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REGULATORY RELEASE

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Second Quarter 2017 Production Report

Lonmin Plc (“Lonmin” or “the Company”), today announces its unaudited production results for the three months to 31 March 2017. Lonmin also publishes today, in a separate announcement, its Interim Results for the half year ended 31 March 2017.

Overview

- The 12 month rolling LTIFR to 31 March improved by 2.2% to 4.88 from 4.99 at 31 December 2016. Regrettably two colleagues were fatally injured in the period.
- Tonnes mined from our Generation 2 shafts were 1.9 million tonnes, a decrease of 2.8% or 55,000 tonnes on the comparative period, as K3’s underperformance predominantly weighed down the overall performance. Our Generation 1 shafts produced 0.5 million tonnes, a decrease of 21.8% or 133,000 tonnes on the comparative period, in line with our plan to close high cost areas, in response to the oversupplied market, as seen from lower prices. Newman shaft was closed during the period.
- The poor mining performance from Q1 2017 continued into January 2017, with mining production of 584,000 tonnes for the month. The March production of 978,000 tonnes illustrates the mining improvement from the poor performance in the first four months to 31 January 2017.
- K3 produced 276,000 tonnes in March 2017, the highest monthly mining production for the last 29 months, on the back of addressing the management/union impasse and change in management, compared to 126,000 tonnes in January 2016.
- Saffy shaft produced 213,000 tonnes in March 2017, an all-time record for the life of the shaft.

Tonnes mined		<i>Actual January 2017</i>	<i>Actual February 2017</i>	<i>Actual March 2017</i>	3 months to 31 Mar 2017	3 month to 31 Mar 2016
K3 Shaft	kt	126	181	276	583	634
Rowland Shaft	kt	113	155	185	452	420
Saffy Shaft	kt	112	173	213	498	493
4B Shaft	kt	97	112	137	346	388
Generation 2	kt	447	621	810	1 879	1 934
Generation 1	kt	137	173	168	477	610
Opencast	kt	0	0	0	0	3
Lonmin (100%) Total Tonnes Mined (100%)	kt	584	794	978	2 356	2 547
Cost of production per PGM ounce		15 979	11 800	9 695	11 836	10 390

- Production improvement has been maintained through April notwithstanding the Easter break, although this will need to be sustained.
- Tonnes lost due to Section 54 safety stoppages at 137,000 tonnes were higher than the prior year period of 37,000 tonnes, on the back of the fatality at K3 in February, where 117,000 tonnes were lost to Section 54 stoppages.
- Unit cost for the quarter was R11,836 per PGM ounce, 13.9% higher than the comparative prior year period, reflecting the weak mining performance in January 2017. The importance and impact of good mining production on unit cost is significant, as illustrated by the unit cost of R9,695 per PGM ounce for the month of March 2017, on the back of the strong mining production in March 2017.
- Refined Platinum production of 164,138 ounces was down 7.5% on prior year period, reflecting the weak mining performance. Refined Platinum production benefited from the smelter clean-up project, which released a further 10,295 Platinum ounces during this quarter.
- Platinum sales of 172,042 ounces were down 18.6% on the comparative prior year period.
- Average Rand full basket price (including base metals) up 1.9% on Q2 2016, at R11,250 per PGM ounce.

Mining Operations

The Marikana mining operations including Pandora (100%) produced 2.4 million tonnes during the quarter, down 7.5% or 191,000 tonnes, on the comparative period. This decline is primarily the result of the removal of high cost Generation 1 production (133,000 tonnes), in line with our Business Plan strategy to remove high cost ounces, and due to the weak mining performance experienced at K3 (51,000 tonnes), arising from the management/union impasse, in the first four months to 31 January 2017.

As a result of the poor Q1 2017 performance, which continued into January 2017, a number of initiatives were implemented to address mining production and the union relationship at K3 shaft. Significant progress was made in this area, which consequently resulted in production increasing to 794,000 tonnes in February 2017, up from the 584,000 tonnes in January. March production stood at 978,000 tonnes, the highest monthly mining production for the last 18 months and the highest March production since 2012. This was achieved despite the planned reduction in high cost Generation 1 production.

Generation 2

Tonnes mined from our Generation 2 shafts were 1.9 million tonnes, a decrease of 2.8% on the comparative period in the prior year, as K3's underperformance up to January predominantly weighed down the overall performance.

