

MEDIA RELEASE

06 September 2004

LONMIN ANNOUNCES THE SIGNING OF LEGALLY BINDING AGREEMENT FOR THE PURCHASE BY LONMIN AND INCWALA OF IMPLATS' EMPIRE 27.1% HOLDI

Lonmin Plc ("Lonmin") is pleased to announce that it has today signed legally binding agreements with Impala Platinum Holdings Limited ("Implats"), various broad-based Historically Disadvantaged South African ("HDSA") entities and the Industrial Development Corporation ("IDC"). Under these agreements, Implats will, on completion, sell its entire 27.1% stake in each of Western Platinum Limited and Eastern Platinum Limited (together "Lonplats") to Lonmin and the HDSA investors, and Lonmin will participate in the formation of a significant HDSA controlled mining investment company, Incwala Resources (Proprietary) Limited ("Incwala Resources"). The transaction is expected to complete, subject to certain conditions, including approval by Lonmin shareholders, by 30 September 2004.

Under the agreements signed today, Lonmin will acquire (net) 9.1% of Lonplats for US\$282.6 million, increasing the direct stake in its main operating subsidiaries to 82%. Incwala Resources, through its 100% held subsidiary, Incwala Platinum (Proprietary) Limited, will acquire the remaining 18% stake in Lonplats for US\$480.2 million and will effectively become Lonplats' HDSA partner of choice in its operations.

Strategic benefits of the Transaction

The benefits to Lonmin of the transaction are significant:

- **It will facilitate the introduction of broad-based HDSA equity ownership in Lonplats' operations and contribute towards Lonplats' programme for securing new mining and prospecting licences under South Africa's Mining and Empowerment Legislation**
- **It will lead to the formal termination of the Principals' Agreement which has governed the relationship between Lonmin and Implats in relation to Lonplats, including an ability for Implats to increase its shareholding in Lonplats to in excess of 50% in the event of a change of control of Lonmin**
- **It presents Lonmin with the opportunity to consolidate its shareholding in its main operating asset, Lonplats.**

Incwala Resources

Incwala Resources will be controlled by HDSA investors, led by Andisa Capital, Dema Capital and Vantage Capital, who will between them hold a 52.88% shareholding in Incwala Resources. Also

included are the South African Women in Mining Trust (SAWIMIH), a women's empowerment group, a trust set up for the benefit of the Bapo Ba Mogale community (comprising some 30,000 members) and the Lonplats Employee Masakhane Trust ("LEM").

The LEM will have a 1.1% direct shareholding in Incwala Resources as well as hold a 25% equity interest in each of the Andisa, Dema and Vantage consortia. This equates to the LEM having a direct and indirect aggregate equity interest in Incwala Resources of some 13.27%. The sole beneficiary of the LEM will be the Masakhane Provident Fund, the beneficiaries of which are Lonplats employees. Masakhane's membership is approaching 20 000, consisting exclusively of Lonplats employees, almost all of whom are HDSAs.

The HDSA consortia will acquire their 52.88% interest in Incwala Resources for US\$193 million and will fund it as follows:

- **US\$59.3 million will be commercially funded by the issue of preference shares to certain South African banks. Lonmin has agreed to grant these banks a put option in respect of an aggregate of US\$15 million principal amount of these preference shares, exercisable in the event of default by the HDSA investors**
- **US\$118.4 million will be in the form of vendor loans to Andisa Capital, Dema Capital and Vantage Capital, US\$23.4 million of which will be provided by Lonmin and US\$95 million provided by Implats. Lonmin will indemnify Implats in relation to the non-payment of the US\$95 million principal amount by the HDSA investors to Implats and the HDSA investors will counter-indemnify Lonmin in relation to any liability incurred by Lonmin under the indemnity to Implats**
- **US\$5.4 million will be in the form of an interest free loan provided by Lonmin to the Bapo Ba Mogale trust which will also receive a loan of a further US\$5 million from the IDC**
- **Lonmin will provide loans of US\$1 million to SAWIMIH and US\$4 million to LEM.**
- **Lonmin and the IDC will each subscribe for a 23.56% equity interest in Incwala Resources for US\$90.3 million and US\$81.7 million respectively, resulting in a total equity capital subscription in Incwala Resources of US\$365 million. Incwala Resources will also raise US\$125 million in preference shares from a number of South African and international banks on attractive terms, providing total equity and preference capital of US\$490 million.**

The formation of Incwala Resources represents a fundamental step in delivering Lonmin's commitment to Black Economic Empowerment ("BEE") and fulfilling the requirements of the Mining Charter. Incwala Resources will initially have a b balance sheet and widely distributed HDSA shareholdings and will make an ideal strategic partner for Lonmin in South Africa. Incwala Resources' business strategy is to take advantage of the reorganisation of South Africa's mining industry, which will occur under the new Mining Charter and create a diversified mining house with wide HDSA ownership.

Net investment by Lonmin

Following completion of this transaction, Lonmin's total cash investment, including costs of approximately US\$26 million, will amount to approximately US\$433 million as follows:

Description	US\$ (million)
Acquisition of an additional net 9.1% in Lonplats	282.6
Acquisition of 23.56% equity stake in Incwala Resources	90.3

Vendor finance loans to HDSA Consortia	28.8
Loans to the broad based HDSA investors – SAWIMIH and the LEM Trust	5.0
Transaction costs	26.0
Total	432.7

The net investment will result in Lonmin increasing its direct shareholding in Lonplats to 82.0% and a 23.6% equity shareholding in Incwala Resources. From completion, Incwala Resources will initially be accounted for by Lonmin as an associate.

Lonmin will satisfy the consideration from the existing cash resources and credit facilities of the Group. The transaction is expected to be earnings neutral in 2004 and cashflow neutral in 2005. The value of the net assets being acquired will be US\$433 million. The Board believes that, after this transaction, the Group will be able to maintain its ongoing capital expenditure commitments and the existing dividend policy for Lonmin.

Shareholder Approval Requirement

The transaction includes a number of related party transactions for Lonmin under the UKLA Listing Rules and as such requires shareholder approval. Accordingly, a circular containing further details of the transaction will be posted to Lonmin shareholders shortly and an Extraordinary General Meeting is expected to be held toward the end of September.

Morgan Stanley & Co. Limited and Cazenove & Co. Ltd are acting as financial advisers to Lonmin and Cazenove & Co. Ltd is advising Lonmin in relation to the financing arrangements for Incwala Resources and Incwala Platinum.

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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.

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