WORLD TELEVISON

Lonmin

Interim Results Presentation
9th May 2011

Ian Farmer: Right, good morning ladies and gentlemen and welcome to the Lonmin Interim Results Presentation for the 2011 financial year. Today I'm joined by Simon Scott, our Chief Financial Officer, Mark Munroe, our Executive Vice President Mining and also Roger Phillimore down here in the front our Chairman and Tanya Chikanza over there on the far side, Head of Investor Relations.

Today's presentation unveils the next chapter in our journey to build a robust and growing company, based on a solid platform that we've established over the last two and a half years. Firstly I'll comment on the highlights for the first half year, Mark will then take you through the operational highlights, followed by Simon who will take you through the financial results. I'll then give you a view on the markets and conclude with Lonmin's options for growth.

Before I do this however, it's appropriate that I first talk about safety. Safety is a most important issue and something that gets the utmost priority within the company at all levels. Historically we've been proud of the progress we've made and the leading position in safety we've occupied within the industry. We are therefore most disturbed by the frequency of fatalities that we've recently experienced. Since October 2010 we have lost six of our colleagues, this is quite frankly unacceptable.

As a result we instituted self-regulated, mine wide production stoppages to reinforce the importance of safety and our commitment to zero harm. Our processes and procedures for safe production I believe remain fundamentally sound. However going forward we are placing a greater emphasis on modifying the behaviour of our employees and our contractors.

Moving on to our performance for the first half of the 2011 financial year, I'm pleased to report good operational and financial results. Platinum sales were up 9% to 318,000 platinum ounces, when compared to the 2010 half year - as mining production continued to gain momentum. As usual we expect around 60% of the year's sales to occur in the second half due to seasonality.

Unit rand operating costs were impacted by the inflationary pressures that were generally felt in South Africa, particularly labour costs, and unit costs increased by 12.8% to around 7,400 rands from 6,500 rands in the prior year period. We are however maintaining our full year guidance benefiting from efficiencies of scale in the second half as production ramps up.

Revenue for the six months was up 42% to $938 million, supported by robust pricing and growth in sales volumes. As a result the net underlying operating profit for the period was up 122% to $144 million. We have a solid balance sheet and have seen debt reduce by 21% since the end of September 2010 to $296 million, through the increased cash flows from favourable trading. We have committed debt facilities of around $900 million and are modestly geared at only 9% at the end of the period.

Capital expenditure incurred in the first half was $154 million. In the light of the continued strength of the rand we expect capital expenditure for the full year to be in the region of $400 million, up slightly from the $380 million guidance we gave earlier.

Production at the Marikana operations performed well, as tonnes mined increased by 12.7% against the prior year at 5.9 million tonnes. We expect our production performance to continue to be supported by contributions from our major shafts, K3 and Rowland, as well as a ramping up of Saffy and Hossy shafts.

Ore reserves continued to trend upwards and now stand at a comfortable level of 2.8 million centares, compared to 2.4 million this time last year.

Metals in concentrate produced from Marikana increased by 10% to 322,000 saleable platinum ounces - sorry increased from 322,000 ounces for 2010 to 355,000 ounces in the current year. The overall head grade dropped when compared to the prior year from 4.7 grams per tonne to 4.43 grams per tonne. This can be attributed to the opencast ore that was milled in the first half, as well as an increase in the proportion of underground Merensky ore in the mix and difficult geology at K3. Overall, given our current mining mix, grade is in line with expectations.

Underground concentrator recoveries improved by one percentage point during the first half to 85.6% from 84.6% during the prior year period. The continued improvement is very pleasing and reflects the ongoing benefits from our concentrator optimisation programme, excellent plant availability and the continued rigorous focus on batch milling the right ore through the right concentrators.

The Number One furnace was successfully re-commissioned in December and has been running at a steady state ever since, whilst the Number Two furnace is on schedule to be commissioned in May 2012. Theuns de Bruyn, outgoing EVP Processing, leaves an excellent team with enhanced knowledge of the furnace technology and concentrator operations, he leaves with our best wishes.

On the back of this positive momentum we're on target to achieve our full year guidance of around 750,000 ounces of platinum and our unit cost increase for the full year of around 8%.

Lastly we have guided the market in the past to anticipate growth in production to 850,000 platinum ounces by 2013. We are now increasingly confident in our ability to continue to grow at a sustained rate of around 50,000 safe platinum ounces every year for the next four years to 950,000 platinum ounces by 2015, I'll talk about this some more in the presentation later on.

