

REGISTERED NO: 00022290

LSA (U.K.) LIMITED

Annual Report and Financial Statements
for the year ended 30 September 2015

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Registered office:

4 Grosvenor Place
LONDON, SW1X 7YL

LSA (U.K.) LIMITED

(Registration number 00022290)

Annual Report and Financial Statements for the year ended 30 September 2015

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The reports and statements set out below comprise the annual report and financial statements presented to the shareholder:

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LSA (U.K.) LIMITED

(Registration number 00022290)

Annual Report and Financial Statements for the year ended 30 September 2015

STRATEGIC REPORT AND DIRECTORS' REPORT

The Directors submit herewith their Reports together with the audited Accounts for the year ended 30 September 2015.

STRATEGIC REPORT

The principal activity of the Company is the holding of investments. The Company's two main operating subsidiaries are Western Platinum Limited and Eastern Platinum Limited, both of which are based in the Bushveld Complex in South Africa. The two subsidiaries collectively employ approximately 25,648 employees and 8,314 contractors, and operate eleven shafts and inclines, and extensive processing plants and equipment. The primary purpose of the two subsidiaries is to mine, refine and market platinum group metals.

The long term consensus market view on platinum and other PGM prices indicates that the subsidiaries will be profitable, however, certain operational, financial, commercial and socio-political factors (as described in detail on pages 26 to 33 of the Lonmin Plc accounts for the financial year ended 30 September 2015) continue to represent a risk to the profitability of the subsidiaries. Liabilities of the Company are principally owed to other companies within the Lonmin Group and do not impact the the applicability of the going concern basis for the Company.

DIRECTORS' REPORT

1. FINANCIAL RESULTS FOR THE YEAR

The Accounts for the year ended 30 September 2015 show a loss on ordinary activities before and after taxation of \$740,295,000 (2014: a profit of \$409,063).

The Directors did not authorise the payment of any dividends for the year (2014: \$nil).

2. DIRECTORS

Directors who served during the year were:

<u>Name</u>	<u>Changes</u>
R C Bellhouse	Resigned 31 January 2015
S Kamboj	
B A Mazarura	
J Morrison	Appointed 03 July 2015


3. POLITICAL AND CHARITABLE DONATIONS

The Company made no political or charitable donations during the year (2014: \$nil)

4. DISCLOSURE OF INFORMATION TO AUDITOR

As required under Section 418 of the Companies Act 2006, so far as each current director is aware, there is no information relevant to the audit of which the Company's auditor is unaware, and each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any such information and to establish that the Company's auditor is aware of that information.

By Order of the Board



J MORRISON
FOR THE SECRETARIES
THE AFRICAN INVESTMENT TRUST LIMITED

Date: 27 JANUARY 2016.

REGISTERED OFFICE:
4 GROSVENOR PLACE
LONDON, SW1X 7YL

LSA (U.K.) LIMITED

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LSA (U.K.) LIMITED

We have audited the financial statements of LSA (UK) Limited for the year ended 30 September 2015 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LSA (U.K.)
LIMITED**

R. M. Seale

Robert Seale (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 27th January 2016.

LSA (U.K.) LIMITED

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Annual Report and Financial Statements for the year ended 30 September 2015

PROFIT AND LOSS ACCOUNT

	Notes	2015 \$ '000	2014 \$ '000
Exchange losses		(25)	-
Other income		-	409
Operating expenses		(740 270)	-
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	2,3,9	(740 295)	409

The attached notes on pages 8 to 13 form part of these Accounts.

The Company has no recognised gains and losses other than the result for the years ended 30 September 2015 and 2014. Therefore, no statement of recognised gains and losses is given.

