LONMIN PLC
Introduction

• Lonmin acquires 9.1% of Lonplats from Implats taking its holding to 82%.

• Lonmin & Implats envisage a flagship BEE company holding 18% of Lonplats. Phase 1 equity requirements are expected to be exceeded.

• Lonmin and Implats end joint control of Lonplats.

• Support received from the Minister of Minerals and Energy.
The key parameters of the transaction are as follows:

- Lonmin acquires 9.1% of Lonplats for a payment of $269 million.
  - Part of this payment is satisfied by Implats share of the final Lonplats dividend (est. ZAR 203m; c.$27 million).
  - Lonmin purchases 9.1% of Lonplats for a net payment of $242 cash.

- Implats sells its remaining 18.0% shareholding in Lonplats to NewCo for $531m in cash.

- NewCo is owned 50/50 by Lonmin and Implats, funded with $231 million equity shared equally by each party plus $300 million of 3rd party equity and credit facilities.
Structure Post Transaction

- **Lonmin**
  - 82.0%
  - 18.0%
- **Impala**
  - 50%
- **NewCo**
  - 50%
  - Sponsors' Equity: $231m
  - Bank Debt & 3rd Party Equity: $300m
- **Lonplats (WPL/EPL)**
  - 50%
- **Lemplats**
  - Look-Through Value: $2,583 MM
- **Mkt. Cap.:**
  - Ashanti: $1,256 MM
  - Ice: $4,993 MM
  - Lemon: $2,096 MM
- **Bank Debt:**
  - $300 MM

NewCo Sponsors' Equity: $231 m
Structure Post BEE Transaction

- **Lonmin**: 82.0%
- **HDSA**: 0-49%
- **Lonplats (WPL/EPL)**: 18.0%
- **NewCo**: 51-100%

Mkt. Cap:
- **Ashanti**: $1,256 MM
- **Ice**: $4,993 MM
- **Lemplats**: $2,096 MM

Look-Through Value: $2,583 MM
NewCo’s Development

Lonmin and Implats are committed to delivering phases 1 & 2.

Phase 1  Initial formation and funding of NewCo, enabling the unconditional acquisition by NewCo of 18% shareholding in Lonplats.

Phase 2  The introduction of HDSA investors, an HDSA representative board and management.

The HDSA board of NewCo will be responsible for delivering phases 3, 4 and 5.

Phase 3  The transition of NewCo from owning a single asset to owning a broad spread of mining assets, in order to qualify for a JSE listing and become a suitable investment for HDSA retail investors.

Phase 4  Preparations for listing.

Phase 5  Listing and initial public offering of NewCo shares, targeting a broad spread of HDSA investors, including retail distribution.
Financial Implications

• Lonmin will fund its 9.1% interest in Lonplats and its equity in NewCo utilising existing senior debt facilities.

• Gearing rises to 80%. Management are confident that this level is sustainable without impacting dividend/policy.

• Our long term gearing target remains 30 - 40%.

• The 2004 earnings impact on Lonmin is expected to be broadly neutral before the amortisation of goodwill.
Strategic Rationale

• The strategic benefits from removal of the joint control/Board, change of control and obtaining unfettered control of Lonplats with a direct 82% holding.

• Enhances Lonmin’s Strategic flexibility.

• The benefit of substantial progress towards a clear and Lonmin controlled route to a BEE solution for Lonplats.

• We believe there will be upside in retaining an investment in NewCo post the initial HDSA transaction.

• Flexibility will exist for Lonplats to potentially meet the phase 2 scorecard target of 26%.
Next Steps

- Signing of legally binding agreements is expected prior to 31st December 2003, provided that:
  - Satisfactory NewCo finance is in place.
  - DME confirmation that equity credits will be forthcoming.

- Lonmin to oversee NewCo. To commence BEE process immediately.

- Related party transaction under UKLA rules therefore requires Lonmin shareholder approval.

- Completion is expected prior to 27th February 2004.
Concluding Remarks

- Creative solution to the Implats/Lonplats stalemate.
- Exciting BEE prospects with potential for real broad based empowerment.
- Resolution of Lonmin’s structural complications in sight!
Lonmin - Implats transaction
18 September 2003
Overview of the transaction

- Sale of 27.1% stake for US$800m
  - An amount of US$115.5m to be re-invested in Newco
  - The balance of US$684.5m to be paid to Implats on completion - end February 2004
- Premium of 20% to implied market value (60-day weighted average)
- Transaction conditional on confirmation of BEE credits
- Proceeds from sale to be used to:
  - Fund Implats’ proportion of mine-to-market expansion projects
  - Be returned to shareholders
Cash flows

Implats
US$685m

Lonmin
US$269m

Newco
US$300m

Banks
US$300m

US$116m of equity value

US$300m

US$115m

US$115m
Strategic rationale

- Release of value for shareholders’ benefit
- No longer resource-constrained
- Equity-accounted ounces can now be replaced through growth from mine-to-market ounces
- Rationalisation of strategic holdings
Corporate structure

**Implats**

- **Mining operations**
  - Impala Platinum 100%
  - Marula Platinum 80%
  - Barplats 83%
  - Zimplats 83%
  - Mimosa 50%

- **Impala Refining Services (IRS)**
  - Concentrate offtake agreements

- **Strategic holdings**
  - Lonplats 27%
    - Aquarius Platinum SA 25%
    - Two Rivers 45%

- *20% allocated to BEE partnership
* # Up to 12% to be allocated to BEE participants
+ Excluding 9% in Aquarius Platinum
Pre-conditions to agreement and conditions precedent

Pre-conditions to binding agreement
- Reasonable confirmation of BEE credits
- Non-recourse debt financing for Newco

Conditions precedent
- Lonmin shareholder approval
- Regulatory approval, including SA Competition Commission and SARB
Timing

- 18 Sept 2003 - Announcement of non-binding MOU
- By 31 December 2003 - binding agreements to be signed
  - Subject to standard conditions precedent
- By 28 February 2004 - Completion of the transaction
Impact on Implats

- Earnings slightly diluted in short-term
- Growth profile remains unchanged

Pt 000oz

Potential upside from Zimbabwe
In conclusion

- The transaction will release **value** for shareholders
- Further simplify Implats’ corporate **structure**
- Significant step in obtaining **BEE equity credits**
- Generate **cash** to:
  - **Fund growth** of managed mine-to-market ounces
  - **Excess cash to be returned** to shareholders
Lonmin-Implats announcement
18 September 2003