Lonmin plc
Final Results 2005
16 November 2005

Full-Year Overview

Brad Mills

Chief Executive Officer

I. Agenda

Good morning, ladies and gentlemen. Welcome to Lonmin's presentation of its annual results. I have with me here today: Sir John Craven, our Chairman; John Robinson, our Chief Financial Officer; and Ian Farmer, our Chief Strategic Officer. I will take you through the highlights of this year's results, take a look at our strategy and discuss our drive towards operational excellence. John will then take you through our numbers, with an emphasis on our cost management. Ian will talk about our growth profile and the business development opportunities we see. I will then wrap up with guidance for 2006.

II. Financial Highlights

1. Performance Figures

This year we recovered well from the smelter accident last November to deliver an acceptable platinum production outcome of 916,000 ounces of platinum and 1.7 million ounces of total platinum group metals (PGMs). The average realised basket price of our metal increased 17% during the period. We have managed to capture around 65% of this increase in the bottom line. We have seen strong growth in underlying earnings, with EBIT from continuing operations increasing by 16.5% to $353 million. Net earnings, on the same basis, have risen to $163 million.

2. Costs Reporting

This year, we have moved to report costs more transparently to improve visibility on how our business is performing. In previous years, we have reported one single cost number for our unit costs of rand per PGM ounce sold. This number has been a highly aggregated number; it did not give a very clear picture of our cost performance. In his section, John will unpack our costs and show how they reconcile to our EBIT.

III. Platinum Growth Strategy

In May, we started to share our growth strategy with you – our strategy to build a portfolio of platinum assets that can support double-digit annual production, EBIT and income growth. This strategy has been laid out for you. To accomplish this, we need to focus on improving the performance of our core assets and develop new sources of platinum production.

IV. Operational Excellence

1. Focus

Within our core assets, we are focusing on:

- Achieving operational excellence in safety;
- Continuous improvement through Six Sigma and Shared Business Services;
- Mechanisation and improvement in workforce productivity.

2. Production Growth

We now have a strong production growth profile. Our Marikana operations and current Limpopo operations will take us to around 1 million ounces of platinum production in 2006. We are targeting further growth to 1.3 million ounces by fiscal year 2010. Ian will define the projects we are undertaking to reach these targets and potentially go beyond them.

3. Business Transformation

We continue to transform Lonmin to fulfil South Africa's empowerment ambitions for the historically disadvantaged. This work will ensure that we secure our new order mining licence.

4. Safety

a. Performance summary

Our safety performance has continued to improve during the year. We suffered six industrial fatalities at Marikana compared to eight in 2004. Our lost-time injury frequency rate has declined by 13% to 18.1 per million man-hours worked. We successfully eliminated all surface fatalities during 2005, but we still have work to do to improve our underground performance. Safe production is a core value at Lonmin. We are on a journey to achieve zero serious injuries or deaths at all of our operations.

b. Smelter performance recovery

As you know, we suffered a steam explosion in our number 1 furnace in November. This led to the loss of nine weeks of metal production in 2005. Following the accident, we worked with external consultants and our in-house Six Sigma team to look at better ways to run our smelter. This work identified a number of measures we can take to improve our performance and reduce smelter operational risk. The number 1 furnace has improved in performance as a result of these changes. The number 1 furnace is now running at about 130% of design capacity. We had a record amount of production in September with over

21,000 tonnes smelted. We will work to address further bottlenecks in the smelter, in the coming year, to increase capacity further.

Looking forward, we are planning a routine major rebuild of our number 1 furnace in January 2006. This rebuild will take between 30-45 days to complete, and should allow us to continually operate the smelter for the next three years.

5. Increased Refinery Production

We have produced more metal than ever before through our own refineries. Over 1.5 million ounces of PGMs was produced through the process division this year. This is important: we have better margins in our own metal sales than in concentrate sales. Additionally, this record performance allows us to test throughput capacities in our base and precious metals' refineries. This work has identified bottlenecks, which we will start to address in 2006. We plan to increase production of metal in our own refineries, both this year and next.

6. Further Continuous Improvement Targeted

a. Six Sigma

The first full year of our Six Sigma continuous improvement programme has been very successful. We have realised a net benefit of some R206 million. This is well ahead of our target of R70 million, which we shared with you in May this year. We expect additional benefits of around R300 million in fiscal year 2006. We have completed 81 Six Sigma projects during the year. Let me give you a typical example.