LSA (U.K.) LIMITED

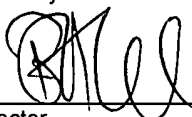
(Registration number 00022290)

Annual Report and Financial Statements for the year ended 30 September 2015

BALANCE SHEET

	Notes	2015 \$ '000	2014 \$ '000
FIXED ASSETS			
Investment in subsidiaries	4	279 588	978 793
Investment in associate	5	49 311	90 376
		328 899	1 069 169
CURRENT ASSETS			
Cash at bank		366	392
Total Assets		329 265	1 069 561
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	6	(349 603)	(349 604)
NET CURRENT LIABILITIES		(349 603)	(349 604)
NET ASSETS		(20 338)	719 957
CAPITAL AND RESERVES			
Called up share capital	8,9	27 370	27 370
Share premium account	9	310 955	310 955
Profit and loss account	9	(358 663)	381 632
SHAREHOLDERS' FUNDS		(20 338)	719 957

The Accounts on pages 6 to 13 were approved by the Board of Directors on 27/1/16 and were signed on its behalf by:



Director

BOTWELL MAZURKA.

LSA (U.K.) LIMITED

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Annual Report and Financial Statements for the year ended 30 September 2015

NOTES ON THE ACCOUNTS

1. ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with United Kingdom generally accepted accounting practice (UK GAAP) and in accordance with United Kingdom company law. The financial information has been prepared on a historic cost basis. The accounts have been prepared on a going concern basis as the ultimate parent company, Lonmin Plc, has indicated that it will continue to provide the Company with such funds as required to meet liabilities as they fall due.

Under FRS 1, the Company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly-owned subsidiary undertaking.

The Company is controlled by Lonmin Plc and is exempt from disclosing related party transactions with it and other Group undertakings under FRS 8 as it is a wholly-owned subsidiary undertaking included within the consolidated financial statements which are publicly available.

The Company is exempt from presenting the financial instrument disclosures required by FRS 29 as it is a wholly-owned subsidiary of Lonmin Plc and full equivalent disclosures are presented on a group basis within the consolidated financial statements of Lonmin Plc.

GOING CONCERN

Going concern is reviewed at Lonmin Plc Group level for each of the Group companies.

In determining the appropriate basis of preparation of the financial statements, the Lonmin Plc Directors are required to consider whether Lonmin Plc and the Group can continue in operational existence for the foreseeable future.

LSA (U.K) Limited is dependent on the financial assistance from Lonmin Plc to meet its liabilities as they fall due. Therefore, the ability of the Company to continue as a going concern is dependent on the ability of the Lonmin Group to continue as a going concern.

The financial performance of the Lonmin Plc Group is dependent upon the wider economic environment in which the Group operates. Factors exist which are outside the control of management, which can have a significant impact on the business, specifically, volatility in the Rand / US Dollar exchange rate and PGM commodity prices. Despite the operational and cost containment achievements of the Lonmin Group over the last 12 months, the declining PGM price environment has put the Group's cash flows and profitability under pressure. The Directors determined that the Lonmin Group needed to take further decisive measures to improve its ability to operate in the current PGM pricing environment and to enable the Group to benefit from any recovery in PGM prices in the medium to long term. The Lonmin Plc Board and executive management reviewed the Lonmin Group's business and capital structure and developed the Business Plan, in order to be able to deal effectively with the effects of a continuation of the current low PGM price environment. Key elements of the business plan are the reduction of fixed cost expenses, removal of high cost production and the minimising of capital expenditure while preserving the ability of the business to increase production when PGM markets improve.

The Lonmin Board's review of the Group's capital structure has resulted in significant steps being taken to strengthen the Group's financial position. The Lonmin Group entered into an agreement with J.P Morgan Securities Plc, HSBC Bank Plc and The Standard Bank of South Africa Limited to fully underwrite approximately \$407 million (before issuance costs and other charges) for a Rights Issue. In conjunction with the Rights Issue, Lonmin negotiated certain amendments to the terms of the Group's debt facilities which are detailed in note 32 of the Lonmin Group's financial statements for the year ended 30 September 2015. The Amended Facilities came into effect after a Resolution approving the Rights Issue was passed by the shareholders of Lonmin Plc at a General Meeting held on 19 November 2015 and \$350 million of net cash proceeds were received.

The Directors prepare cash flow forecasts for a period in excess of 12 months. Various scenarios have been considered to test the Lonmin Group's resilience against operational risks including:

- Adverse movements in the Rand / US Dollar exchange rate and PGM commodity prices or a combination thereof.
- Failure to meet forecast production targets.

