**-**	**-**	**-**	**4**	**4**	**-**	**4**
Reversal of fair value movements of derivative liability recognised in respect of rights issue [ii]	**-**	**-**	**-**	**36**	**36**	**-**	**36**
Shares issued under the IFC option agreement [iii]	**1**	**15**	**-**	**-**	**16**	**-**	**16**
Shares issued on exercise of share options [i]	**1**	**-**	**-**	**-**	**1**	**-**	**1**
At 30 September 2009	**193**	**776**	**89**	**1,359**	**2,417**	**385**	**2,802**
At 1 October 2007	156	299	96	1,417	1,968	392	2,360
Total recognised income and expense	-	-	4	348	352	120	472
Dividends	-	-	-	(186)	(186)	(65)	(251)
Share-based payments	-	-	-	7	7	-	7
Shares issued on exercise of share options [i]	-	6	-	-	6	-	6
At 30 September 2008	156	305	100	1,586	2,147	447	2,594

Footnotes:

i During the year 426,315 share options were exercised (2008 – 231,338) on which $1 million of cash was received (2008 - $6 million).
ii During the year the Group undertook a rights issue in which 35,072,129 shares were issued as disclosed in note 10.
iii During the year 1,172,583 shares were issued under the International Finance Corporation agreement. As the shares were issued at a discount to market value only $15 million of cash was received.
iv Other reserves represent the capital redemption reserve of $88 million (2008 - $88 million) and a $1 million hedging reserve net of deferred tax (2008 - $12 million).
v Minority interests represent an 18% shareholding in Eastern Platinum Limited, Western Platinum Limited and Messina Limited and a 26% shareholding in Akanani Mining (Pty) Limited.

10. Rights Issue

(i) Overview of the Rights Issue offer.

On 11 May 2009, Lonmin 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.

In the prospectus Lonmin anticipated raising $477 million proceeds in total which, net of expenses of $20 million, would raise funds of $457 million. The issue was successful with a take-up of more than 96% of the shares on offer. The Company actually raised net proceeds of $458 million which was in line with the expectations given in the prospectus, with 97% of the funds raised in the UK.

(ii) Accounting for the Rights Issue.

The Rights Issue proceeds were received over the offer period and were credited to a shares to be issued account at the prevailing spot exchange rates at the date of receipt resulting in the recognition of a cash inflow of $516 million before the impact of the hedging arrangements. The retranslation of these advance receipts at the spot rate on closing resulted in a $4 million exchange loss recognised through finance costs as a special charge. There was a corresponding gain recognised directly in equity of $4 million for exchange movements on the shares to be issued.

Share capital and share premium of $512 million was recognised on the balance sheet utilising the prevailing spot exchange rates on the issuance date of 4 June 2009, except for the Xstrata proceeds which were received in Dollars on 2 June 2009 (as explained further below). $21 million of issue costs were also recognised and charged against share premium and resulted in a cash outflow in the year to give a net increase in share capital and share premium of $491 million.

In order to minimise the risk of the exposure to currency fluctuations on the net Sterling funds expected, the Group undertook two hedging arrangements in synchronisation with the Rights Issue process. The net expected proceeds were hedged because the bulk of the issue costs were in Sterling.

- Net Sterling amounts expected, with the exception of monies due from Xstrata plc in its capacity as a Lonmin Plc shareholder, were covered by forward exchange contracts executed over the week prior to the announcement and due for settlement on 4 June 2009.
- In respect of the Sterling monies due from Xstrata it was agreed that settlement would be made directly in US Dollars and the amount was set using forward market rates on the date at announcement and for settlement on 2 June 2009.

As the Dollar weakened considerably over the offer period the Sterling proceeds received translated into $516 million were higher than due under the forward exchange contracts. This therefore resulted in the recognition of foreign exchange losses under the forward hedging arrangements of $33 million. This $33 million fair value loss cannot be offset against equity (which it was effectively hedging for economic purposes) as, under IFRS, hedge accounting can only be applied to cash flows which ultimately affect profit and loss. The $33 million loss on the forward hedges has therefore been shown as a special charge in finance costs in the income statement (see note 3) and therefore reduces retained earnings and distributable reserves. The offset is effectively in the recognition of a higher credit to the share premium account. As noted above the actual net proceeds were in line with the expectations on the announcement of the Rights Issue.