At Western Platinum hospital, the Six Sigma team conducted a project, which resulted in an estimated annual saving of some R7.3 million. Our employees come in to the hospital periodically for a number of check-ups. The team found that the procedures and patient flow at the hospital were inefficient. This resulted in long waiting times, with an average exam taking around five hours. This ultimately led to lost shifts. By revising and streamlining the procedures and processes, the Six Sigma team were able to greatly increase the efficiency of the unit, reducing, by more than half, the time taken for each medical exam.

b. Shared Business Services

We will also realise substantial cost savings next year from the introduction of Shared Business Services. This process will eliminate the duplication of services between operating units, and introduce standard practices and policies across Lonmin Platinum. We expect our Shared Business Services to be fully in place by the end of March 2006. Cost savings benefits from the Shared Business Services programme should aggregate to annualised average savings of R140 million.

7. Mechanisation and Automation

As you know, we are committed to developing the mechanisation of our mining operations for two key reasons: firstly, mechanisation contributes to improved safety; secondly, it is essential in controlling costs by increasing productivity. We have made considerable progress this year. By early 2006, we will have three sets of ultra low-profile equipment at work at Karee 1B shaft producing around 38,000 tonnes of ore per month from the Merensky reef. We will acquire another two sets during fiscal year 2006, which will allow us to produce 8% of our total ore from fully mechanised sections by the end of this fiscal year.

In light of our commitment to mechanisation, we have been re-evaluating the development of our three key capital projects – the Hossy, Saffy and K4 shafts – to determine whether full mechanisation of these new shafts is possible from the outset.

V. Workforce

1. New Era Labour Agreement

Today, labour makes up over 60% of our underground mining costs. Introducing certainty and stability in wages is key to controlling costs. We need our employees to share our vision for increased productivity. This is achieved through the gain-sharing programme that links bonus payments to costs and productivity agreements. When we signed the New Era Labour Agreement (NELA) in June, it caused considerable controversy with the South African unions, particularly with the National Executive of the National Union of Mineworkers. Although NELA is a legally binding agreement, in order to avoid being tied up in lengthy, protracted negotiations, and to prevent work stoppages, we engaged in a constructive dialogue with the National Executive on the way forward. We have conditionally agreed to an amendment to the Agreement to allow basic wage increases of South African inflation plus 2%, in the first two years. Years three to five allow for CPIX increases only.

2. New Order Mining Licence

A key part of our strategy is the transformation of Lonmin's culture to reflect the diversity of South Africa better. We have made considerable progress during 2005 in achieving the targets laid out in our social and labour plan. We are engaged in a very constructive and positive dialogue with the local Klerksdorp office of the Department of Minerals and Energy (DME) regarding the completion of our new order mining licence. We anticipate finalisation of this process in fiscal year 2006, and expect the granting of our new order mining licence to follow shortly thereafter.

3. Strengthened Team

In order to achieve our transformation and strategic objectives, we need to ensure we have the right Board and management team. We have made several changes to strengthen our capacity to deliver. I want to make two points about these changes: firstly, the calibre of people joining the Lonmin Board and management is outstanding, and strengthens both of them significantly; secondly, this is not the end of management changes at Lonmin. We will continue to make changes as appropriate, until we have refined the team to deliver our strategy.

Financial Results and Costs

John Robinson

Chief Financial Officer

I. Summary of Operating Results

Good morning, ladies and gentlemen. The 2005 results illustrate the continuing growth in earnings from our underlying operations. The quality of our earnings has also improved as we have captured more of our margin through the increases in own production. The success of our focus on cost control has arrested the sharp increases in costs we have seen over recent years. We have identified quality projects in which to invest our cash to secure our future growth.

In the numbers I am going to give you this morning, I have separated out the effects of the acquisition of Limpopo.