This slide shows the improvement we've achieved in our lost time injury frequency rate over recent years. This has been achieved through upgrading safety systems, regular safety campaigns, engagement with stakeholders and unions and discipline enforced for safety violations. Despite this improvement we have incurred six fatalities to date and these fatalities have occurred in different parts of the business in differing circumstances. The common issue, however, was unsafe behaviour resulting in injury.

Our current approach to safety management has reached a plateau in our overall safety statistics; a refined approach is therefore required to bring about change. This will include improvements in our safety management structure, enhanced competency training, greater safety relevance at all levels and better integration of hazard identification and risk assessment techniques.

Industry performance for the 2011 calendar year to date has shown material regression, with 47 fatalities being recorded, versus 39 last year for the same period. As a consequence the Department of Minerals Resources have stepped up their inspection activities, unions have increased their pressure on management and in Lonmin's case, management have also increased their own interventions in an attempt to arrest this unacceptable trend.

I'll now hand you over to Mark who will take you through the operational performance.

Mark Munroe: Thank you Ian, good morning everybody. We have continued to see a positive trend in production by our mining businesses. Consequently total Marikana underground tonnes mined were up 6.4% to 5.5 million tonnes when compared to the prior year. What is most encouraging is the improvement in each quarter against each prior quarter which shows that whilst there are common factors which occur in each quarter of the cycle we have continued to progress. Karee made the greatest contribution mining 2.2 million tonnes compared to 1.9 million in the same period last year, with a significant contribution coming from K3.

Whilst Middelkraal mined 919,000 tonnes against 866,000 tonnes as Hossy and Saffy continued to ramp up as expected.

Easterns production was up 24% to 615,000 tonnes whilst the anticipated decline at Newman shaft resulted in Westerns production falling by 119,000 tonnes from the prior year to 1.7 million tonnes.

A contribution has been made by opencast operations, this time last year we were just beginning to mine the opencast, we produced 336,000 tonnes in the current period against 7,000 tonnes last year. Production from the Pandora JV was satisfactory at 83,000 tonnes, an increase of 6,000 attributable tonnes.

Our progress in improving our ore reserve position at Marikana continued and immediately available ore reserves at Marikana at the end of the first half of 2011 financial year was 2.8 million centares. This compares against 2.7 million centares at the end of the 2010 financial year and the 2.4 million centares in the prior year period.

Our overall grade was 7.7% lower than the prior year period; contributing factors to this decline were a lower underground grade which was the result of a greater proportion of Merensky ore in the mix and difficult geological conditions at K3. Overall grade was also diluted by the significant increase in opencast ore.

This chart shows the underground milled head grade. We have analysed this shift in grade and are comfortable with the fact that the lower overall grade lies within our internal target grade range.

Underground concentrator recoveries improved during the first half to 85.6% from 84.6% during the prior year period. Improvements seen in concentrator performance during 2010 were sustained and slightly improved in the first half of 2011 and has been consistently higher since October 2009. This improvement is due to have a stable, highly competent team, further process changes made to the plants and improved plant availability.

We also announced last year the agreement reached with Xstrata and ChromTech to construct chrome recovery plants. Significant progress has been made with this project, with commissioning of the first plant having commenced in the first week of April, we expect the remaining two plants to be commissioned at the beginning of quarter one of 2012 financial year.

The constructing of the tailings treatment plant that we announced last year for the treatment of current arisings is underway and on schedule to be commissioned in the first half the 2012 financial year. This will result in a further improvement in concentrator recoveries in the Easterns concentrators.

Smelting, the Number One furnace was successfully re-commissioned in December 2010 and has been ramping up steadily over time to reach 14 megawatts which is the level at which it is currently operating. The steady ramp up combined with the use of the pyromet furnaces has ensured the smelting of most of the stockpiles from the first quarter. We are managing the furnace within predetermined limits, set in line with the recent modifications and our understanding of the furnace is continually being enhanced.

Good progress is being made in the building of the number two furnace, which has been built on the site of the old Merensky furnace. The engineering design of the ten megawatt furnace is close to completion whist the long lead items have been ordered and the demolition of the old Merensky furnace is almost complete. We are therefore on schedule for the furnace to be cold commissioned in March 2012 and for full commissioning to be achieved, on budget, in May 2012.

Transformation and the environment: The transformational imperatives are an essential element of doing business in South Africa. As a company we are focused on ensuring that we have a clear plan in place to address transformational issues, with the support of our partners Shanduka we recently completed the process of refreshing our Social and Labour plan, in consultation with all stakeholders.

We have done this to ensure that the SLP is aligned with the revised mining charter that was released in August 2010. Specific integrated strategies have been developed for human resource development, housing and community development to underpin delivery.