- K3, our biggest shaft, produced 583,000 tonnes, a decrease of 8.0% or 51,000 tonnes on the comparative prior year period. The union relationship issues experienced in the four months to 31 January 2017 have been resolved and the shaft produced 276,000 tonnes in March 2017, the highest monthly mining production for the last 29 months, compared to 126,000 tonnes in January 2017.
- Rowland shaft produced 452,000 tonnes, an increase of 7.6% on the comparative prior year period.
- Saffy shaft produced 498,000 tonnes, an increase of 1.1% on the comparative prior year period, demonstrating that the shaft is maintaining its steady state performance. Saffy experienced a grouting problem through to January 2017, which resulted in production of only 112,000 tonnes in January. Pleasingly, Saffy shaft produced 213,000 tonnes for the month of March 2017, an all-time record for the life of the shaft.
- 4B produced 346,000 tonnes, a decrease of 10.7% on the comparative prior year period as a result of worse than planned geological conditions.

Generation 1

The performance at the Generation 1 shafts is in line with our plan and we are executing successfully the strategy to reduce high cost production in a low price environment. Tonnes mined from our Generation 1 shafts (1 B, Hossy, Newman, W1, E1, E2, E3 and Pandora (100%)) were 0.5 million tonnes, a decrease of 21.8%, on the comparative prior year period, reflecting the planned decline in production. Most of these shafts are run by contractors, which provide better flexibility to retain or close them.

A thorough technical assessment was conducted at the Newman shaft following the recent fatality. As a result the shaft is currently under review whilst on care and maintenance. Hossy shaft remains on track for planned care and maintenance closure by the end of the year.

Production Losses

The K3 and Newman fatalities resulted in an increase in tonnes lost to Section 54 stoppages in the second quarter. Tonnes lost due to Section 54 safety stoppages at 137,000 tonnes were higher than the comparative prior year period of 37,000 tonnes, with most of stoppages at K3 shaft where 117,000 tonnes were lost to Section 54 stoppages.

The increase in management induced safety stoppages (MISS) illustrate our non-negotiable stance on safety. Tonnes lost due to MISS for the quarter increased to 40,000 tonnes compared to none in the comparative prior year period. Most of these stoppages were at K3, with 36,000 tonnes lost to MISS.

	Q2 2017 Tonnes	Q2 2016 Tonnes
Section 54 safety stoppages	137,000	37,000
Management induced safety stoppages and other	40,000	-
Total tonnes lost	177,000	37,000

Ore Reserves

We closely monitor our Immediately Available Ore Reserve position, in order to protect our operational flexibility. As at 31 March 2017, the ore reserve position of the Marikana mining operations represents an average of 20.6 months production, well above the industry benchmark of around 15 months.

As part of the drive to increase mining production, following the Q1 2017 Production Report, some non-critical development crews were moved to provide additional stoping and vamping crews in our core Generation 2 shafts. However, following the closure of Newman, contractor crews from this shaft are being moved to stoping and vamping to Generation 2 shafts, which is allowing the development crews to move back to development and retain Lonmin's operational flexibility.

Processing Operations

Milling production in the quarter of 2.2 million tonnes was affected by lower than planned ore availability from the mining operations and was 7.1% lower than in the comparative prior year period.

Underground milled head grade at 4.56 grammes per tonnes (5PGE+Au) decreased by 2.5% when compared to the 4.68 grammes per tonne achieved in the comparative prior year period and the overall milled head grade at 4.55 grammes per tonne, was down 2.3% on the comparative prior year period, due to milling more Merensky than planned and shortage of underground ore to mill, which affected plant stability.

Concentrator recoveries in the quarter remained excellent at 86.2%, marginally down from 86.7% on the comparative prior year period.

Platinum production (Metals-in-Concentrate) was 138,041 ounces, which was 10.6% lower than the comparative prior year period and PGM production (Metals-in-Concentrate) was 265,546 ounces, which was 10.4% lower than the comparative prior year period.

Total refined Platinum production of 164,138 ounces in the first quarter, was 7.5% lower than the comparative prior year period. Refined Platinum production did however benefit from the smelter clean-up project, which released a further 10,295 Platinum ounces during the quarter. Total PGMs produced were 305,331 ounces, a decrease of 9.2% on the comparative prior year period.

Sales and Pricing

Platinum sales for the quarter were 172,042 ounces, 18.6% lower than the comparative prior year period sales of 211,462 ounces as a result of poor mining performance. PGM sales were 319,896 ounces, down 21.7% on the comparative prior year period sales of 408,793.

The US Dollar basket price (including base metal revenue) at \$850 per ounce during the quarter was up 19.2% on Q2 2016 while the corresponding Rand basket price of R11,250 per ounce was 1.9% higher than Q2 2016.