II. Results Analysis

1. Profit and Loss

a. Earnings

We have shown the positive increase in our underlying earnings, with EBIT, before acquisitions, up 39% on last year's figure. I would also highlight the increase in our EBITDA margin, which reflects both the impact of higher metal prices, and has also benefited, as I have said, from our increase in Lonmin-refined metal production.

b. Exceptionals

We booked no exceptional items for 2005. In the fourth quarter production report, we identified two one-off items: one relating to reorganisation costs in relation to the introduction of Shared Business Services; and one for the acquisition of Limpopo. These items, which are slightly below our guidance, at $7 million for Shared Business Services and $5 million for Limpopo, have been included as reorganisation costs within our normal results.

c. Tax

The overall tax charge of 37% is higher than the 31% from last year. Our underlying earnings per share before acquisitions, which excludes reorganisation costs, the effect of the tax rate change and the unrealised translation adjustment on the deferred tax balance, increased by 29% to 124.9 cents per share.

2. EBIT

The net impact of increases in metal price movements, and movements in the rand exchange rate, has been $106 million. We have experienced a series of one-off costs and benefits during the period. You can see the impact of operational performance during the period; the impact of the smelter incident is evident in the slight decline of volumes.

3. Balance Sheet

The investment we have made in Southern Platinum, which brings us a high quality resource and key growth projects for our future, is clearly seen by the increased level of borrowings, up to $588 million, including borrowings of $284 million relating to the acquisition of Southern. At this level of debt, our interest cover ratio remains very healthy at 13.9 times.

4. Cash Flow

Key here is the increase of cash in-flow from operations, which is up 15% to $347 million. During the second half, we substantially reduced the working capital out-flow, which resulted primarily from the build-up of stock following the smelter accident. For the full year, the outflow of working capital was $43 million, down from $132 million at the interim stage.

III. Costs Reporting

1. Best Practice

This year, we have moved to reporting our costs in line with best practice for precious metal and base metal companies. In the past, we have reported one aggregated cost number per PGM ounce sold, which included one-off movements. By moving to the C1 and C2 cost analysis, we will be able to give a transparent picture of the costs we incur for each PGM ounce that we sell. These costs, which we have defined for you, capture all the costs from our mines to our precious metal refinery. The number excludes the effects of concentrate purchases and sales and any toll refining. We will then reconcile the C1 and C2 costs to our reported EBIT.

2. Marikana

a. C1 costs

For financial year 2005, we achieved a C1 cost, net of base metal credits, of R2,243 per PGM ounce. On this basis, our costs increased by 2.6% year on year. We have set out the mining costs split by underground and opencast. Underground ounces made up some 83% of sales in 2005, versus 79% in 2004. The increase in overall gross mining unit costs resulted primarily from wage inflation of 8%, and, in the case of opencast, by a decision to increase our stripping ratios to access more ounces given the higher platinum price. Net costs, per PGM ounce sold, are also influenced by movements in physical stock levels. Looking forward, there will be a reduced reliance on relatively expensive opencast ore sources, and we will realise additional benefits from the Six Sigma programme and the implementation of Shared Business Services, as Brad has already outlined.

b. C2 costs

Other items have impacted the overall costs. Let me give you some more detail. The improved recoveries and smelter repair costs were those identified at the time of the interims. Prior to this year, up to the point of smelter matte, we valued our in-process inventory on the basis of tonnage, and not metal content, and thus took no account of grade. This approach tended to distort our cost number and mask underlying trends. The accounting refinement for stock valuation is thus a one-off adjustment. Looking forward, the largest continuing item in the C2 costs is the amortisation charge, which, for 2006, we would expect to be broadly in line with this year's figure on a units sold basis.

3. EBIT Reconciliation

We reconciled the C2 costs to our platinum EBIT. Most of the items are self-explanatory; we have set out the exchange rate used for the conversion for the rand cost per ounce. This clearly illustrates how we have successfully managed our costs, during the year, against a backdrop of South African inflation and in the light of the loss of nine weeks of metal production following the smelter accident.

IV. Summary

Ladies and gentlemen, we have delivered strong growth in underlying earnings during the year; improved the quality of our earnings as we have captured an increased amount of the available margin by producing more metal through our own pipeline; and we have invested our cash to deliver future growth with the acquisition of Limpopo.

<u>Business Development and Marketing</u>

Ian Farmer

Chief Strategic Officer

This morning, I will be taking you through our growth ambitions. Brad has already mentioned our plan to achieve around 1 million ounces of platinum production from Marikana and Limpopo next year. This will be increasing to 1.1 million ounces by 2008. Through the evaluation of already captured projects, we believe a target of 1.3 million ounces for 2010 is achievable.

