

## NEWS RELEASE

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### Lonmin and Implats joint announcement

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LONMIN Plc  
(Incorporated in the United Kingdom)  
Share code : LON  
ISIN code : GB0031192486  
(Lonmin)

IMPALA PLATINUM HOLDINGS LIMITED  
(Incorporated in the Republic of South Africa)  
Registration number : 1957/001979/06  
Share code : IMP  
ISIN ZAE 000003554  
(Implats)

LONMIN AND IMPLATS ANNOUNCE SIGNIFICANT PROGRESS ON THE SALE BY IMPLATS OF ITS ENTIRE 27.1% STAKE IN EACH OF WESTERN PLATINUM LIMITED AND EASTERN PLATINUM LIMITED (TOGETHER LONPLATS) – 9.0% TO HDSA INVESTORS AND THE BALANCE TO LONMIN

A number of key milestones have been achieved including endorsement by the Department of Minerals and Energy, participation by the Industrial Development Corporation, the involvement of Historically Disadvantaged South Africans and the obtaining of bank funding

- Sale of 27.1% of Lonplats by Implats, Implats to dispose of its entire 27.1% shareholding in Lonplats for cash;
- 9.0% for US\$240.1 million directly to a number of consortia comprising Historically Disadvantaged South Africans (HDSA) (HDSA Investors); 18.1% for a total of US\$554.4 million to Lonmin; and
- Implats and Lonmin to provide a vendor-financing package of US\$122.0 million for HDSA investor Purchase of 18% of Lonplats by Incwala Resources Lonmin to on-sell 9.0% of Lonplats to Incwala Resources (Pty) Ltd (Incwala Resources) – a newly formed company (to be HDSA controlled) – for US\$240.1 million in cash;
- HDSA Investors to sell the 9.0% of Lonplats acquired from Implats to Incwala Resources for US\$240.1 million in cash, to be partly reinvested in Incwala Resources equity;
- HDSA Investors will own more than 50% of Incwala Resources;
- Lonmin to invest a cash amount of US\$90.3 million in Incwala Resources for equity;
- The Industrial Development Corporation of SA (IDC) to make a direct equity investment in Incwala Resources, of US\$81.7 million in cash;
- Incwala Resources secures funding in the Rand equivalent of US\$125.0 million from a syndicate of banks; and
- Department of Minerals and Energy Support The South African Minister of Minerals and Energy supports the proposed transaction and endorses it as a constructive approach to black economic empowerment – within the requirements of the new Mining law

## Introduction

On 18 September 2003, Lonmin and Implats announced that they had signed a non-binding Memorandum of Understanding (MOU) providing for the sale by Implats of its entire 27.1% holding in Western Platinum Ltd. and Eastern Platinum Ltd, Lonmin's principal operating subsidiaries (together referred to as Lonplats) which would have the effect of ending Implats' joint control of Lonplats. Lonmin currently holds the balance of 72.9% of Lonplats.

Significant progress has been made since the September announcement. The transaction has been restructured to facilitate the claim, on application for conversion of mining rights, of equity ownership credits in terms of the Mining Charter.

Commenting on the transaction, the Minister for Minerals and Energy Ms. Phumzile Mlambo-Ngcuka said: As presented, this transaction is in line with the requirements of the new mining law. The Department of Minerals and Energy will at an appropriate time evaluate compliance with all aspects of the law; the Scorecard and the Mining Charter, that is when the parties formally present themselves for conversion to new order mining rights. It is at that stage that any due credits for compliance will be formally awarded to the parties. We wish the partners success in this business venture and the courage to face the challenges that lie ahead.

Lonmin and Impala have both facilitated this transaction and both will be allocated credits that are proportional to the percentages and ounces they have sold to their BEE partners. We welcome the progress that has been made by all the parties.

### Sale by Implats of 9.0% of Lonplats to HDSA Investors

HDSA Investors will acquire a 9.0% stake in Lonplats directly from Implats for US\$240.1 million in cash. Funding for this acquisition will be facilitated as follows:

- HDSA Investors will contribute approximately US\$61.1 million of their own-sourced funding;
- US\$57.0 million short term bridge finance; and
- Lonmin and Implats will provide US\$27.0 million and US\$95.0 million of vendor-financing respectively

Lonmin will indemnify Implats for its vendor-financing portion up to a cap of US\$95.0 million, in the event that the HDSAs are unable to repay the principal amount of the loan on maturity. Given the strong cash flows of Lonplats, Lonmin believes it is unlikely that this indemnity will be called.

