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MEDIA RELEASE

25 November 2004

Year End Announcement September 2004

Positioned for Growth

- Dividend for the year maintained at 72 cents.
- The Ashanti sale was completed and monetised for $390m. A net $70m profit from discontinued operations represented the $112m profit from the sale of the shares in AngloGold Ashanti offset by the $42m funding requirement on the buy-out of the SUITS pension scheme.
- The purchase of an additional 9.11% of Eastern and Western Platinum for $283m was completed on 30 September 2004, increasing the Group's ownership in its core platinum operations from 73% to 82%.
- The formation of Incwala Resources in which the Group has a 24% interest has created a unique Black Economic Empowerment company as a partner for our South African operations.
- The adoption of a New Mine Extraction Plan enables the Group to set a new target of 1.1m sustainable ounces of primary platinum production from 2010 onwards.
- The development at 3 of the Company's shafts has been accelerated to support the planned growth.
- Record primary mine platinum production of 913,263 ounces achieved.
- A 32% growth in turnover to $1,030m in 2004 from a 17% increase in the average price of the basket of metals sold and a modest growth in volumes sold.
- 91.8% reduction in SO2 stack emissions from 2003.
- A comprehensive safety management system based on visible leadership has been developed and implemented during the year.

Financial highlights – continuing operations **Full year to 30 September**	**2004**	2003
Turnover	**$1,030m**	$779m
EBItdA (i)	**$357m**	$344m

EBIT (ii)	**$303m**	$297m
Profit before taxation	**$290m**	$291m
Earnings per share	**88.4c**	52.5c
Underlying earnings per share (iii)	**96.9c**	87.2c
Dividends per share (iv)	**72.0c**	72.0c
Trading cash flow per share	**229.2c**	161.0c
Free cash flow per share	**70.7c**	48.2c
Equity shareholders' funds – restated (v)	**$744m**	$645m
Net borrowings	**$275m**	$197m
Gearing (vi)	**27%**	23%

23%

NOTES ON HIGHLIGHTS

- (i) EBItdA is Group operating profit before interest, tax, depreciation and amortisation.
  (ii) EBIT is total operating profit.s per share are calculated on profit for the year excluding exceptional items and exchange adjustments on tax as disclosed in note 7.
  (iv) The Board recommends a final dividend of 42.0 cents per share payable on 14 February 2005 to shareholders on the registers on 21 January 2005.
  (v) Equity shareholders' funds have been restated to show the investment in the Employee Share Ownership plan as a deduction from equity shareholders' funds.
  (vi) Gearing is calculated on the net borrowings attributable to the Group divided by the net borrowings attributable to the Group plus equity shareholders' funds.

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Chairman's comments

- Lonmin's Chairman, Sir John Craven said: "2004 was a watershed for Lonmin. Against the background of a b operating performance, we completed a number of key strategic initiatives and have positioned the Company for growth and development under a new Chief Executive".

- "The financial outcome was again adversely affected by the strength of the South African Rand against the US Dollar, which hits our results as our costs are overwhelmingly in Rand while our revenues are wholly in Dollars. The currency issue is a continuing problem for the whole of the South African mining industry but affects the platinum and gold sectors more than others. We expect this situation to reverse itself at some point but there can be no certainty as to when this might occur".

- “With these strategic moves behind us we are set fair to design and develop a new future for Lonmin. As a Board we support the management’s stated objective to seek new growth opportunities, acknowledging that these are likely to broaden and diversify the business in both geographic and commodity terms”.

- Sir John Craven
  Chairman

- **Chief Executive’s comments**

- Brad Mills, Lonmin’s Chief Executive said: “Lonmin is a new company today. With the sale of our Ashanti holding and the completion of our buy-out of Impala’s holding in our Platinum assets, we are now a focused mining company with no legacy entanglements to impede our future growth. During the year, we also completed a ground breaking Black Economic Empowerment transaction – the sale of 18% of Eastern and Western Platinum to Incwala Resources (Pty) Limited – this transaction sets us firmly on the path to the conversion of our mining rights to “new order” rights under South African legislation. Conversion will guarantee us long-term access to the mineral rights that support our operations”.