I. Limpopo

1. Integration

A key element of this growth is Limpopo Phase 2, where we expect to complete a feasibility study during the course of 2006. As the Limpopo acquisition was fairly recent, it is perhaps worth dwelling on this integration plan and how it is progressing. Our integration planning was in place prior to completing the acquisition. The team has delivered well against plan, including progressing the re-engineering and mechanising of the mine. Limpopo's production for the period, at 11,500 ounces of platinum, was in line with expectations. We are on track to deliver the 75,000 ounces of platinum we forecasted by 2007. Worthy of note is the fact that Limpopo reported a positive EBITDA, in September, according to our target.

2. Production

As the integration has progressed, we have identified a number of ways to enhance Limpopo's contribution over and above our plan. These ideas include:

- The possibility of mining opencast tonnage;
- The removal of $12 million of capex budgeted for metallurgical improvements, which we believe are no longer required;
- A concentrate swap, under the Impala off-take contract, where we can fulfil the terms of the contract by providing concentrates from Marikana, rather than Limpopo, to allow our smelter to benefit earlier from the high nickel and copper content.

3. Workforce

It is also pleasing to report good cooperation with the workforce at Limpopo. We have concluded a five-year wage agreement, with basic wages increasing at CPIX.

4. Production

We have defined the key matrix for production and costs at Limpopo. We have shown the actual production in tonnes we have achieved at Limpopo since taking over the mine, and the budgeted ramp-up to reach 120,000 tonnes per month by April 2006.

5. Costs

We have shown the cost performance for an 18-month period, from June 2005 when we took over, beginning with the actual cost performance of the last five months. For the full year, Limpopo recorded a cost per saleable PGM ounce in concentrate of R4,102. Costs, as you can see, are declining rapidly. We forecast that this will continue until reaching a C1 level of around R2,600 per saleable PGM ounce in concentrate by the end of the 18-month period.

II. Exploration and Projects

1. Pipeline

Over the last few years, we have successfully built up a quality portfolio of PGM exploration growth opportunities. These span Africa and North America. We have displayed them graphically, with the level of prospectivity depicted as increasing. Our position in Sudbury, via the Inco joint venture, and Wallbridge, is particularly interesting.

We have confirmed the existence of high-grade PGMs in Sudbury; our excellent working relationship with both our partners positions us well to turn this into account in the future.

The Limpopo acquisition gave us several new sources of PGM growth, and boosted the number of properties for which we have inferred resources to four. The importance of Limpopo 2, Limpopo Opencast and Pandora, are evident. These three resources collectively contain some 23 million ounces of attributable PGMs.

2. Future Growth Opportunities

I have tabulated our objectives in turning these three projects into account in 2006. In addition to reviewing the economics of these captured growth options, we believe our Black Economic Empowerment (BEE) associate, Incwala, could also be a source of new opportunity. We own 23.6% of Incwala, which, as an investment, has appreciated considerably in value this year as the Lonmin share price has risen. The see-through value of our investment is currently some $175 million compared to our original investment of $90 million just a year ago.

III. Revenue Analysis

1. Metal Mix

We have shown our split of ounces sold, and our turnover by value for each metal. Clearly, this illustrates the importance of platinum. It is also interesting to note the effect of the rhodium price, which now contributes 17% by value – an increase of 19% on last year’s number.

2. The Platinum Market

The dynamics of a strong demand and tight supply situation continue to drive the platinum price, and will continue to do so for some time to come. Given the global focus on climate change, and reducing carbon emissions, the outlook for PGMs in catalysts has never looked better. The tightening and rollout of legislation firmly underpins the demand for our metals. High fuel prices are also making fuel-efficient diesel cars evermore popular. They are accelerating the development of alternative technologies that use high platinum loadings, such as hybrid vehicles and fuel cells. The combined benefit of climate change and high oil prices has benefited all the PGMs, but platinum in particular. Industrial use has also remained strong, growing by 11% in 2004. Areas such as the demand for platinum in glass manufacture are up 38%. The price-sensitive jewellery sector has been surprisingly robust given the price levels. This is supported by premium brand image, and the less elastic wedding-set component within the mix. Platinum supply has remained tight, due to the challenging economics of new projects in South Africa, as a result of the strong rand, high capital and high labour costs.