The Directors have concluded that the Lonmin Plc Group's new capital structure, after the successful Rights Issue and amendments to the debt facilities, provides sufficient headroom to cushion against downside operational risks and reduces the risk of breaching new debt covenants under the Amended Facilities.

LSA (U.K.) LIMITED

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NOTES ON THE ACCOUNTS

In addition to the Group's current trading and forecasts, the Directors believe that the Group will be able to comply with its financial covenants under the Amended Facilities, and be able to meet its obligations as they fall due, and accordingly have formed a judgement that it is appropriate to prepare the financial statements on a going concern basis. Therefore, these financial statements do not include any adjustments that would result if the going concern basis of preparation is inappropriate.

FOREIGN CURRENCIES

The Company's functional currency is the US Dollar. As a result, non-US Dollar monetary assets and liabilities are stated at the closing rate of exchange whilst non-monetary assets and liabilities are recorded at their historical cost. Differences on translation are included in the profit and loss account.

The principal US Dollar exchange rates used are as follows:

	2015	2014
Average exchange rates		
Pounds Sterling	0,65	0,60
South African Rand	12,01	10,55
Closing exchange rates		
Pounds Sterling	0,66	0,62
South African Rand	13,83	11,29

INVESTMENT INCOME

Income from investments in other Group companies is incorporated in the Accounts as a revenue when the dividend has been declared.

TAXATION

Current tax

The charge for taxation is based on the profit for the year and takes into account the taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax

Deferred tax is provided for on timing differences that have originated but not reversed by the balance sheet date on a non-discount basis. Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted.

INVESTMENTS

The Company's investments in shares are stated at cost less any provision for impairment.

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NOTES ON THE ACCOUNTS

	2015 \$ '000	2014 \$ '000
2. (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION		
(Loss) / profit on ordinary activities before and after taxation is stated after charging:		
Exchange losses	(25)	-
Reversal of prior year audit fee provision	-	17
Impairment of investments	(740 270)	-
Dividend received	-	392
	(740 295)	409

The 2015 and 2014 audit fees in respect of LSA (U.K.) Limited have been borne by the ultimate parent company, Lonmin Plc.

3. TAXATION

Current tax	-	-
Deferred tax	-	-
Tax on (loss) / profit on ordinary activities	-	-

Reconciliation of the current tax expense

Reconciliation between accounting (loss) / profit and tax expense.

(Loss) / profit on ordinary activities before taxation	(740 295)	409
Current tax at the applicable tax rate of 20.5% (2014: 21%)	151 760	(86)
Permanent difference	(151 755)	-

Tax effect of adjustments on taxable income

Deferred tax not provided for	(5)	86
Total current tax charge	-	-

4. INVESTMENT IN SUBSIDIARIES

At 30 September 2015

	Cost \$'000	Provision \$'000	Net book value \$'000
Western Platinum Limited	809 226	(529 638)	279 588
Eastern Platinum Limited	169 567	(169 567)	-
Lonmin Textiles Limited	71 182	(71 182)	-
London Australian & General Property Company Limited	8 089	(8 089)	-
Lonmin (Northern Ireland) Limited	-	-	-
	1 058 064	(778 476)	279 588

At 30 September 2014

	Cost \$'000	Provision \$'000	Net book value \$'000
Western Platinum Limited	809 226	-	809 226
Eastern Platinum Limited	169 567	-	169 567
Lonmin Textiles Limited	71 182	(71 182)	-
London Australian & General Property Company Limited	8 089	(8 089)	-
Lonmin (Northern Ireland) Limited	-	-	-
	1 058 064	(79 271)	978 793

LSA (U.K.) LIMITED

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NOTES ON THE ACCOUNTS

4. INVESTMENT IN SUBSIDIARIES (continued)

The investment in Lonmin (Northern Ireland) Limited consists of 1 ordinary share at cost of £1.

At year end the value of the investments in Western Platinum Limited and Eastern Platinum Limited were tested for impairment and were found to be impaired by \$529,638,000 and \$169,567,000 respectively and a provision for these amounts has been recognised in the financial statements. This was calculated based on the net asset value of the companies as published in their statutory accounts.

