Lonmin Plc
4 Grosvenor Place
London SW1X 7YL
United Kingdom
T: +44 (0)20 7201 6000
F: +44 (0)20 7201 6100
www.lonmin.com

## MEDIA RELEASE

29 November 2001

# CAPITAL RESTRUCTURING

## RETURN OF CAPITAL AND DIVIDEND POLICY

- Proposal to return approximately £251 million equivalent to some US$356 million to shareholders, equating to some 15 per cent of Lonmin's market capitalisation
- Shareholders will receive 150p (212.7c) in cash and 21 new ordinary shares in exchange for every 25 existing ordinary shares of £1 each held
- Future dividend policy will be based on reported earnings
- Commitment to continue on-market share repurchases when appropriate
- Committed bank facilities to ensure flexibility for pursuit of potential acquisitions

## RETURN OF CAPITAL TO SHAREHOLDERS

As a result of the disposal of assets in earlier years, together with the effect of buoyant PGM prices in 2001 and the efficient low cost production status of Lonmin, the Group has generated significant cash resources which at the year end amounted to US$523 million. Following a review of the Group's capital structure, the Board has decided to return surplus cash of £251 million equivalent to some US$356 million to shareholders. This is equal to about 15 per cent of the Group's current market capitalisation. Together with the recent on-market repurchase of shares to the value of approximately US$143 million, the overall return to shareholders will be about US$500 million.

The return of capital is expected to leave the Group with net debt of approximately 20% of shareholders' funds by the end of the current financial year. The Board believes that this level of gearing is appropriate and would result in a more efficient balance sheet which would, over time, lead to improved returns to shareholders. The Board will continue to monitor the balance sheet and gearing levels and will, when appropriate, return cash to shareholders by way of further on-market share repurchases.
The proposed return to shareholders will be effected by way of a capital reduction. It is also proposed that, immediately following the capital reduction there will be a consolidation of the Group's share capital to reflect the return.

The effect of the proposal is that shareholders will receive 150p (212.7c) in cash and 21 new ordinary shares in exchange for every 25 existing ordinary shares of £1 each. The Board expects that the implementation of the return of surplus capital will enhance earnings per share in the current year.

In order to implement the return and reduction of capital, the approval of shareholders and of the Court will be required. Details of the proposals will be sent to shareholders as soon as possible and a further announcement incorporating a timetable will follow in due course. The process should be completed by the end of March 2002.

The Board is being advised by Cazenove & Co. Ltd with respect to these proposals. Cazenove & Co. Ltd and HSBC Investment Bank plc are acting as brokers to Lonmin.

**DIVIDEND POLICY**

The Board has reviewed its dividend policy in light of the proposed return of surplus capital to shareholders. The Board has decided that, with effect from the year commencing 1 October 2001, dividend distributions will be based on the reported earnings for the year but will take into account the projected cash requirements of the business. The regular dividends may be supplemented from time to time by on-market share repurchases using surplus cash where the Board believes that it would enhance shareholder value. Permission will be sought from shareholders to renew the authority for Lonmin to continue to make on-market repurchases of its ordinary shares.

Analyst presentations will be held today in London and Johannesburg:

In London the presentation will take place at 09:30 (local time) on the 5th Floor, Arundel House, Temple Place, London WC2R 3DX.

In Johannesburg the presentation will take place at 11:30 (local time) at the Pambeli Room, Park Hyatt, Rosebank, 191 Oxford Road, Johannesburg.

**Enquiries**

**Lonmin-** Anthony Cardew, Cardew & Co. 020 7930 0777

**Cazenove-** Michael Wentworth-Stanley, 020 7588 2828

**HSBC-** Michèle Acton, 020 7336 9000

**CONTACTS**

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|---|---|
| **Lonmin** | |
| Tanya Chikanza (Head of Investor Relations) | **+44 20 7201 6007 /<br>+27 11 218 8300** |
| **Cardew Group** | |
| Anthony Cardew / James Clark | **+44 20 7930 0777** |
| Sue Vey | **+27 72 644 9777** |

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