

MEDIA RELEASE

18 September 2003

LONMIN AND IMPALA TO END JOINT CONTROL OF LONPLATS AND AGREE GROUND BREAKING EMPOWERMENT PROCESS

Introduction

Lonmin Plc ("Lonmin") announced today that it has signed a non binding Memorandum of Understanding ("MoU") with Impala Platinum Holdings Ltd ("Implats") for the sale by Implats of its entire 27.1% holdings in Western Platinum Ltd. and Eastern Platinum Ltd. (together referred to as "Lonplats"). Lonmin currently holds the balance of 72.9% of Lonplats, which is Lonmin's principal operating subsidiary. This sale will simplify the holding structure of both Implats and Lonmin and lays the foundation for a significant Black Economic Empowerment (BEE) transaction in due course. The sale will also generate substantial additional foreign direct investment by Lonmin in South Africa.

The key terms of the MoU are as follows:-

- Implats will dispose of its entire 27.1% holding in Lonplats for \$800 million. The Principals' Agreement between Lonmin and Implats will terminate by mutual agreement on completion of the transaction, thus ending joint control of Lonplats, the restrictions relating to the introduction of new shareholders and the change of control clause relating to Lonmin.
- Lonmin will acquire from Implats an interest of 9.1% of the issued share capital of Lonplats, increasing its direct holding to 82%. The net cash consideration will be approximately \$242 million, calculated as \$269 million less the amount of Implats' right to a final Lonplats dividend for 2003, estimated at \$27 million.
- Lonmin and Implats will form a new jointly owned (50:50) company ("Newco") which will acquire from Implats 18% of the issued share capital of Lonplats for a consideration of \$531 million. Historically Disadvantaged South Africans ("HDSA's") will be invited to acquire a controlling stake in Newco in a process that will be facilitated by Lonmin and Implats and overseen by Lonmin.
- Newco will be funded through an initial equity capital contribution by Lonmin and Implats of \$115.5 million each. The balance of Newco's capital is expected to comprise senior debt facilities, mezzanine finance and HDSA equity. This is expected to be arranged by JP Morgan and Standard Bank of South Africa Limited.

The Minister of the Department of Minerals and Energy, has been consulted and welcomes the developments.

Black Economic Empowerment

It is intended that this transaction will pave the way for a very significant BEE transaction in the platinum group metals ("PGM") sector that will enable HDSA shareholders to acquire a direct,

influential equity interest in a PGM major. Lonplats is a world-class asset, with mine to market control of its products and a low risk growth profile. It is cash generative and fully capable of funding its growth programme, which is aimed at increasing production to one million platinum ounces by 2008.

Lonmin and Implats intend initiating the empowerment process promptly. HDSA's will be invited to subscribe for shares in the equity of Newco with a view to it becoming controlled by HDSA's. Lonmin will oversee the formation of the Newco board and the initial introduction of anchor HDSA shareholders and management. Newco will have representation on the board of Lonplats. Lonmin expects that, once Newco is controlled by HDSA's, Lonplats will have exceeded the phase one scorecard requirements of the South African Mining Charter for HDSA ownership. Real progress continues to be made in the other scorecard categories.

Lonmin's vision for Newco is that it will develop into a sustainable flagship for BEE ambitions in the South African mining industry with robust assets and sound growth prospects. In due course, Newco is expected to acquire other mining assets and seek to qualify for a listing on the JSE Securities Exchange, further expanding its broad base of HDSA shareholders who will benefit from the mineral wealth of South Africa.

During the course of introducing HDSA's into Newco, the holdings of Lonmin and Implats will be diluted. However, Lonmin expects to maintain an involvement in Newco, possibly as a shareholder, as it develops into a mature and robust BEE entity.

Financial Information

The pre-tax profits of Lonplats for the year ended 30 September 2002 amounted to \$327 million and the net assets of Lonplats at that date amounted to \$638 million. The dividends declared by Lonplats in respect of that year, which were attributable to Implat's 27.1% interest in Lonplats and were received by Implats, amounted to \$33 million.

Lonmin will acquire the 9.1% interest in Lonplats and will fund its equity interest in Newco utilising existing senior debt facilities underwritten by Lloyds TSB. Lonmin will initially account for its investment in Newco as a joint venture.

The transaction is expected to be broadly neutral in terms of earnings in 2004 before the amortisation of goodwill. The gearing on the balance sheet will rise significantly in the short term but it is anticipated that this will not affect Lonmin's stated dividend policy.