We are making good progress in action in our environmental targets and we shall report more on this at the year end reporting.

So in summary safety remains an important part of management's focus and concern. We are working on a refined approach placing a greater emphasis on behavioural management. This will take time, but we are committed to the journey of zero harm.

Our mining division is off to a good start producing at sustainable levels and on course to achieve our full year targets. Our focus in the half of the year will be to safely improve on our production efficiencies, while strictly monitoring the head grade. The process division continues to produce impressive concentrator recoveries and the Number One furnace is operating steadily.

Last, but not least, we have adopted an integrated approach to factors that affect stakeholders, recognising that their well being impacts on business efficiencies. That is all from me, I will now hand over to Simon to take you through our financial results. Thank you.

Simon Scott: Thank you Mark, the 2011 interim period has been characterised by continued operational recovery, which together with the more favourable economic fundamentals has resulted in a solid financial performance.

Revenue for the six months has increased 42% over the comparative period by $277 million to $938 million on the back of higher PGM and base metal prices, as well as on higher sales volumes. Driven largely by increased revenues, underlying EBITDA has increased by 70% to $208 million and earnings before interest and tax has more than doubled to $144 million. The effect of increased earnings sees the underlying earnings per share for the six month period rising 97% from last year to 45 cents and the basic earnings per share rising 87% to 44.5 cents per shares.

The underlying EBIT for the six months ended March 2011 has increased from $70 million in 2010 to $148 million, an increase of $78 million.

The PGM pricing environment has improved steadily since this time last year, increased PGM pricing has contributed an additional $168 million to underlying EBIT in 2011, over and above that contributed in 2010. PGM sales volumes for the period were 14% up on the prior year period and have contributed an additional $92 million in underlying EBIT. These increases were offset by a $17 million decrease due to the mix of PGMs sold during the period.

Positive base metal prices, as well as higher volumes of base metals sold contributed a further $34 million of underlying EBIT over the comparative period.

Total underlying costs increased by $199 million, mainly due to increased production and the impact of cost escalations, as well as the significant impact of the stronger rand during the current period.

Whilst gross rand based cost increased by 22% in the current six month period to 5.3 billion rand when translated into dollars the increase amounted to 32.9% over the comparative period, due to the strengthening of the rand/US dollar exchange rate for costs from 7.51 rand to the dollar in 2010 to 6.94 rand to the dollar in the six months to March 2011. The impact of the stronger rand/US dollar exchange rate was to increase costs by $48 million in the current six month period.

As a result of higher production, however, cash cost per PGM ounce produced increased by 12.8% from 6,535 rand per ounce to 7,372 rand per ounce.

The increase in unit cost per PGM ounce of 12.8% has arisen due to:

- higher than inflationary increases in the wage bill of 8% and electricity tariff increases of 24%;
- lower grade due to the change in ore mix, this is the result of an increase in Merensky ore from opencast and underground operations, as well as challenging geological conditions at K3 shaft; and
- other factors contributing to the increase in unit costs are the increase of higher cost opencast material, increased development costs associated with the improved ore reserve position and once off items such as the signing bonus awarded to employees at the conclusion of the annual wage negotiations and toll refining costs in the period.

The increase in production and associated concentrator recoveries during the period under review somewhat mitigated the increase in unit costs.

The benefit of increase production on unit costs is expected to be more pronounced in the second half of the financial year. The unit cost increase for the full year over last year is still expected to be broadly in line with the 8% wage inflation that we have experienced for the year as guided previously.

Net debt has reduced by a pleasing $79 million from $375 million at the end of September 2010 to $296 million at the end of March 2011. EBITDA generated for the period has amounted to $206 million, the cash flow impact of capital expenditure amounts to an outflow of $191 million and the 2010 dividend payment to $30 million. The expected reduction in working capital has further added to the more positive debt position.

We are currently in the final stages of restructuring our banking facilities, once complete this will ensure a more cost effective funding with a longer maturity profile. That is all from me, I'll now hand back to Ian to conclude the presentation.

Ian Farmer: Thanks Simon. Turning to the PGM markets now, the recovery in our largest end use market continues. Our view in line with JD Power indicates that light duty vehicle production in 2011 will reach 78 million units this year, up from 73 million last year and 59 million units in 2009. JD Power project a loss of around two million vehicles globally in Q2 due to the earthquake in Japan, but at least 50% and perhaps more will be made up in the second half of 2011.

Growth in the US is accelerating due to returning pent up consumer demand and improving access to credit. European auto sales numbers are stronger than expected, but demand tends to vary by country. Chinese automotive growth is expected to slow to around 10 to 15% this year, but this is now the world's largest market and this growth is still very significant in absolute terms.