3. The Palladium Market

Speculative interest has caused the palladium price to firm of late; no doubt, the higher platinum price has incentivised the substitution for palladium where possible. Jewellery demand has grown, particularly in China, where there is an appetite for a cheaper white metal to replace white gold. However, we still see surplus above-ground stocks being sufficient to cater for any likely increases in demand in the near term. There is therefore no change in the fundamentals as we see them, at this stage.

4. The Rhodium Market

Rhodium is quite a different story. The price of this illiquid metal has increased by over 90% in the last 12 months. We have a market share of 17%, and stand to benefit to a greater extent than our competitors from this price movement. This metal is 85% consumed by the catalysts sector, and has benefited from all the positives I mentioned earlier. We are currently experiencing a strong sellers' market for all the PGMs. We are taking advantage of this situation to expand our customer base and the quality of our contractual arrangements.

IV. Conclusions

We have successfully built growth opportunities into Lonmin to take us well beyond the 1 million ounces of platinum. At this point in time, the markets in which we operate have never looked as robust.

Platinum Fundamentals and Outlook

Brad Mills

Chief Executive Officer

I. Premium Rating

1. Outperformance

During the last year, we have worked to thoroughly review the minerals and metals markets. This has confirmed our view that platinum is likely to be one of the best-performing metals over the next five years and beyond. We have shown the historic performance of platinum versus other commodities, and have indicated that platinum should command a premium rating.

2. A Natural Hedge

Looking at the dynamics of platinum in South Africa, we have also come to believe that, due to the concentration of platinum assets in South Africa, which is home to 78% of mine supply and 79% of the world's known resources, there is a natural hedge relationship between the platinum price and the rand. This view is born out by historical evidence. These insights give us confidence that we can build substantial value by growing our core platinum business in South Africa.

II. Looking Forward

1. Production Growth

Our growth profile for Marikana and Limpopo will reach our target of 1.3 million ounces in 2010. Looking specifically at 2006, we expect production for the fiscal year to be around 1 million ounces of platinum and 1.9 million ounces of total PGMs.

2. Outlook

Our C1 cost guidance for Marikana is between R2,300 and R2,400 per PGM ounce sold net of base metal credits. For Limpopo for the year, our C1 cost guidance is R2,900 per saleable PGM ounce in concentrate. Our exploration spend next year is budgeted at $10 million. As I have said, we expect to realise around R300 million of benefits from Six Sigma next year, and additional savings from the implementation of Shared Business Services.

III. Conclusions

We expect our markets to remain strong. Our business development team is working hard to identify new ways to create future value. 2006 will be an exciting year of growth at Lonmin.

Questions and Answers

Tama Willis, Deutsche Bank

In terms of management changes, could you elaborate on which changes are actually new positions? Are there any difficulties or challenges in implementing some of these changes and cost reductions? In terms of PGM ounces refined, you said that you foresee some growth next year, despite the smelter maintenance; what sort of volume should we expect on a total PGM basis? Finally, in terms of C2 costs, I see the amortisation effectively coming out, so would you say that C2 costs would be broadly flat into next year?

Brad Mills

In terms of management changes, we have created some new positions to strengthen the management team where we had gaps. We have also made some changes where we felt that we needed a different perspective to implement cultural change within the business, which is something that we continue to look at. Do we have the right people we need to deliver this business, as a world-class business, going forward? I think that this process is under constant review. Not only do the management team, but also Sir John and the board look at this, and we will continue to work on putting together a team that can deliver the future strongly.

In terms of ounces produced at our own refineries next year, it should be about 950,000 ounces of platinum and roughly 50,000 ounces of concentrate sales. That is the split that we expect during the year. I will ask John to talk about the amortisation rate.

John Robinson

If I understood the question correctly, you said that we have given guidance on C1 costs and are asking for guidance on C2 costs. The guidance we have given on C1 costs was 2,300 to 2,400. As I indicated, I would anticipate the amortisation to be broadly, on a unit basis, the same as the current year; therefore, if you add approximately R250 per ounce to that, you reach 2,550 and 2,650 for the C2 cost.