The average Rand to US Dollar exchange rate was 16.4% stronger at 13.22 compared to 15.81 in Q2 2016.

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ENQUIRIES

Investors / Analysts:

Tanya Chikanza (Head of Investor Relations)	+27 11 218 8358 / +44 203 908 1073
Andrew Mari (Investor Relations Manager)	+27 11 218 8420

Media:

Wendy Tlou (Head of Communications)	+27 83 358 0049
Anthony Cardew / Emma Crawshaw, Cardew Group	+44 207 930 0777

Notes to editors

Lonmin, which is listed on both the London Stock Exchange and the Johannesburg Stock Exchange, is one of the world's largest primary producers of PGMs. These metals are essential for many industrial applications, especially catalytic converters for internal combustion engine emissions, as well as their widespread use in jewellery.

Lonmin's operations are situated in the Bushveld Igneous Complex in South Africa, where more than 70% of known global PGM resources are found.

The Company creates value for shareholders through mining, refining and marketing PGMs and has a vertically integrated operational structure - from mine to market. Underpinning the operations is the Shared Services function which provides high quality levels of support and infrastructure across the operations.

For further information, please visit our website: <http://www.lonmin.com>

				3 months to 31 Mar 2017	3 months to 31 Mar 2016	
Tonnes mined¹	Generation 2	K3 Shaft	kt	583	634	
		Rowland Shaft	kt	452	420	
		Saffy Shaft	kt	498	493	
		4B Shaft	kt	346	388	
		Generation 2	kt	1 879	1 934	
	Generation 1	Hossy Shaft	kt	159	175	
		Newman Shaft	kt	27	113	
		W1 Shaft	kt	33	41	
		East 1 Shaft	kt	44	40	
		East 2 Shaft	kt	65	77	
East 3 Shaft		kt	22	17		
Pandora (100%) ²		kt	127	147		
Generation 1	kt	477	610			
		Total Underground	kt	2 356	2 544	
		Opencast	kt		3	
Lonmin (100%)	Total Tonnes Mined (100%)		kt	2 356	2 547	
		% tonnes mined from UG2 reef (100%)	%	73.4%	76.5%	
Lonmin (attributable)	Underground & Opencast		kt	2 293	2 473	
Ounces mined³	Lonmin excluding Pandora	Pt Ounces	oz	139 269	153 708	
	Pandora (100%)	Pt Ounces	oz	8 581	10 139	
	Lonmin	Pt Ounces	oz	147 850	163 848	
	Lonmin excluding Pandora	PGM Ounces	oz	267 498	294 341	
	Pandora (100%)	PGM Ounces	oz	16 980	19 867	
	Lonmin	PGM Ounces	oz	284 478	314 208	
Tonnes milled⁴	Marikana	Underground	kt	2 034	2 201	
		Opencast	kt	38	19	
		Total	kt	2 071	2 220	
	Pandora ⁵	Underground	kt	127	147	
	Lonmin Platinum	Underground		kt	2 161	2 347
			<i>Milled head grade⁶</i>	g/t	4.56	4.68
			<i>Recovery rate⁷</i>	%	86.5%	86.7%
		Opencast		kt	38	19
			<i>Milled head grade⁶</i>	g/t	4.41	2.86
			<i>Recovery rate⁷</i>	%	70.1%	83.4%
		Total	kt	2 198	2 366	
		<i>Milled head grade⁶</i>	g/t	4.55	4.66	
		<i>Recovery rate⁷</i>	%	86.2%	86.7%	

				3 months to 31 Mar 2017	3 months to 31 Mar 2016
Metals-in-concentrate ⁸	Marikana	Platinum	oz	129 460	143 246
		Palladium	oz	60 206	66 190
		Gold	oz	3 220	3 505
		Rhodium	oz	18 456	20 737
		Ruthenium	oz	30 786	33 971
		Iridium	oz	6 437	6 827
		Total PGMs	oz	248 566	274 476
		Nickel ⁹	MT	666	683
		Copper ⁹	MT	419	425
	Pandora	Platinum	oz	8 581	10 139
		Palladium	oz	4 037	4 716
		Gold	oz	61	31
		Rhodium	oz	1 436	1 662
		Ruthenium	oz	2 373	2 757
		Iridium	oz	492	561
		Total PGMs	oz	16 980	19 867
		Nickel ⁹	MT	19	36
		Copper ⁹	MT	8	10
	Concentrate purchases	Platinum	oz		1 105
		Palladium	oz		435
		Gold	oz		5
		Rhodium	oz		153
		Ruthenium	oz		259
		Iridium	oz		61
		Total PGMs	oz	0	2 018
		Nickel ⁹	MT		1
		Copper ⁹	MT		0
	Lonmin Platinum	Platinum	oz	138 041	154 491
		Palladium	oz	64 243	71 342
		Gold	oz	3 281	3 541
		Rhodium	oz	19 892	22 552
		Ruthenium	oz	33 158	36 986
		Iridium	oz	6 930	7 449
Total PGMs		oz	265 546	296 361	
Nickel ⁹		MT	684	720	
Copper ⁹		MT	427	435	