Importantly for us diesel powered vehicles are regaining the market share lost during the scrappage incentive period. And diesel is beginning to be considered more favourably in the US. This combined with the new non-road demand, increased loadings on heavy duty road vehicles, as well as diesel vehicle production growing in emerging economies, particularly India, ensures sustainability for platinum demand going forward.

PGM auto demand trends are at any one time being influenced by a number of factors, some positive, some negative. Carbon emission driven climate change concerns and more recently energy security concerns continue to stimulate debate regarding the alternative merits of the different drive train technologies. Recently life cycle analysis, also referred to as cradle to grave, or dust to dust studies illustrate that over the life of a vehicle electric cars are actually no more environmentally friendly than a conventional one, unless the electricity used is generated from alternative energy, such as wind, solar, hydro, or nuclear. If not, the battery or hybrid car emits as much, if not more greenhouse gases over its lifetime than a conventional engine.

There's an interesting slide at the back of your pack on this very issue.

The global demand for new passenger vehicles is set to grow by an extra 15 million units by 2020. This growth will continue to predominantly benefit gasoline and diesel internal combustion engines and hybrid vehicles, both of which rely on PGMs for their emissions systems for which there is no reliable substitute.

From the beginning of this year, the emission legislation in Europe and the US came into effect, taking platinum off road into motorised applications requiring PGM catalysts, including agricultural, construction and mining equipment, leading to an additional 190,000 ounces of platinum demand. Additional categories of equipment will be captured in the following three years, requiring a total of 470,000 ounces per annum of platinum by 2014.

The number of engines legislated by 2014 will still only represent 18% of the global manufacturing base, with further potential as countries adopt ultra low sulphur fuels. The non-road demand comes on top of an already existing heavy duty on road diesel market, which is not only experiencing a strong recovery of its own, but emission legislation is tightening there as well. From 2010 all heavy duty vehicles manufactured in the US and Japan will need higher PGM loadings to meet more stringent emission legislation. The promulgation of Euro Six in 2013 will require the fitment of platinum rich diesel particulate filters, boosting platinum usage in heavy duty vehicles. The tightening and rollout of emission legislation worldwide provides significant potential for the future of platinum.

Our thesis in respect of investment demand remains unchanged; we expect the investment market to remain a net buyer over time, but with periodic bouts of selling when alternative investments may appear more attractive. PGM investment demand continues to increase with platinum ETFs adding some 300,000 ounces on average and palladium ETFs around 500,000 ounces per year. This has seen platinum ETF holdings increase to record levels of 1.3 million ounces this year and palladium to over 2.2 million ounces. This market is perceived to be price sensitive, but has shown some resilience.

Under investment, rising costs and challenging geology have resulted in investment delays contributing to the supply gap. We also anticipate that old shafts will begin to wind down and it's estimated that in 2012 the industry will still be supplying over half a million supply ounces less than it was in 2006. Nearly all brownfield and greenfield projects need higher long term prices than today's levels, especially when factoring in the strong rand.

Current calculations indicate an incentive price of above $2000 per platinum ounce. This is on a weighted average basis; though in reality some new generation deep shafts would require even higher prices to take account of the significant capex inflation we've seen over the last few years.

Our view of the platinum market has not changes significantly from last year. The global economy seems to have resilience to shocks and the global economy remains broadly on track, but with a few bumps in the road. For platinum we expect a small market deficit in 2011, as industrial and auto demand recovers and new demand from off road emission legislation starts to come through. Jewellery is expected to remain price sensitive as a demand element.

We do not expect supply to be able to keep up with demand growth given the lead times and the under investment the sector has seen over recent years. And we anticipate a growing market deficit in the 2012 to 2014 period.

While the risk of an upside surprise on the demand side now appears less remote than it was this time last year supply still has the ability to surprise on the downside, given the numerous constraints we're seeing. This may lead to a tighter market and higher prices than anticipated. Overall our view is that the long term market fundamentals remain positive.

We operate in a dynamic world, where the propensity for surprises, both globally and domestically is ever present. We have in place a team in Lonmin that firstly understands this macro environment. Secondly has developed specific and integrated strategies to ensure success in the socially transforming environment in which we operate and thirdly has sound technical planning underpinning our growth and cost control ambitions.

It's necessary to continue to build Lonmin into a robust company that is both able to be both resilient and effective through the cycle. This requires we grow moderately down the cost curve each year, simultaneously addressing all the various attributes and qualities that are required to ensure success.