A summary of the above transactions is as shown below:

	$m
Cash proceeds received at spot rates	516
Foreign exchange loss on retranslation of advance cash proceeds	(4)
Gross increase in share capital and share premium	512
Costs of issue charged to share premium	(21)
Net increase in share capital and share premium	491
Loss on settlement of forward exchange contracts	(33)
Net proceeds	458

(iii) IAS 32 – Financial Instruments: Presentation as adopted by the EU.

Under IAS 32 – *Financial Instruments: Presentation* as adopted by the EU, a Rights Issue can only be classified as an equity instrument if the contract is settled by exchanging a fixed number of shares for a fixed amount of cash. As Lonmin is listed on both the LSE and the JSE it has raised equity from the Rights Issue in both Sterling and Rand. However, as the Company's functional currency is US Dollar, this has resulted in a variable amount of cash being raised for accounting purposes via the Rights Issue. Therefore, in applying IAS 32 Lonmin recognised a derivative liability of $307 million with a corresponding charge to retained earnings on announcement of the Rights Issue. The fair value of the derivative liability increased by $36 million to the point of exercise with $25 million of this being due to differences in exchange rates and $11 million due to changes in share price. This loss was charged to finance costs in the income statement as a special item (see notes 3 and 4). 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 (see note 9). There was, therefore, no overall impact on retained earnings at the end of financial year 2009 and no net impact on distributable reserves or equity. A summary of the impact is given in the table below.

Debit / (credit)	Retained earnings	Derivative liability	Income statement
	$m	$m	$m
Initial recognition of liability for offer of rights	307	(307)	-
Movements in fair value of rights (note 3, 4)	-	(36)	36
Exercise of rights	(343)	343	-
Transfer to retained earnings	36	-	(36)
Effect of Rights Issue on retained earnings	Nil		

The IASB has recognised that the above accounting treatment was not the intended outcome for equity issues which raise proceeds which are not in the functional currency. An amendment to IAS 32 was issued in October 2009. Under IAS 32 as amended, no derivative liability would be recognised in the balance sheet and no fair value movements on remeasurement would be recognised in the income statement. The amendment to IAS 32 has, however, not yet been adopted by the EU. Unendorsed standards cannot be applied by companies under the IAS Regulation if they conflict with extant endorsed standards and therefore IFRS as adopted by the EU has to be applied unless a fair presentation override under IAS 1 – *Presentation of Financial Statements* is considered appropriate.

The Directors noted that there were divergent practices in the market in relation to this issue. The Directors decided that, on balance, whilst under a more principles based approach the Group would account for the transaction entirely as equity and would not recognise the $36 million loss, a fair presentation override could not be justified. Nevertheless, the Directors have provided additional disclosures below to ensure the users of the Accounts have full information about the transaction as recorded and the impact on the Group under the alternative equity treatment as summarised below.

The amendment to IAS 32 is expected to be adopted by the EU before 1 February 2010. Therefore, in the 2010 financial statements the Group may restate the 2009 results in respect of the amendment with the effect being as follows.

	2009 Income statement (as reported)	2009 Income statement (if restated)
	$m	$m
Net finance costs	(92)	(56)
Loss before tax	(272)	(236)
Loss after tax	(323)	(287)
Earnings	(285)	(249)
Loss per share (cents)	(163.7)	(143.0)

11. Events after the balance sheet date

During 2009 Lonmin has been engaged in discussions with the Historically Disadvantaged South African ("HDSA") shareholders of Incwala and the HDSAs' providers of finance regarding the future ownership of Incwala. These discussions were in progress at the balance sheet date and are continuing.

Subsequent to the balance sheet date Impala Platinum Holdings Limited called on Lonmin with respect to the R294 million ($39 million) indemnity which fell due after 30 September and this amount has been paid. Lonmin has a counter indemnity secured on the HDSAs' shares in Incwala.

12. Statutory Disclosure

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 September 2009 and 2008 but is derived from those accounts. Statutory accounts for 2008 have been delivered to the registrar of companies, and those for 2009 will be delivered in due course. The auditors have reported on those accounts; their report 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 237 (2) or (3) of the Companies Act 1985.