- “Our Platinum operations are in excellent shape. The markets for our products remain b. We have fully recovered from the smelter accident of two years ago. Our mining and process engineers have developed a new mine extraction plan that will allow us to grow production from our core properties to a sustainable 1,100,000 ounces of primary mine produced Platinum per year from 2010 onwards – a 20% increase from this year’s record 913,263 ounces of Platinum. Our Pandora Joint Venture, to which we have not yet committed, remains a source of future growth. To further strengthen our operations and ensure they retain their status as the lowest cost primary producers of Platinum in the industry, we are embarking on a major continuous improvement programme utilising the 6 Sigma methodology. This will help us eliminate errors, waste and excess costs in our production processes and improve our overall efficiency and productivity”.

- “At Lonmin, a critical focus is our Safety, Health, Environmental and Community performance. As a mining company we have to get these areas of our business right. Regrettably, during our 2004 fiscal year, we suffered 8 fatalities. While this is a reasonable result in line with the deep level South African mining industry, it is not an acceptable outcome for this management. We are committed to the elimination of all serious accidents and injuries and we are therefore establishing new behavioural and risk based safety programmes for all of our operations”.

- “Our biggest health exposure in our operations is the high incidence of AIDS in our work force. Voluntary testing has revealed that about 25-30% of our work force is currently HIV positive. We have embarked on major AIDS awareness and prevention campaigns with our employees and with the local communities. In addition, we offer anti-retroviral treatment to all employees who can benefit from this drug therapy. Our goal in this area is to continue to improve the overall quality of our employees’ lives and eliminate those factors that contribute to this tragic epidemic such as single sex hostel living arrangements”.

- “Our environmental and community performance is often tightly interwoven. We have made and continue to make substantial investments into lessening or eliminating our impact on the environment and improving our relations with the local communities. Our long-term goal is self-sustaining, healthy communities that support our operations and employees. We have firm programmes in place to ensure that we are making steady progress in both of these important areas”.

- “Looking forward, one of the critical issues that has been facing the Company is how best to grow value given the relatively limited opportunities in the Platinum industry”.

- “The characteristics that make our business b are a highly consolidated industry structure with long-term contracts between our customers and ourselves. Our customers value continuity of supply, this is critical for their businesses. They need to know that we will meet our commitments to them. Our low cost operations ensure that we can operate uninterrupted through any price cycle. Today, Lonmin has some of the best Platinum assets in the world and we are looking to add to this similar quality mineral deposits that have the same kind of customer-supplier relationships in commodities with similar industry dynamics. Our core mining skills are readily transferable and our track record of meeting long-term customer expectation is a strategic asset. We are committed to the growth of shareholder value and we will be patient in our efforts to identify opportunities that ensure that we can achieve the core objective of growing cash flow and earnings per share”.

- **Webcast**
  A live webcast of the results’ presentation starting at 9.30am London (11.30am Johannesburg) on 25 November 2004 can be accessed through the Lonmin website (www.lonmin.com). An archived version of the presentation, together with the presentation slides, will be available on the Lonmin website.

- Brad Mills
  Chief Executive

- **Commentary on the Group Financial Review**

- **Analysis of results**

- *Profit and loss account*
  A comparison of the 2004 total operating profit from continuing operations with the prior year is set out below:

	$m
*Total operating profit for the year ended 30 September 2003	297
Increase in sales prices	221
Increase in sales volumes	12
Exchange	(113)
Smelting and refining costs	(9)
Stock adjustment	(23)
Depreciation	(7)
Operational costs plus inflation	(75)
*Total operating profit for the year ended 30 September 2004	303

- * from continuing operations and before any exceptional items.

- *Exchange and Prices and Costs*
  The average price realised for the basket of metals sold at $/KG17,072 was 17% higher than the prior year and turnover increased by $251 million to $1,030 million. Unit costs in rand were 22% higher mainly due to benefits in the prior year not repeated in the current year and wage increases and other inflationary increases, particularly in steel, water and power. The strength of the South African rand against the US dollar has continued to impact on costs in dollar terms with the average exchange rate appreciating some 16% on the prior year. The resulting total operating profit from continuing operations and before any exceptional charges amounted to $303 million.

- Profit before tax from continuing operations amounted to $290 million in 2004 compared with $291 million in 2003.

- *Interest*
  Net interest payable and similar items was $13 million compared with $28 million last year. Exchange losses were $16 million lower this year due to most borrowings being held in US dollars for the 2004 financial year but interest and finance costs were higher, primarily due to the amortisation of expenses on bank facilities arising from the Incwala transactions.