Last year I said we would start to review our growth strategy beyond the 2013 target of 850,000 ounces. Marikana is an asset we understand; it has considerable PGM resources, infrastructure and human resource capacity. Therefore leveraging Marikana's new shafts, existing metallurgical infrastructure and management skills to the fullest must offer us the most efficient and lowest risk growth option. Historically the Marikana operations including Pandora have produced at the 950,000 platinum ounce level and we are confident that the asset can produce at these levels again.

Our new budget plans will therefore reflect organic growth to produce at the 950,000 platinum ounce level by 2015. Gradual annual growth over this period will also improve our relative position on the cost curve over that time.

This chart illustrates how we expect each of the mining businesses to contribute towards achieving that long term growth strategy. The Karee division will be a significant contributor with production from K3 and the ramping up of K4. Production from Middelkraal shafts at Saffy and Hossy will make significant contributions as well; whilst the continued increase in production from Rowland at Westerns will be offset somewhat by the expected decline at Newman shaft. Within Easterns Pandora will reach a steady state production level of around 50,000 ounces by 2013. And whilst opencast will contribute in initial years these operations will tail off in 2014.

We are confident of achieving this growth which translates to 50,000 annual growth until 2015.

The growth we've outlined will require capital investment of around $2 billion in current money terms in the business between 2011, i.e. this year and 2015. This expenditure will be incurred evenly over the period. We have sufficient balance sheet capacity, together with expected future cash flows to enable us to fund this programme.

In conclusion; safety remains a top priority, we are committed to eliminating fatalities and we remain committed to zero harm and safe production. Subject to there being no further abnormal production disruptions we are confident of achieving our full year target. We will continue to build Lonmin into a robust company, with good growth prospects, scale and a strong balance sheet. In the second half we'll turn our minds to reviewing how we can maximise value from our other assets and I'll talk about this more in detail at the financial year end.

Thank you very much ladies and gentlemen, that's the formal bit of the presentation over and we'll now take questions.

Fiona there's a microphone coming to you from the side.

Fiona Perrott-Humphrey, Rothschild: You said subject to no further abnormal production problems that you're on target for the year. I've just come back from South Africa and there's a lot of muttering about Eskom warning on outages in this winter, is that abnormal or normal now in South Africa and is it in your numbers?

Ian Farmer: We're not expecting any disruptions from Eskom over the course of the winter. Eskom have actually been very good in terms of their communications with their large customers in terms of planning any periods of risk, so we've not been alerted to any specific cuts over the winter seasons. So this guidance is premised on normal production levels and normal power availability.

I think they were referring more to the risk of the DMR being overly attentive to us in the second half, I mean given the bad safety period we've been through it's possible that we could receive more of their attention than we have been doing over the last few months. So, you know if we have the normal DMR relationship over the next six months we'll be in good shape, if they blitz us on a regular basis than that could affect guidance.

Charles Kernot,
Evolution Securities: Just a question really as far as use it or lose it provisions are concerned, if you're going to be concentrating on expanding Marikana, what does that mean for your other projects within South Africa?

Ian Farmer: As all companies where we were subject to the recent DMR audit that went well and there are no issues of concern from that. Other assets like Limpopo for example we're conscious of the current situation but we're in regular dialogue with the DMR over the future of those rights and indeed we think we'll be able to navigate that in good standing.

At Akanani the other main piece of mineral rights we have, we still have a number of years exploration time left before we are in that predicament.

Charles Kernot,
Evolution Securities: Okay, thank you. And secondly just as far as outlook for PGM prices are concerned, you talk about industrial demand, which has helped clearly platinum and palladium prices, yet rhodium

prices really haven't moved very much. Is there an argument in favour of perhaps Lonmin trying to sponsor some type of rhodium ETF?

Ian Farmer: Platinum and palladium have been driven quite considerably over the last two year probably by the investment buyer, less so by the industrial buyer. And at some point over the next year or so as the industrial buyer becomes more dominant and as supply/demand sort of starts to tighten up you'll see that swing I think. Rhodium has not had the benefit of the investment buyer, which is what you're referring to. And - er - the possibility of a rhodium EFT I think is not a bad idea, but it's not something we thought of before.

Charles Kernot, Evolution Securities: Thank you.

Ian Farmer: We'll take that on board.

Alison Turner, Panmure Gordon: Two questions if I may? I know you did say you'd talk more about it at the full year results, but today you have given guidance today for 2015 production from Marikana but silent on Limpopo and Akanani. So the first question is should we take that to mean that you do not expect production from Limpopo or Akanani by 2015, or should we take it simply to mean that you are silent on those for now and we may hear later?

