

## REGULATORY RELEASE

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12 May 2014

### Second Quarter 2014 Production Report

Lonmin Plc (“Lonmin” or “the Company”), the world’s third largest Platinum producer, today announces its production results for the three months to 31 March 2014 (unaudited).

#### Overview

Our performance in Quarter Two was impacted by the protected strike action in the South African Platinum sector led by AMCU. Around 70% of Lonmin’s mining employees belong to AMCU. The strike commenced on 23 January and since then there has only been limited production from contractor operations.

The rolling twelve month average Lost Time Injury Frequency Rate (LTIFR) for the twelve months to 31 March 2014, improved to 3.23 incidents per million man hours compared to 3.66 at 31 March 2013 and reflects the reduced hours of work as a result of the strike.

#### Mining Division

The Marikana underground mining operations produced 0.5 million tonnes during the second quarter, a decrease of 2.1 million tonnes or 81% on the prior year period due to the strike which impacted all underground shafts.

Production from our Merensky opencast operations of 77,000 tonnes was enabled by contract mining and was 42% lower than the prior year period as this operation but has been scaled back due to the subdued price environment. Pandora (100%) production decreased by 90,000 tonnes, or 75% on the prior year quarter due to the impact of the strike.

In total, 2,535,000 tonnes of underground production were lost during the quarter, of which 2,515,000 tonnes were lost due to industrial action, 15,000 tonnes related to Section 54 safety stoppages and an additional 5,000 tonnes to management induced safety stoppages (MISS). This compared to a total of 140,000 tonnes lost in the prior year period of which 82,000 tonnes were due to Section 54 safety stoppages, 27,000 tonnes were due to MISS and 31,000 tonnes were due to labour stoppages.

#### Process Division

Total tonnes milled in the quarter at 0.5 million tonnes were down 2.3 million tonnes on the prior year period or 82% as the concentrating division was shut down due to the industrial action.

Underground milled head grade increased by 11% to 5.14 grammes per tonne (5PGE+Au) when compared to 4.62 grammes per tonne in the prior year period. This increase was due to the distorting effect of shutting down of the plant. The overall milled head grade was 4.86 grammes per tonne, up 7% on the prior year period.

Underground concentrator recoveries for the quarter increased by 1.0 percentage point to 87.8% when compared to the prior year period. Overall concentrator recoveries for the quarter increased by 0.7 percentage points to 87.5% when compared to the prior year.

Total PGMs and Platinum in concentrate for the quarter at 66,912 and 35,426 saleable ounces respectively were 80% lower than the prior year period due to the shutdown of the plant as a result of the industrial action.

Total refined production for the first quarter at 60,968 ounces of saleable Platinum was down 68% when compared against the prior year period. Due to the industrial action the refinery plants were shut down and the smelter idled. Pipeline stocks have not been depleted to the same extent as in FY12. Total PGMs produced in the second quarter were 158,462 ounces, a decrease of 57% on the prior year period.

## **Sales & Pricing**

Sales for the quarter at 128,871 Platinum ounces were down 41% and PGM sales at 301,658 ounces were down 25% as the sale of stocks held at the end of Quarter One in anticipation of the strike partly reduced the impact of the lower refined production. The US dollar basket price (excluding base metal credits) at \$967 per ounce during the quarter was down 18% on the prior year period while the corresponding Rand basket price, R10,390 per ounce, was only 1% lower than the prior year period on the back of Rand weakness.

Lonmin also publishes today, in a separate announcement, its interim Results for the half year ended 31 March 2014.