Jason Fairclough, Merrill Lynch

You mentioned that the rhodium market is relatively illiquid; perhaps you could speak about the degree to which you think it is being influenced by speculators versus fundamental underlying demand. Although I have asked you about this before, you consider Pandora to be a giant ‘circle’ of resource; would Pandora work at current metal prices, and is it something that you are looking at? Lastly, could you talk about whether you are seeing any cash flow back through Incwala?

Ian Farmer

First, in terms of the rhodium demand situation, we are seeing strong physical demand for the metal. We do see speculator activity around the fringe but, primarily, this is user demand for catalysis. It is particularly useful in nitrogen oxides (NOx) emission removal, which is part of the diesel story that you have heard much about.

With respect to Pandora, the aim is to review the economics of it and try to look at it more creatively in the way that capital needs to be invested in that business in order to make it more efficient. The plan is to review those economics in 2006.

In relation to Incwala, Lonmin’s 23.6% is unencumbered, so our share of dividends that flow through that company come straight back into our coffers. The Lonplats dividend goes straight through the system and back up to John.

John Clemmow, Investec

You gave a fairly rosy outlook going forward, and you saw a good performance this year; why has the dividend just been maintained? Second, your costs make assumptions about by-product revenues; have you increased your estimates for prices? What prices are you using in the case of by-products?

Brad Mills

Last year, we invested a lot of money in acquiring Southern Platinum, so we have seen our debt levels increase significantly as we have invested in growth for the future. That has been a major consumer of cash during the last year. At the moment, we are thinking about the impact of prices and how that will flow through, and this is a subject that we will certainly review, particularly by the time we reach the half-year. Our policy is to dividend free cash flow when we do not have any other uses for it, and we will continue to not build up cash on the balance sheet. I do not think that that is really the plan, and the board is sensitive to the subject in terms of, given the higher prices, whether we can afford to increase that dividend. We will be taking a long look at that going forward.

In terms of by-product credit assumptions, we do not think too hard about the base metals and the nickel price because it is a very small part of our total revenue. Our view is that, from an assumption basis as a by-product, credits will be broadly the same next year as this year.

Henk de Hoop, Barnard Jacobs Mellet (BJM) Holdings

The UG2 mined ratio has declined to 74% from last year's 82%; is this sustainable or rather linked to temporary Merensky opencast tonnes? What is your planned opencast tonnage next year?

Brad Mills

The Merensky/UG2 ratio is always variable; it is planned as part of the long-term line plan and is impacted, in the short term, by swings and roundabouts in the Merensky opencast mining. As you may recall, we mined principally UG2 opencast in the first two years of the open cast, and we are now mining principally Merensky, so those swings are visible. Overall, opencast tonnages will continue to decline as a percentage of total production in 2006. I do not have the exact breakdown in front of me, but I will be happy to send them to Henk.

Fidelis Madavo, Citigroup

What do you now consider to be the optimum power rating at which to run the furnace? I understand that you are running it at 18MW (megawatts), from a maximum power rating of 28MW. What exactly has been done to mitigate the Hatch copper waffle cooler failure problems?

Brad Mills

We have made very fundamental changes to how we operate the furnace, which has resulted in throughput now exceeding 130% of design capacity, at a power rating of only 65% of the designed power capacity. That is telling us that the way in which we are operating the furnace is fundamentally different to the way it was originally designed. It was originally designed to operate with very high chrome levels, which required extremely high power and temperatures to achieve that. That created all kinds of issues in terms of managing that higher temperature and the risk of operating at those very high power levels. By changing the feed blend and the mix, we have been able to significantly reduce the power required to smelt the concentrates and to significantly increase the throughput

We talked about that last year and about the base metals mix and the impact of Limpopo, bringing in higher base metal credits and being able to not smelt with such high chrome contents, from which we have seen a very beneficial impact. We have also significantly changed the lime fluxing, which has had a dramatic impact on the slag temperature, all of which has allowed the furnace to operate continuously, smoothly, and without a lot of drama. We will carefully look at what we can do in terms of throughput, but we are more constrained, at this point in time, by the size of the box than by the power rating. We are learning to operate quite differently than Hatch originally designed this furnace, which is fairly typical of new technologies.