And then the second question was on Hossy and Saffy, although half year on half year we have seen an increase in production that's not the case in the second quarter. I know you do mention challenging ground conditions; but if we could just have a little bit more colour on what happened at Hossy and Saffy in Q2?

Ian Farmer: Sure, firstly on Limpopo and Akanani they are assets we want to talk about bit more of at the end of the full year. They are not in the targets we have set for 2015 but that does not imply that they are not actively being looked at internally. I think Limpopo as you know has an existing shaft structure and in the right pricing environment that could be reactivated. It does have growth potential in the contiguous properties and again given the right investment climate they will be attractive. So it's a matter of finding the right formula and the right timing and that’s something we're playing around with internally. So yes they could be reactivated long before the 2015 time horizon. And the point Charles made about security of tenure there is obviously something we're conscious of.

Akanani is a deeper and longer term project, it's more complex in both mining and metallurgical terms. We are trying to find a way forward where we can pursue that project and look at the decision making process on a phased basis, so it's not sort of, you know, a huge capital commitment in a very short period of time. But we're playing around with the options there and again we'll talk a bit more at the full year. But in any event that's a fairly deep shaft required there and that probably isn't going to be producing in the 2015 time horizon most likely.

As regards Saffy and Hossy we always did indicate that they would flatten off somewhat during the course of 2011. But I'll pass it over to Mark, Mark do you want to make some comments on those two shafts for us Mark?

Mark Munroe: Yes, Ian. It's also important to note that one of the fatalities we had in February was indeed at Saffy and that did cause a stoppage and that did interrupt production over there over the short term. We did experience some ground condition issues coming back from Christmas as well at Saffy which have been

	hampering us and we still have some bad ground conditions that we're experiencing at Saffy and that should carry on for the next three or four months I think until we get out of that area.
Ian Farmer:	Is that microphone working now?
Peter Davey, Standard Bank:	A few questions, the K3 shaft conditions, how long are they likely to last? The prices, if Simon can give me an idea of the prices you mentioned of the metals in your report, is that the six months average to March, or to February, or is it prices received? And as far as the toll refining for second half, can we assume that you'll try to avoid that at all costs so you can catch your cost target of 8%, because naturally that will contribute towards the higher costs in the first half? And lastly Incwala, I see there's a note in there saying that the profitability is declining, can you just give us an idea why it's declining - because obviously that's of concern for the BEE structure there?
Ian Farmer:	Okay, firstly the question on the mining side, Mark do you want to take the first question?
Mark Munroe:	On K3, no we don't expect it to be there for the long term. What's happening at K3 on the western side of K3 there is increased muddling and a result of us not keeping up the triplets - so that is on the western side. So it will stay with us for a while, but as we go into the decline we in essence revert back to the middle of the ore body and mine our way out again. So as we move out into the decline, no the grade gets substantially better in that area and we move out of that weaker grade area on the western side.
Ian Farmer:	And on the pricing and Incwala, Simon?
Simon Scott:	On Incwala, let me take Incwala first - Incwala accounts for its investment in Lonplats as an investment and not an associate

basis, so it accounts for it as it receives dividends. During the current period it didn't need to receive a dividend - because of the changed finance structure it doesn't need a dividend in order to service the debt. So that really is just an accounting technicality I think rather than anything significant - clearly Lonplats was far more profitable during the period. And on the prices that would be the average price that we received in the six month period.

Ian Farmer: And there was a third element Peter I just don’t recall it - the third question was?

Peter Davey, Standard Bank: Oh the toll refining.

Ian Farmer: Yes, that should not occur, touchwood, very quickly in the second half of the year. We did have toll refining in the first half because the contract for last year took us to December, we're not anticipating repeating that in half two. Do we have any questions from the wire, phone in questions, Tanya?

Tanya Chikanza: Yes, we've got somebody coming on.

Telephone Operator: Go ahead.

Nic Dinham, Cadiz: Hi, just one or two questions I think most of them have been dealt with. Could you give us a better sense of what are the economics on this opencast, I saw the recoveries improve very sharply and grades obviously came off a little bit, but what is it costing in rands per tonne at the moment and is that - are those improved recoveries on the open pit expected to last?

Ian Farmer: I'll have a go at it. The recoveries are good and are expected to last. They've exceeded our expectations. I think the unit costs there is higher than we would like, we tend to express it in cost per ounces, the reason being that the grade there obviously is extremely important to us. The grade we are getting at the moment is just above two grams a tonne, which is better than last year but not where we expect it to be. We're actually budgeting for a higher grade than that and that's something we're working on as we speak to try and get that up in the second half. Taking into account that below expectation grade we're running at a mining cost of around - from memory - 7,000 rand per PGM ounce versus 5,000 rand per PGM ounce for an underground ounce at the mining level.