The following were the subsidiary undertakings of the Company at 30 September 2015. Each company operated mainly in its country of incorporation unless otherwise shown in the column setting out its activity.

Company	Principal place of business	Country of incorporation	Effective interest in ordinary share capital %		Principal activities
Lonmin (Northern Ireland) Limited	Ireland	Ireland	100	Subsidiary	Early stage exploration for PGMs, gold and associated metals
LoKoz SPV Limited	Northern Ireland	Northern Ireland	100	Special purpose entity	Early stage exploration for PGMs, gold and associated metals
London Australian & General Property Company Limited	England	England	100	Subsidiary	Dormant
Lonmin Mining Company Limited	England	England	100	Subsidiary	Dormant
London City & Westcliff Properties Limited	England	England	100	Subsidiary	Dormant
Lonwest Properties Limited	England	England	100	Subsidiary	Dormant
Topmast Estates Limited	England	England	100	Subsidiary	Dormant
Lonmin Textiles Limited	England	England	100	Subsidiary	Dormant
Western Platinum Limited	South Africa	South Africa	86.24	Subsidiary	Platinum mining and refining
Vlaakfontein Nickel (Pty) Limited	South Africa	South Africa	100	Subsidiary	Dormant
Messina Limited	South Africa	South Africa	100	Subsidiary	Dormant
Messina Platinum Mines Limited	South Africa	South Africa	86.24	Subsidiary	Platinum mining
Eastern Platinum Limited	South Africa	South Africa	86.24	Subsidiary	Platinum mining
Bapo Mining Company (Pty) Limited	South Africa	South Africa	100	Subsidiary	Investment holdings

Group accounts are not submitted because the Company is itself a wholly owned subsidiary of another company incorporated in Great Britain. In the opinion of the Directors of the Company, the aggregate value of the assets of the Company consisting of shares in, or amounts (whether on account of a loan or otherwise) due from, the Company's subsidiaries is not less than the aggregate of the amounts at which those assets are stated or included in the balance sheet. The financial statements present information about the Company as an individual undertaking and not about its group.

5. INVESTMENT IN ASSOCIATE

	2015 Unlisted at cost \$'000	2014 Unlisted at cost \$'000
Balance at 01 October	90 376	90 376
Impairment of investment in associate	(41 065)	-
Balance at 30 September	49 311	90 376

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NOTES ON THE ACCOUNTS

	2015 \$ '000	2014 \$ '000
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5. INVESTMENT IN ASSOCIATE (continued)

The investment is in Incwala Resources (Proprietary) Limited, a company incorporated in South Africa, and in which the company has a 23.56% interest in the issued share capital. The principal activity of Incwala Resources (Proprietary) Limited is the holding of investments in South African mining companies. At year end the value of the investment in Incwala Resources (Proprietary) Limited was tested for impairment and found to be impaired by \$41,065,000 to \$49,311,000.

Incwala's principal assets are investments in Western Platinum Limited (WPL), Eastern Platinum Limited (EPL) and Akanani Mining (Proprietary) Limited (Akanani). The recoverable amount of the investment has been calculated primarily based on a value in use valuation for these investments.

For impairment testing management projects cash flows over the life of the relevant mining operation which is significantly greater than 5 years. For WPL and EPL the life of mine spanning until 2058 was applied. For the Akanani CGU the life of mine spans until 2049.

The risk adjusted pre-tax discount rate applied for impairment testing in WPL and EPL was 15.6% real (2014 – 11.8% real). The rate applied for Akanani was 17.9% (2014 – 16.5%).

The growth rates used are based on the Group's Business Plan over the life of the mines. Further information on the key assumptions contained in the business forecasts are contained in Note 31 of the Lonmin Plc Annual Report and Accounts.

6. CREDITORS: Amounts falling due within one year

Amounts due to parent company	346 133	346 134
Amounts due to subsidiary - Western Platinum Limited	3 470	3 470
	349 603	349 604

7. DIVIDENDS

No dividends were paid during the year (2014: \$nil).