- ENDS -

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## **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 nearly 80% 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 2014	3 months to 31 Mar 2013	
<b>Tonnes mined</b>	Marikana <sup>1</sup>	K3 shaft	kt	126	778	
		4B/1B shaft	kt	73	433	
		<b>Karee</b>	<b>kt</b>	<b>199</b>	<b>1,210</b>	
		Rowland shaft	kt	85	429	
		Newman shaft	kt	37	227	
		Hossy shaft	kt	40	231	
		W1 shaft	kt	13	40	
		<b>Westerns</b>	<b>kt</b>	<b>174</b>	<b>927</b>	
		Saffy shaft	kt	72	244	
		East 1 shaft	kt	8	100	
		East 2 shaft	kt	32	86	
		East 3 shaft	Kt	2	21	
		<b>Easterns</b>	<b>kt</b>	<b>114</b>	<b>452</b>	
		Underground	kt	487	2,590	
		Opencast	kt	77	133	
	<b>Total</b>	<b>kt</b>	<b>564</b>	<b>2,722</b>		
	Pandora (100%) <sup>2</sup>	Underground	kt	29	120	
Limpopo <sup>3</sup>	Underground	kt	5	0		
<b>Lonmin (100%)</b>	<b>Total tonnes mined (100%)</b>	<b>kt</b>	<b>598</b>	<b>2,842</b>		
	% tonnes mined from UG2 reef (100%)	%	68.3	73.2		
<b>Lonmin (attributable)</b>	<b>Underground &amp; Opencast</b>	<b>kt</b>	<b>581</b>	<b>2,773</b>		
<b>Ounces mined<sup>4</sup></b>	Lonmin excluding Pandora	Pt ounces	oz	38,161	171,170	
	Pandora (100%)	Pt ounces	oz	2,355	8,776	
	Limpopo	Pt ounces	oz	192	0	
	Lonmin	Pt ounces	oz	40,708	179,946	
	Lonmin excluding Pandora	PGM ounces	oz	72,335	318,056	
	Pandora (100%)	PGM ounces	oz	4,618	16,697	
	Limpopo	PGM ounces	oz	564	0	
	Lonmin	PGM ounces	oz	77,517	334,753	
	<b>Tonnes milled<sup>5</sup></b>	Marikana	Underground	kt	407	2,592
			Opencast	kt	69	121
<b>Total</b>			<b>kt</b>	<b>476</b>	<b>2,713</b>	
Pandora <sup>6</sup>		Underground	kt	25	120	
<b>Lonmin Platinum</b>		<b>Underground</b>	<b>kt</b>	<b>432</b>	<b>2,711</b>	
		Head grade <sup>7</sup>	g/t	5.14	4.62	
		Recovery rate <sup>8</sup>	%	87.8%	86.8%	
		<b>Opencast</b>	<b>kt</b>	<b>69</b>	<b>121</b>	
		Head grade <sup>7</sup>	g/t	3.09	2.89	
		Recovery rate <sup>8</sup>	%	84.4%	85.8%	
		<b>Total</b>	<b>kt</b>	<b>500</b>	<b>2,833</b>	
	Head grade <sup>7</sup>	g/t	4.86	4.54		
Recovery rate <sup>8</sup>	%	87.5%	86.8%			

				<b>3 months to 31 Mar 2014</b>	<b>3 months to 31 Mar 2013</b>
<b>Metals in concentrate<sup>9</sup></b>	Marikana	Platinum	oz	32,545	170,830
		Palladium	oz	15,159	76,816
		Gold	oz	992	4,582
		Rhodium	oz	4,355	22,411
		Ruthenium	oz	7,126	34,691
		Iridium	oz	1,403	8,299
		<b>Total PGMs</b>	<b>oz</b>	<b>61,579</b>	<b>317,628</b>
		Nickel <sup>10</sup>	MT	204	900
		Copper <sup>10</sup>	MT	139	582
	Pandora	Platinum	oz	2,022	8,759
		Palladium	oz	961	3,985
		Gold	oz	18	66
		Rhodium	oz	338	1,378
		Ruthenium	oz	534	2,082
		Iridium	oz	84	403
		<b>Total PGMs</b>	<b>oz</b>	<b>3,957</b>	<b>16,673</b>
		Nickel <sup>10</sup>	MT	3	15
		Copper <sup>10</sup>	MT	2	8
	Concentrate purchases	Platinum	oz	859	973
		Palladium	oz	241	302
		Gold	oz	5	3
		Rhodium	oz	106	95
		Ruthenium	oz	116	102
		Iridium	oz	49	42
		<b>Total PGMs</b>	<b>oz</b>	<b>1,375</b>	<b>1,516</b>
		Nickel <sup>10</sup>	MT	0	0
		Copper <sup>10</sup>	MT	0	0
	Lonmin Platinum	Platinum	oz	35,426	180,562
		Palladium	oz	16,360	81,103
		Gold	oz	1,014	4,651
		Rhodium	oz	4,800	23,883
		Ruthenium	oz	7,776	36,874
		Iridium	oz	1,536	8,745
		<b>Total PGMs</b>	<b>oz</b>	<b>66,912</b>	<b>335,817</b>
		Nickel <sup>10</sup>	MT	207	915
Copper <sup>10</sup>		MT	142	590	

