

## **MEDIA RELEASE**

25 January 2002

### **COMPLETION OF THE CAPITAL REDUCTION AND REDENOMINATION AND LISTING OF NEW ORDINARY SHARES**

Ladies and Gentlemen, welcome to the 93<sup>rd</sup> Annual General Meeting of Lonmin Plc.

I declare that we have a quorum and the meeting has therefore commenced.

As you know we have a large amount of business to get through. The main purpose of this, the Annual General Meeting or AGM, is to seek your approval of the Report and Accounts for the year ended September 30, 2001 and to re-elect Directors and the Auditors as explained in the papers you have received. Ten minutes thereafter we shall be holding the Extraordinary General Meeting, or EGM, the principal business of which is to approve the formal steps necessary to implement the return of capital to shareholders and the consequent reorganisation and redenomination of the Company's shares.

The first item on our agenda is the receipt by shareholders of our Report and Accounts for the year ended 30th September, 2001.

I have pleasure in proposing that the Report and Accounts for the year ended 30th September, 2001, be received by shareholders.

Would a shareholder be kind enough to second the Resolution?

Thank you.

I shall put the Resolution to you shortly.

I know that, while the return of capital has received overwhelming support from shareholders generally and has been widely welcomed by the analyst community and the financial journalists, the steps through which we have to go to implement it are very complicated and a number of you will have questions you will wish to raise on it - indeed we have already received a number of questions in writing from shareholders all of which I will endeavour to address when we get to the EGM. There will be an opportunity during the EGM for you to raise questions relating to the capital return and therefore in the interests of using your time most efficiently I do not propose during this meeting, the AGM, to accept questions on that subject, or indeed on the other matters covered by the EGM Resolutions I should be most grateful for your cooperation which will of course enable us to do full and prompt justice to the wine and sandwiches which will be available at the conclusion of the EGM.

I hope you will agree that the results of the Company for the year to September 30 2001 were very satisfactory. As I said in my statement in the Annual Report these results were flattered by a sharp

and unsustainable rise in the prices of all the Platinum Group Metals early in the year. This turned out to be a realistic appraisal of the market situation. Prices did recede in the latter part of the year but I am pleased to say they have, in the main, remained stable albeit at lower levels over the last several months, notwithstanding a general weakening in the major world economies which was in train even before the events in New York and Washington in early September and has since accelerated. I see no reason to question the stability of prices at their new levels, which continue to yield satisfactory returns.

There is growing public awareness of the potential of fuel cell technology in transportation and power generation applications in the context of ever tightening environmental regulation; all the major vehicle manufacturers are involved in fuel cell commercialisation projects. The other major contributor to platinum demand globally is the jewellery sector where we have been pleased to see that the fall in demand in Japan, traditionally the largest market for platinum jewellery, has been more than compensated for by unprecedented growth in China where the economy has been largely insulated from the general global downturn. The great strength of PGM's lies in the diversity of their applications ranging from the cutting edge of medical and electronic technology through mobile phones to the environmentally friendly autocatalysts, and we remain confident in their future.

As you know this Company is now a focused Platinum Group Metals producer though we have some residual gold assets to which I will turn in a moment. Our PGM's activities are currently based substantially in South Africa where we are a large investor and, I believe, the largest British employer (leaving aside certain of the major formerly South African domiciled mining and brewing groups who have moved their domicile to the UK in the last year or two). We employ some 22,000 people in South Africa.

We have great confidence in South Africa and its future. The Government has managed the economy in a fiscally responsible manner since the inception of the current regime, which has now been in power for eight years. Our confidence was reflected by our commitment, announced in the year 2000, to a major multi year investment programme of over \$665 million. This programme is, I am pleased to say, proceeding on time and within budget and as further evidence of our commitment to the country in the year to September 30 last we announced an acceleration in the investment programme to bring us to a production level of 870,000 ounces of platinum and related metals by 2003, a full five years earlier than originally planned. This is a mark not only of our confidence in the future of South Africa, but also our confidence in the long term outlook for the various metals that constitute the PGM's "suite", which I might remind you, covers some five metals with a variety of characteristics and end uses. Of course platinum and palladium are the two best known.

Our Zimbabwe based gold mining activities have had a very difficult year, largely because of the political and economic situation in this sad country. I would like to record here, as I did in my remarks in the Annual Report, our appreciation of the almost super-human efforts of our management and workforce in sustaining our activities through this year and even recording a modest profit. I should point out that in the scheme of things, for a group of our size and financial strength, our exposure in Zimbabwe is not significant.

We continue to support the Board and management of Ashanti in their efforts to retrieve the company from the difficult financial position in which it found itself as a result of its hedge book in the volatile gold market that prevailed 18 months ago. As has been widely reported in the press the Board of Ashanti is in negotiations with its various creditors with a view to refinancing its outstanding convertible debt and we are fully engaged in this process. We also retain close touch with the Government of Ghana, which is of course the other major shareholder in Ashanti where we have a community of economic interest in the successful outcome of the current rescheduling discussions.

You will have seen that we have in recent months committed ourselves to three junior PGM

exploration companies, two in Australia and one more recently in Canada. We believe that this is a sensible, though modest, way in which to diversify our activities geographically. To date we have invested some \$12 million out of a total commitment to all three projects of some \$20 million.

Finally, before inviting your questions I would like to say a word about our attitude towards environmental, social and health issues. In our industry these issues loom large - you will be aware of the extent of the AIDS problem in Southern Africa generally; it is, sadly endemic to the mining industry. We believe we are at the forefront of our industry in addressing these issues. We are also fully engaged with others in the mining industry both in South Africa and internationally in the search for global sustainable development. I would commend to you our separate Safety, Health and Environment Report which goes into these matters in considerable depth; this year we published our second edition and it makes very interesting reading. Copies are available on written request to the Company Secretary. It is also available on our website.

The South African Government is currently finalising a new regulatory framework which will govern the mining industry in future. This was preceded by an extended consultation process in which we and other mining groups participated fully alongside other interested parties. The "use it or lose it" principle holds no concerns for us as a group as we are exploiting all the mineral rights we have and therefore will not have to surrender anything of significance.

Equally we welcome the principle of black empowerment and are committed to introducing a black empowerment partner in the Pandora Joint Venture with Anglo Plats which we announced last year.

You will have noticed that the South African Rand has fallen very sharply in recent months - by some 30 per cent since September. We do not believe this is a reflection of the underlying strength of the South African economy, but rather of political and economic developments elsewhere and short term technical developments in the foreign exchange markets. Ironically our results benefit from a weaker Rand as our costs are almost wholly denominated in that currency, while PGM prices are denominated in dollars. I would expect this benefit, one way or the other, to be eroded over time.

I now invite shareholders to put questions to me and, through me, to my colleagues.

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