- *Tax*
  The 2004 tax charge was $113 million compared with $183 million in 2003 and included $20 million of exchange losses (2003 - $85 million). An exceptional tax credit has been included in the tax charge in respect of South African tax overprovided in 2003 on the disposal of the Brakspruit mineral rights. The effective tax rate, excluding the effects of exchange and exceptional items was 33% compared with 35% last year.

- *Net Profit*
  Profit for the year from continuing operations rose to $125 million from $74 million in 2003 and earnings per share were 88.4 cents compared with 52.5 cents in 2003. Underlying earnings per share from continuing operations, being earnings excluding exchange on tax balances and exceptional items amounted to 96.9 cents (2003 – 87.2 cents).

- *Discontinued Operations*
  The profit for the year arising from discontinued operations amounted to $70 million representing a profit of $112 million on the sale of the investment in AngloGold Ashanti during June 2004 offset by a funding requirement on the buy-out of the SUITS pension scheme during September 2004 of $42 million.

- *Cash flow*
  Net cash inflow from operating activities from continuing operations was $400 million during 2004, a 35% increase on last year's figure of $296 million. The increase included an inflow of working capital of $39 million compared with an outflow of $54 million last year. After interest and finance costs of $9 million and tax payments of $67 million, trading cash flow amounted to $324 million in 2004 against $227 million in 2003, with trading cash flow per share of 229.2 cents in 2004 against 161.0 cents in 2003.

- Capital expenditure of $187 million was incurred during the year, an increase of $26 million on the prior year. This increase included the effect of the marked appreciation in the South African rand during the year; actual rand expenditure decreased by 5%. After minority dividends paid of $37 million, free cash flow was $100 million and free cash flow per share was 70.7 cents (2003 – 48.2 cents). Financial investment, acquisitions and disposals primarily represented the net cash outflow on the Incwala and EPL/WPL transactions of $424 million (including expenses of $17 million), the receipt from the sale of the investment in and repayment of loans from AngloGold Ashanti of $390 million and a $41 million funding requirement on the buy-out of the SUITS pension scheme. After accounting for shares issued on the exercise of share options of $6 million and equity dividends paid of $102 million, the cash outflow was $75 million during 2004 and net borrowings amounted to $275 million at 30 September 2004.

- *Balance sheet*
  Equity interests were $744 million at 30 September 2004 compared with $645 million (restated for ESOP accounting) at 30 September 2003 mainly reflecting the profit for the year of $195 million offset by dividends declared of $42 million and $60 million for the interim and final dividends respectively.

- The Incwala transactions were completed on 30 September 2004 resulting in an increase of 9.11% in the Group shareholding in Eastern Platinum Limited (EPL) and Western Platinum Limited (WPL) to 82%. In addition, an investment was made in Incwala Resources (Pty) Limited (Incwala) resulting in a 23.56% ownership. Funding was also provided to HDSAs (Historically Disadvantaged South Africans) to assist with their purchase of 9.0% of EPL and WPL from Gazelle Platinum Limited and to Seed Capital investors investing in Incwala. These transactions have been shown in the balance sheet on 30 September 2004 as follows:

- the investment in Incwala amounting to $90 million has been shown as an associate

- the loans provided to HDSAs and Seed Capital investors amounting to $34 million have been shown as loans receivable

- the excess of the purchase price of $311 million including expenses of $28 million over the book value of the 9.11% acquisition of EPL and WPL has been shown within fixed assets as additional mineral rights

- the minority interest in EPL and WPL has been reduced from 27.11% to 18.0%.

- Net borrowings amounted to $275 million at 30 September 2004 with the main component being the convertible bonds of $216 million. Gearing was 27% compared with 23% at 30 September 2003, calculated on net borrowings attributable to the Group divided by these attributable net borrowings and the equity interests outstanding at the balance sheet date.

- *Dividends*
  The Board recommends a final dividend of 42.0 cents (2003 - 42.0 cents) making total dividends for the year of 72.0 cents (2003 – 72.0 cents). This represents a cover of 1.2 times on earnings from continuing operations (2003 – 0.7 times). On an underlying earnings from continuing operations basis, this represents a cover of 1.3 times compared with 1.2 times in 2003.

- John Robinson
  Chief Financial Officer

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