				<b>3 months to 31 Mar 2014</b>	<b>3 months to 31 Mar 2013</b>
<b>Refined production</b>	Lonmin refined metal production	Platinum	oz	60,417	189,356
		Palladium	oz	35,298	85,339
		Gold	oz	2,236	5,489
		Rhodium	oz	35,660	29,496
		Ruthenium	oz	15,481	50,860
		Iridium	oz	7,410	4,252
		<b>Total PGMs</b>	<b>oz</b>	<b>156,503</b>	<b>364,792</b>
	Toll refined metal production	Platinum	oz	551	1,273
		Palladium	oz	240	184
		Gold	oz	12	20
		Rhodium	oz	73	28
		Ruthenium	oz	171	3,728
		Iridium	oz	911	646
		<b>Total PGMs</b>	<b>oz</b>	<b>1,959</b>	<b>5,879</b>
	Total refined PGMs	<b>Platinum</b>	<b>oz</b>	<b>60,968</b>	<b>190,629</b>
		Palladium	oz	35,538	85,523
		Gold	oz	2,248	5,509
		Rhodium	oz	35,734	29,524
		Ruthenium	oz	15,652	54,588
		Iridium	oz	8,321	4,898
<b>Total PGMs</b>		<b>oz</b>	<b>158,462</b>	<b>370,671</b>	
Base metals	Nickel <sup>11</sup>	MT	258	883	
	Copper <sup>11</sup>	MT	169	563	
<b>Sales</b>	Refined metal sales	Platinum	oz	128,871	217,800
		Palladium	oz	88,652	96,703
		Gold	oz	3,700	5,937
		Rhodium	oz	30,066	29,107
		Ruthenium	oz	39,788	47,356
		Iridium	oz	10,581	7,273
		<b>Total PGMs</b>	<b>oz</b>	<b>301,658</b>	<b>404,176</b>
		Nickel <sup>11</sup>	MT	664	995
		Copper <sup>11</sup>	MT	301	823
		Chrome <sup>11</sup>	MT	116,279	373,459

			<b>3 months to 31 Mar 2014</b>	<b>3 months to 31 Mar 2013</b>
<b>Average prices</b>	Platinum	\$/oz	1,408	1,609
	Palladium	\$/oz	741	734
	Gold	\$/oz	1,510	1,537
	Rhodium	\$/oz	1,056	1,197
	Ruthenium	\$/oz	55	74
	Iridium	\$/oz	492	998
	\$ basket excl. by-product revenue <sup>12</sup>	\$/oz	967	1,178
	\$ basket incl. by-product revenue <sup>13</sup>	\$/oz	1,010	1,244
	R basket excl. by-product revenue <sup>12</sup>	R/oz	10,390	10,527
	R basket incl. by-product revenue <sup>13</sup>	R/oz	10,845	11,109
	Nickel <sup>11</sup>	\$/MT	11,681	14,106
Copper <sup>11</sup>	\$/MT	7,087	7,528	
Chrome <sup>11</sup>	\$/MT	23	17	
<b>Exchange rates</b>	Average rate for period <sup>14</sup>	R/\$	10.82	8.91
	Closing rate	R/\$	10.54	9.22

Notes:

- Following the management restructuring in 2013 the mining structure was reconfigured into three divisions and we now report production on a shaft by shaft basis.
- Pandora underground tonnes mined represents 100% of the total tonnes mined on the Pandora joint venture of which 42.5% is attributable to Lonmin.
- Limpopo underground tonnes mined represents low grade development tonnes whilst on care and maintenance.
- Ounces mined have been calculated at achieved concentrator recoveries and as from 2014 with Lonmin standard downstream processing losses to present produced saleable ounces.
- Tonnes milled excludes slag milling.
- Lonmin purchases 100% of the ore produced by the Pandora joint venture for onward processing which is included in downstream operating statistics.
- 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).
- Recovery rate in the concentrators is the total content produced divided by the total content milled (excluding slag).
- Metals in concentrate include metal derived from slag processing and as from 2014 have been calculated at Lonmin standard downstream processing losses to present produced saleable ounces.
- Corresponds to contained base metals in concentrate.
- 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.
- 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.
- As per note 12 but including revenue from base metals.
- Exchange rates are calculated using the market average daily closing rate over the course of the period.