Strategic Benefits

The strategic benefits to Lonmin are significant and include:-

- The removal of joint control of Lonplats and the change of control provision in respect of Lonmin along with other restrictive elements of the Principals' Agreement
- Consolidation of Lonmin's direct ownership of Lonplats at 82%
- The creation of an attractive platform for the future introduction of broad based HDSA shareholders into Lonplats
- Participation as a shareholder in the anticipated prosperity of Newco **Conditions and Timetable**

The parties will enter into the sale and purchase agreement when satisfactory debt financing for Newco has been secured and once the parties have received reasonable satisfaction from the Department of Minerals and Energy that Charter Scorecard Credits in respect of units of production/ equity ownership will be granted upon Newco becoming HDSA controlled.

The transactions in the shares in Lonplats and the formation of Newco are conditional, inter alia, on the signing of legally binding agreements between the parties, the approval of Lonmin shareholders (these transactions being related party transactions under the UK Listing Rules), completion of the financing of Newco and the approval of the South African competition authorities and other relevant regulatory authorities.

Lonmin and Implats will work towards the signing of legally binding agreements between them and Newco by 31 December 2003. The circular to Lonmin shareholders seeking approval of the transaction and incorporating a Notice of Extraordinary General Meeting, will be sent shortly after signing of the definitive agreements. Subject to the satisfaction of the relevant conditions, completion is expected to take place by 27 February 2004.

Morgan Stanley & Co. Limited and Cazenove & Co. Limited are acting as financial advisors to Lonmin and Cazenove & Co. Limited are advising Lonmin in relation to the financing arrangements for Newco.

A further announcement will be made in due course.

Sir John Craven, Chairman of Lonmin said,

"This transaction will consolidate Lonmin's position in Lonplats and end Implats joint control of Lonplats, significantly enhancing Lonmin's strategic flexibility."

"It is a substantial foreign investment in South Africa and also underlines Lonmin's support and endorsement of the South African Government's BEE initiative for the mining industry."

Ed Haslam, CEO of Lonmin said,

"With this transaction we will be taking the steps necessary to facilitate compliance with Lonplats' BEE phase one equity credentials while ensuring Lonmin shareholder value is protected. We are laying the foundations for a prosperous, robust, broad-based BEE company, which will enable many HDSA's to benefit from Lonplats' high quality cash generative platinum group metals assets."

Commenting on the announcement the Minister of Minerals and Energy, Ms Phumzile Mlambo-Ngcuka:

"The said assets under consideration are amongst the best in SA and in the world."

Successful conclusion of a deal with a BEE partner could be one of the biggest transactions in the mining industry."

We welcome the steps undertaken by Impala and Lonmin and we are optimistic that further discussions between the Department and the two companies will lead to compliance with the requirements of the Broad-Based Socio-Economic Empowerment Charter of the mining industry."

Lonmin and Implats will host a joint presentation with live link up between Johannesburg and London scheduled at 14:00 BST today. For details of the presentation please contact:

Press Enquiries:

For Lonmin in London
Anthony Cardew/Clea Bourne

CardewChancery +44 207 930 0777
For Lonmin in Johannesburg
Jackie Range

CardewChancery +27 11 516 1313
For Impala
Charmane Russell/ Janet Whitaker

Russell Associates +27 11 880 3924

Analyst Meeting:

An Analyst Meeting will be held today, 18 September 2003, in London at 14:00 (BST) and in Johannesburg at 15:00 (CAT):

London Analyst Meeting:

Cazenove
20 Moorgate
London EC2R 6DA
+44 20 7588 2828

Johannesburg Analyst Meeting:

Sandton Sun and Towers
Jacaranda Room, Fifth Street
Sandhurst, Johannesburg
+27 11 780 5000

Morgan Stanley & Co. Limited are acting for Lonmin and no one else in connection with the proposed transactions and will not be responsible to anyone other than Lonmin for providing the protections afforded to clients of Morgan Stanley & Co. Limited or for providing advice in relation to such proposed transactions.

CONTACTS

Lonmin

Tanya Chikanza (Head of Investor Relations)

**+44 20 7201 6007 /
+27 11 218 8300**

Cardew Group

Anthony Cardew / James Clark

+44 20 7930 0777

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Accordingly, subject to certain exceptions, the Rights Issue is not being made in the United States of America and neither this announcement nor the Prospectus constitute or will constitute an offer, or an invitation to apply for, or an offer or an invitation to subscribe for or acquire any Securities in the United States.

A copy of the Prospectus containing details of the Rights Issue is available from the registered office of the Company and on the Company's website at www.lonmin.com provided that the Prospectus will not, subject to certain exceptions, be available (whether through the website or otherwise) to Shareholders in the United States or any Excluded Territories.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

For further information please visit our website: <http://www.lonmin.com>