HDSA Investors will on-sell to Incwala Platinum (Pty) Ltd (Incwala Resources' wholly-owned subsidiary, Incwala Platinum) the entire 9.0% stake for a matching consideration of US\$240.1 million to be settled in cash. The HDSA Investors will use part of the consideration to repay the US\$57.0 million of bridge finance, and the balance to acquire shares in Incwala Resources.

Lonmin and Implats are in advanced discussions on the potential investment with various broad-based HDSA consortia, which will between them purchase the 9.0% stake in Lonplats from Implats and become the founding HDSA Investors in Incwala Resources as envisaged above.

To date, three HDSA consortia have succeeded in securing strong financial support for some US\$30 million (corresponding to an investment of approximately 24.7% in Incwala Resources) towards the US\$61.0 million of total funding required for the HDSA investment in Incwala Resources.

These three HDSA Investors are:

- Andisa Capital, a black empowerment financial services company headed by Saki Macozoma (Chairman) and Ronnie Ntuli (Chief Executive);
- Dema Group, a women's group, led by Zanele Mavuso Mbatha (MD); and
- Vantage Capital, an empowerment group headed by Mutle Mogase

Further potential HDSA investors are working on obtaining the required own-sourced funding in order to participate in the unique investment opportunity represented by the balance of the controlling interest in Incwala Resources. The identities of further HDSA consortia will be announced upon the successful completion of this exercise.

Sale by Implats of its remaining 18.1% of Lonplats to Lonmin

Lonmin will acquire 18.1% of Lonplats from Implats for US\$534.4 million less an amount equal to US\$31.7 million, which is the amount of the dividend that Lonplats has paid to Implats in respect of the last financial year ended 30 September 2003. In addition, Lonmin will, simultaneously with the sale by Implats to the HDSA investors, pay Implats US\$20.0 million for facilitating the transaction within this structure. The net payment to Implats by Lonmin for the 18.1% is therefore US\$522.7 million.

From its newly acquired 18.1% shareholding in Lonplats, Lonmin will immediately sell 9.0% directly to Incwala Platinum for US\$240.1 million to be settled in cash.

Following the completion of this transaction, Lonmin will have an 82.0% stake in Lonplats and Incwala Resources an 18.0% stake. Lonmin will also make a direct equity investment in Incwala Resources of US\$90.3 million in cash.

Introduction of the Industrial Development Corporation as a founding direct equity investor

The IDC has approved a direct equity investment of US\$81.7 million in Incwala Resources. It is envisaged that the IDC and Lonmin will acquire an equal shareholding in Incwala Resources.

This investment will represent a facilitation by the IDC of Black Economic Empowerment in the platinum industry.

Incwala Resources – Funding and Capital Structure

Incwala Resources is to be funded through a combination of equity and preference shares. It is currently envisaged that the funding (other than that to be provided by the HDSA Investors) will be sourced as follows:

A syndicate of banks will provide the Rand equivalent of US\$125.0 million to Incwala Platinum in the form of preference share funding with an expected term of 7 years. The banks comprise: ABSA Bank Limited, Nedbank Limited, Standard Chartered Bank Limited and The Standard Bank of South Africa Limited ; and

Lonmin and the IDC will subscribe for equal equity interests of approximately 23.6% each in Incwala Resources.

Provision is being made to accommodate the South African Women in Mining Association, Lonplats employees by way of their Masikane Provident Fund and communities in the vicinity of Lonplats operations by way of the Bapo Ba Mogale community, to have an equity interest in Incwala. On completion, Incwala Resources will be majority HDSA-owned and have majority HDSA Board representation.

Incwala Resources intends to develop into a flagship for Black Economic Empowerment in the South African diversified mining industry, enabling wide spread participation by HDSAs in the mineral wealth of South Africa, and ultimately seeking a listing on the JSE Securities Exchange South Africa.

Conditions to Completion

Completion of the proposed transaction is subject to the following conditions:

- The potential HDSA investors successfully obtaining the required amount of own-sourced funds;
- Signature of legally binding agreements between all the parties involved in the transaction;
- The approval of Lonmin shareholders as required by the UK Listing Rules; and
- The unconditional approval of the South African competition authorities and other relevant regulatory authorities.

It is expected that the transaction will complete in the third quarter of 2004. Further announcements will be made in due course.

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