8. CALLED UP SHARE CAPITAL

Issued and fully paid up

At 30 September

15,600,000 Ordinary Stock Units of 25p each (US\$0.43)	6 640	6 640
48,705,557 Ordinary Shares of 25p each (US\$0.43)	20 730	20 730
	27 370	27 370

9. ISSUED SHARE CAPITAL AND RESERVES

	Issued share capital \$'000	Share premium account \$'000	Profit and loss account \$'000	Total \$'000
At 30 September 2014	27 370	310 955	381 632	719 957
Loss for the financial year	-	-	(740 295)	(740 295)
At 30 September 2015	27 370	310 955	(358 663)	(20 338)

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NOTES ON THE ACCOUNTS

10. UNRECOGNISED TAX BALANCES

A reduction in the UK corporation tax rate to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

No deferred tax assets have been recognised in respect of capital losses and unrelieved foreign tax credits as management believe the chances of recovery are low.

The Company had an unrecognised deferred tax asset of \$0.5 million at 30 September 2015 based on capital losses of \$2.3 million (2014 - \$0.5 million based on capital losses of \$2.3 million).

The Company had \$21.3 million of unrelieved foreign tax credits at 30 September 2015 (2014 - \$21.3 million).

11. IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate and ultimate parent company is Lonmin Plc, a Company registered in England and Wales.

LSA (U.K.) Limited is a member of a group of companies in which Lonmin Plc is the ultimate parent company. In this group of companies, Group accounts are drawn up only for Lonmin Plc.

Copies of the consolidated accounts of Lonmin Plc can be obtained from The Secretary, Lonmin Plc, 4 Grosvenor Place, London, SW1X 7YL or from the Registrar of Companies, Crown Way, Cardiff, CF14 3UZ.

12. BEE TRANSACTIONS

Overview of the BEE transactions

In December 2014, Lonmin concluded a series of shareholding agreements with the Bapo baMogale Traditional Community (the Bapo). Lonmin also implemented an Employee Share Ownership Plan (ESOP) and a Community Share Ownership Trust (CSOT). All three transactions collectively provided the additional equity empowerment which Lonmin required to achieve the 26% effective BEE equity ownership target as required under the Mining Charter.

The transactions relevant to LSA (U.K.) Limited have been accounted for as follows:

Employee Shareholding Ownership Plan (ESOP)

Lonmin formed an ESOP, called Lonplats Siyakhula Employee Profit Share Scheme, for the benefit of all Lonmin employees who were not participating in any of the share option schemes which existed when the transaction was concluded. LSA (U.K.) Limited ("LSA") (a Lonmin subsidiary) transferred 3.8% of its shareholding in Lonplats (being Western Platinum Limited and Eastern Platinum Limited) to the ESOP, and the ESOP is entitled to the higher of 3.8% of Lonplats' net profit after tax or dividend declared, with effect from the 2015 financial year. The annual distributions made to the ESOP will be distributed to the beneficiaries of the ESOP.

Community Trusts

Two separate Community Trusts were established – one for the Bapo Community for the benefit of the members of the Bapo Community (The Bapo Community Local Economic Development Trust), and the other for the Marikana community for the benefit of the local communities on the western portion of our Marikana operations Lonplats (The Marikana Community Development Trust). Each of the Community Trusts was issued with 0.9% of the issued share capital of Lonplats which was transferred from Lonmin's subsidiary, LSA (U.K.) Limited ("LSA"). In addition, the Trusts will receive annual distributions which will equal their share of dividends declared by Lonplats, with a minimum of R5 million payable to the Trust. If dividends declared are less than R5 million, Lonplats will make a top-up payment to bring the total distribution for that year to R5 million. The Trusts will distribute the annual distributions to the communities to fund community projects.

Accounting treatment

The transfer of the shares in Lonplats has not been accounted for in the financial statements of LSA (U.K.) Limited as the shares are regarded as still being controlled by LSA (U.K.) Limited for accounting purposes. The annual distributions are accounted for in the financial statements of Western Platinum Limited and Eastern Platinum Limited.