So those ounces are contributing to the recovery of fixed overheads through the processing division, but they're not operating at the level we had originally targeted.

Nic Dinham, Cadiz: Thanks, one or two other little granular questions, your Merensky reef that you attribute to causing some of the lowering of grade in the underground operations; I'm not talking about the opencast now. What is the Merensky reef grade at the moment versus the UG2 grade in the underground operations?

Ian Farmer: The Merensky grade is traditionally lower on our property than our competitors as you will recall and we're primarily a UG2 mine. We generally have better Merensky grades at K3 and on the western boundary than we do at Rowland. At Rowland they tend - Mark do you want to help me out here?

Mark Munroe: Yes, I think it is about 4.5, so it is slightly lower, the Merensky is slightly lower than the UG2, but going forward the Merensky actually becomes very, very good towards the K4 area, the deeper areas of Rowland. So we're actually moving into a higher-grade Merensky area.

Ian Farmer: Yes, it's an interesting phenomenon of our longer term plan that we as K4 comes on track we're going to be going to a much richer

Merensky area, so we're generally trending positively in that regard, which does bode well from a metallurgical mix point of view as well.

Nic Dinham, Cadiz: Okay, the final one or two questions here, on your mechanised section, how is that going if you can just extract and tell us how that whole division is working?

Ian Farmer: I think the performance at Hossy has kind of flattened out, we had general improvement over the course of the last financial year and we've been struggling to actually raise performance to a new level. We always indicated it's something that we'd take stock of in about September of this year and talk about at the finals. Mark do you want to add anything?

Mark Munroe: Yes, Ian I agree, it has plateaued a bit and we are trying out one or two minor things on the machines such as instead of sort of chains driving the drills we're using ropes to drive the drills and things like that. Some minor technical changes, nothing radical in the hope to eliminate some of the breakdowns on the machines, yes.

Nic Dinham, Cadiz: Thanks, and really the last question more for Mark than for Ian, what's the face advance across the underground properties at the moment and in the last six months and what has that been compared to the previous six months?

Ian Farmer: Did you get that Mark?

Nic Dinham, Cadiz: So that would be face advance - per average stoke per month?

Mark Munroe: Yes, I haven't got the average face advance here, I can say that from our last six months to this six months it has eased off. Traditionally it does ease off over the Christmas period. On

Lonmin we typically get a face advance of between 10 and 12 metres. We do have a range ranging from obviously six metres face advance all the way up 20 metres face advance per month. So there's a dramatic range across the property from east to west and as we go deeper, but easing off from this six months to last six months. You're not comparing the same six months with each other, so you're comparing our high production period to a lower production period. So it eases off by about two metres. Does that answer your question?

Question: Excellent, thanks Mark, thanks Ian.

Telephone Operator: Okay, if anyone has any further questions on the phones please press 01 now, and while we're waiting for any further questions on the phones, are there any questions from the floor?

Ian Farmer: There's one yes.

Tyler Broda, Canaccord Genuity: I guess on the path to the 950,000 ounces operational cash flow is going to be an important contributor to the ability to be able to fund the growth, as the PGM environment could vary quite significantly over that time. Just in terms of the debt restructuring Simon is there any idea right now of where you'll take that maximum debt facility to at the moment, or is that still too early to look at?

Simon Scott: With regard to the restructuring we're doing at the moment we're not increasing the facility to any great degree, so that facility that'll be in place imminently will be maybe slightly up, but not at significantly higher levels than what it's at that moment.

Tyler Broda,

Canaccord Genuity: Okay and sorry just two other quick questions, in terms of the smelting capacity, I see that there is a new concentrator going in at Marikana, but in terms of the smelting capacity, could you remind us how many tonnes you can smelt at the current capacity?

Ian Farmer: That's a tricky question.

Tyler Broda,
Canaccord Genuity: Assuming it runs, you know and …

Ian Farmer: Yeah, obviously the Number One furnace when it's running well and when it's in good standing can handle basically all our current throughput and that is the case up to higher levels from where we are right now. We have three pyromet furnaces which help us out from time to time when there's down time, etc, and we have the new Number Two furnace coming in which is a 10 megawatt furnace in May 2012.

There is no easy tonnage answer because it's more driven by the parameters of Merensky UG2 mix and the nickel coppers and by the chrome levels rather than by the absolute number of tonnes.