In terms of the copper waffles that were the cause of the failure at the Angloplat Polokwane smelter, we monitor those using an ultrasound technology, which is an adaptation from medical technology, in order to check their thickness. We do not have the same kind of erosion problems that Polokwane has. Having said that, we are monitoring those literally daily in order to ensure that we really know what is going on, and we will shut the smelter down if we feel that we are starting to get into a thickness situation that looks dangerous to us.

We are planning to completely rebuild the smelter in January, from the floor up, and to replace all of the basic copper waffles in the bath of the furnace as part of that process. There will be some significant changes to the design at that time, which will give us further operating comfort that we will not experience the kinds of problems that Polokwame had. I would add that the design of the Polokwane is sufficiently different that their issues are, perhaps, unique to them, and do not necessarily flow over in the same fashion as they experienced to us.

Mark Smith, RBC Capital Markets

The current mine throughput in Limpopo is 66,000 tonnes per month; you will have to double throughput to achieve 75,000 platinum ounces by 2007. Are you on track to meet this production? You stated at the time of the acquisition that you intended to reduce costs at Limpopo to R2,500 per PGM ounce. Is this achievable, given your R2,900 per PGM guidance for 2006?

Brad Mills

The answer is ‘yes’ to both of those questions. We feel comfortably on track to achieving a doubling of the throughput rates at Limpopo, and we have clear plans in terms of how to achieve that. However, we will monitor it, although we see no concerns at this point in time. I think that the costs are coming down rapidly, and the figure of R2,900 is an average number that includes a higher cost in the first half than in the second half. We will also see additional benefits as we start to reach full production in Limpopo and completely migrate to fully mechanised mining. We will have additional benefits, beyond the time period that we stated earlier. We are, therefore, comfortable that we can achieve costs in the R2,500 per PGM ounce range.

Jason Fairclough

Could you confirm that the amortisation figure in the C2 was the depreciation figure, and will there be any depreciation apart from that? You also mentioned how the physical stock could influence the unit costs from year to year; could you give me some more detail on that? Is it simply an inventory issue around the difference between the costs of what you mine versus the costs of what you have sold?

John Robinson

In answer to your first question, that calculation is purely the total depreciation cost divided by the number of ounces sold for the whole Marikana operation, not Limpopo, because those are just Marikana numbers.

In terms of the physical stock, you are looking at cost per ounces sold, not produced. In 2004, we sold more than we produced; this year, however, we sold less than we produced, so there is movement in the physical stock. It has nothing to do with the accounting changes or any other aspects of the C2 costs, but when you look at the total costs of goods sold, you have to take that into account.

Tama Willis

There were quite a number of one-offs in 2005; are there any obvious ones that we should be aware of going into 2006?

Brad Mills

Given where we are today, I do not see anything obvious. We have done a lot of work in the last year on different issues around accounting and smelters, so there were a lot of one-offs that came through. We tried to improve the systems and the accounting that go with them in order to eliminate some of the issues that have bothered us in the past. We are hopefully a lot closer to having a steady state going forward, and I do not anticipate anything unusual at this point in time.

Charles Kernot, Seymour Pierce

Ian mentioned that Limpopo met EBIT targets in September, but the platinum price was at record levels. Would you have met this target if the price had been at forecast levels?

Brad Mills

We did not expect Limpopo to be EBIT-positive until five months, so what Ian really indicated is that we achieved EBIT within the target that we had. That difference is primarily price-driven, as is that five-month acceleration.

Charles Kernot

Could you provide indications of copper and nickel production going forward, with Limpopo, and on a combined basis?

Brad Mills

I will have to revert to you; they are small numbers.

Participant, UBS

On the cost reconciliation from C1 to C2, is the improved recoveries line of R118 million due to improved recoveries from blending Limpopo and Marikana concentrate? If so, will this improve next year?

John Robinson

The answer to that is ‘no’. That was fully disclosed and discussed at the interims. It was a result of the improved recoveries that we recorded when we fully evaluated the stock count at the end of 2004.

Brad Mills

To be clear, we do not expect that kind of change this year.

Mark Smith

Can we have more detail on the cost savings from Six Sigma and shared business services next year?

Brad Mills

We have reached the level of detail that we are prepared to disclose now, unless there is a specific question around that.

Closing Remarks

Brad Mills

Ladies and gentleman, thank you for being with us today. We look forward to updating everyone in May at our half-year results.

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