

LONRHO MINING

ASX Release

9 October 2009

LONRHO REPOSITIONS FOLLOWING SALE OF FORMER SOUTH AFRICAN SUBSIDIARIES

\$4M CAPITAL RAISING TO UNDERPIN EXPLORATION AT LULO DIAMOND PROJECT

Lonrho Mining Limited (ASX: **LOM**) (**LOM** or **the Company**) is pleased to announce the sale of its South African subsidiary companies to New African Mining and African Renaissance Holdings (collectively "**the Purchasers**").

The divestment of the Company's non-core diamond assets in South Africa, including its former 80 percent interest in the Schmidtsdrift Mine, marks an important milestone for Lonrho.

In summary, the Agreement provides that Lonrho is fully indemnified against all and any claims arising from the diamond mining operations previously carried out at Schmidtsdrift and, in particular, claims by The Standard Bank of South Africa and other banks which could have resulted in claims against the Company totalling approximately \$2 million.

Furthermore, all environmental rehabilitation and operational obligations have now been assumed by the Purchasers and the sale terminates Lonrho's involvement in South Africa.

The completion of this transaction will enable Lonrho to focus its efforts and resources on its core asset, the highly prospective 3,000km² **Lulo Diamond Concession** in Angola.

Lonrho currently has a 39 percent interest in the Lulo Project in joint venture with Endiama, the State-owned National Diamond Company of Angola and exclusive concessionary for diamond mining rights.

Initial exploration conducted earlier this year, including an airborne and radiometric survey, confirmed the substantial exploration potential of the Lulo Project, resulting in the identification of some 217 magnetic anomalies, of which an estimated 160 are considered likely to be kimberlite pipes.

"These matters have taken a year to finalise, and it is with a sense of great relief that this particular chapter in the Company's affairs – which accounted for most of the accumulated losses – has now ended," commented Lonrho's Chief Executive Officer, Mr Miles Kennedy.

"Our intention is now to focus upon, explore and hopefully develop the Lulo Diamond Project in Angola, which has to date as one of the world's great diamond exploration projects. Now that the saga of the South African companies is finally behind us, all our efforts and resources should and will be focused here.

"A significant portion of funds raised by the Company over the past year have been applied to South Africa or the failed AIM Board listing. We thank our partner in the Lulo Project, Endiama, for its tolerance and forbearance and indeed for its financial contribution to allow exploration activities to continue in the field, which has resulted in the Company now having a current debt situation of some \$430,000 which will need to be repaid very shortly.

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"This is in effect a new beginning for the Company off a very low capital base. Accordingly, we have just announced a capital raising of up to just over \$4 million to pay down Lulo commitments, fund exploration and development activities and provide working capital," Mr Kennedy said.

The availability of funds will determine the speed at which exploration and development activities in the field can take place.

"If funds are not immediately forthcoming, we shall miss the opportunity to commence work prior to the onset of the wet season which commences in December. This means that the real work would only be able to start in March 2010," Mr Kennedy added.

Investors are referred to the Technical Presentation made in the announcement to the ASX on 18 June 2009.

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