Tyler Broda,
Canaccord Genuity: But fairly well covered it seems like with the Number Two coming …

Ian Farmer: Yes, so we're fairly well covered and we've got some optionality now - well we will have optionality when the new furnace is on stream and that smelting configuration if you like can service Marikana long term plan without any further tweaks and additions.

Tyler Broda,

Canaccord Genuity: And just the last question, in terms of the tonnes lost during the quarter, it was only 50,000 tonnes according to the chart further back in the presentation. I'm just curious and you know in past periods it's been up to 200,000. Just in terms of going forward I don't know if you can comment on Q3 right now, how it's going forward, but what do you sort of budget internally for safety losses over the course of the second half.

Ian Farmer: I'll ask Mark to help me out here a little bit. But as a generalisation we do make an allowance for safety stoppages in general in our forecasting, as you would imagine. And the DRM stoppages in our first half do not appear to have been bad by comparison to the some of the headlines we've seen from other companies quite frankly. But we have had a number of management initiated safety stoppages, we had a full safety day which closed the operations on the 30th of March, which is not in the numbers on that slide, and then we had a further full day safety stoppage on the 14th of April, as a result of the spate of safety issues that you're familiar with.

So yes, you know, safety stoppages, not only DMR induced, but management induced have an impact. And April was affected by those safety stoppages, we were below budget - I won't give you numbers but we were below budget in the month of April and we now need to catch that up over the coming months. So as I mentioned earlier to Fiona's question, if we do have a very aggressive level of attention from the DMR it could threaten guidance, I don't want to pretend that there isn't that risk. But we do provide for a little margin for error for normal operations in our numbers and Mark how do you …?

Mark Munroe: I think if you go back last year and the first quarter that can be considered normal operations, March and April were clearly not normal and that is not catered for. But the way we do the budget thing is you take a view on the history and see what possible improvement you can have going forward, so there's an extrapolation of stoppages based on our previous numbers.

Ian Farmer: Yes, you know we're trying very hard to work with the DMR on this issue, I mean our interests ultimately are all totally aligned, we all want to achieve zero harm and we don't want to run companies that kill people. So we are working actively with the DMR, we're consulting with them regularly, we're involved with them in our strategy review, we're involved with them in our decisions and we keep them very well appraised of how we're running the business. And hopefully that partnership approach towards safety will mean that from a sort of inspection and a stoppage point of view we stay on the right side of the red line, but you know there are no guarantees.

Tyler Broda, Canaccord Genuity: Thank you.

Ian Farmer: Another question down the front here, Peter?

Peter Davey, Standard Bank: Thanks Ian, just two further questions. With the next five-year sort of growth plan, can we expect the Merensky - or the UG2 Merensky mix to sort of build maybe towards 70/30, or even higher than that as you go towards 2015 and you go into the higher Merensky grade zone of the Karee?

Ian Farmer: Perhaps I can take them one at a time it makes it easier or else I forget the questions.

Peter Davey, Standard Bank: I've only got one other.

Ian Farmer: I've a short memory. On the Merensky grades, yes over time the Merensky ratio does improve - not improve but increases slightly probably somewhere slightly less than 30, something like 27, 28 from memory over the next sort of five years as K4 comes on stream. So yes we're heading into more positive territory from a mix and a grade perspective over time.

Peter Davey, Standard Bank: And the last one was in connection with the $2 billion you threw out there for expenditure over the next five years. If you look at the major projects you've got here there's obviously a 600 million odd gap there, is any of that sort of earmarked for Akanani, Limpopo and how long would it take you to get Limpopo back up to some half sensible production level again from the word go?

Ian Farmer: Um - the $2 billion number, or $400 million a year is for Marikana alone. It does not include anything for Akanani, Limpopo, or indeed an accelerated approach to Pandora. It only assumes that the existing structure is used on our eastern property, accessing Pandora at ground is in the plan. So if we were to accelerate Pandora, or reactive Limpopo that would be additional capex on top of those numbers.

In terms of Limpopo as I say we'll talk about it more at the end of the year, I mean it could be reactivated reasonably quickly. We were running at around a sort of 50-60,000 ounce a year kind of plan with the existing shaft infrastructure and obviously the development is already there, so you could probably get back to those kinds of numbers within a year to 18 months. But clearly we'd want to make sure that we can do that safely, cost efficiently and indeed the real value in that property is to try and access the contiguous ground and actually increase the volumes, because running it as one standalone shaft, a shaft that was - has its limitations structurally in terms of volume is clearly still not Plan A. So we need to do a bit more work before I can answer that with any more detail than that I'm afraid.

Okay, any more questions. Everybody exhausted. Okay great, thank you all very much.

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