				3 months to 31 Mar 2017	3 months to 31 Mar 2016
Refined production	Lonmin refined metal production	Platinum	oz	164 136	175 833
		Palladium	oz	71 409	77 316
		Gold	oz	4 488	4 669
		Rhodium	oz	20 947	23 467
		Ruthenium	oz	36 833	42 973
		Iridium	oz	7 484	9 505
		Total PGMs	oz	305 297	333 762
	Toll refined metal production	Platinum	oz	2	1 611
		Palladium	oz	6	303
		Gold	oz	1	11
		Rhodium	oz	9	75
		Ruthenium	oz	2	343
		Iridium	oz	13	
	Total PGMs	oz	33	2 343	
	Total refined PGMs	Platinum	oz	164 138	177 444
		Palladium	oz	71 416	77 618
		Gold	oz	4 489	4 680
		Rhodium	oz	20 956	23 542
		Ruthenium	oz	36 835	43 316
		Iridium	oz	7 498	9 505
	Total PGMs	oz	305 331	336 105	
Base metals	Nickel ¹⁰	MT	761	753	
	Copper ¹⁰	MT	492	463	
Sales	Refined metal sales	Platinum	oz	172 042	211 462
		Palladium	oz	72 455	100 412
		Gold	oz	4 456	5 930
		Rhodium	oz	24 867	25 966
		Ruthenium	oz	38 659	52 937
		Iridium	oz	7 417	12 086
		Total PGMs	oz	319 896	408 793
	Nickel ¹⁰	MT	801	709	
	Copper ¹⁰	MT		672	
	Chrome ¹⁰	MT	266 159	314 261	
Average prices	Platinum	\$/oz	972	918	
	Palladium	\$/oz	759	529	
	Gold	\$/oz	1 242	1 394	
	Rhodium	\$/oz	875	654	
	\$ basket excl. by-product revenue ¹¹	\$/oz	801	686	
	\$ basket incl. by-product revenue ¹²	\$/oz	850	713	
	R basket excl. by-product revenue ¹¹	R/oz	10 587	10 635	
	R basket incl. by-product revenue ¹²	R/oz	11 250	11 035	
	Nickel ¹⁰	\$/MT	8 241	6 425	
	Copper ¹⁰	\$/MT		4 321	

Notes:

1. Reporting of shafts are in line with our operating strategy for Generation 1 and Generation 2 shafts.
2. Pandora underground tonnes mined represents 100% of the total tonnes mined on the Pandora joint venture of which 42.5% for October and November 2014 and 50% thereafter is attributable to Lonmin.
3. Ounces mined have been calculated at achieved concentrator recoveries and with Lonmin standard downstream processing recoveries to present produced saleable ounces.
4. Tonnes milled excludes slag milling.
5. Lonmin purchases 100% of the ore produced by the Pandora joint venture for onward processing which is included in downstream operating statistics.
6. Head grade is the grammes per tonne (5PGE + Au) value contained in the tonnes milled and fed into the concentrator from the mines (excludes slag milled).
7. Recovery rate in the concentrators is the total content produced divided by the total content milled (excluding slag).
8. Metals-in-concentrate have been calculated at Lonmin standard downstream processing recoveries to present produced saleable ounces.
9. Corresponds to contained base metals in concentrate.
10. Nickel is produced and sold as nickel sulphate crystals or solution and the volumes shown correspond to contained metal. Copper is produced as refined product but typically at LME grade C. Chrome is produced in the form of chromite concentrate and volumes shown are in the form of chromite.
11. Basket price of PGMs is based on the revenue generated in Rand and Dollar from the actual PGMs (5PGE + Au) sold in the period based on the appropriate Rand / Dollar exchange rate applicable for each sales transaction.
12. As per note 11 but including revenue from base metals.
13. Exchange rates are calculated using the market average daily closing rate over the course of the period.