

Lonmin Plc

Q2 2012 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 2012 (unaudited).

Overview

We made solid progress in our mining operational performance, with total tonnes mined flat at 2.9 million tonnes. This was achieved in spite of the continued impact of Section 54 notifications from the Department of Mineral Resources (DMR), which resulted in 170,000 tonnes of lost production. Our total Platinum metal in concentrate increased by 3.9% compared to the prior year period. The Refined Platinum production was however temporarily affected by a smelting stock build up due to an increase in sulphur in the feed to the Smelter. This occurred as a result of a greater percentage of Merensky ore being milled due to a series of Section 54 and internal safety stoppages that predominantly impacted our UG2 production. The Smelter is expected to operate at its normal levels in the third quarter as the ore mix returns to normal levels. The rate of stoppages reduced towards the end of the quarter as the benefits of dialogue around Section 54s with the DMR started to come through.

Our Lost Time Injury Frequency Rate (LTIFR) for the quarter was 4.69 incidents per million man hours versus 4.67 for Q1 2012.

Mining Division

Total tonnes mined in the second quarter of 2012 from our Marikana underground operations were 2.8 million, an increase of 66,000 tonnes or 2.4% from the prior year period. This increase was in spite of the continued frequency and wide range of Section 54 safety reviews and stoppages that we experienced across all operations in the early part of the second quarter. Production at the Karee operations increased by 141,000, representing a 12.7% increase from the prior year period, whilst Middelkraal's production was up 52,000 tonnes or 11.9%. This increase was offset by the continued decrease in production at Westerns of 106,000 tonnes or 12.5% on the prior year as the planned decline at Newman continues. Production at Easterns decreased by 21,000 tonnes or 6.8% when compared against the prior year, mainly due to community unrest and the consequent effect on our labour force.

Production at our Merensky opencast operations in the period was 78,000 tonnes, a decrease of 65,000 tonnes when compared to the prior year period. This reflects the continued production slowdown that commenced in the first quarter as we focus on grade improvement. The production from Pandora increased by 7,000 tonnes to 51,000 tonnes.

The total impact of the Section 54 shut downs was 170,000 tonnes in lost production across all operations, including joint ventures, of which 100,000 tonnes were lost in January 2012. The total lost production compares to 48,000 tonnes lost in the prior year period. An additional 31,000 tonnes of production was lost as a result of management induced safety stoppages and 39,000 tonnes of production was lost as a result of community and labour unrest at Easterns. A summary of the direct impact on production of Section 54 stoppages is detailed below.

Division	Section 54 stoppages production impact
	tonnes
Karee	54,000
Westerns	45,000
Middelkraal	60,000
Easterns	Nil
Opencast and JV	11,000
Total	170,000

Process Division

Total tonnes milled in the quarter were marginally up at 3.0 million, a 0.8% increase from the prior year. Underground tonnes milled increased by 177,000 tonnes, or 6.7%, to 2.8 million tonnes, but this was largely offset by the 154,000 tonnes reduction in opencast tonnes milled.

Underground milled head grade was 4.46 grammes per tonne (5PGE+Au) down 0.11 grammes per tonne or 2.4% compared to the prior year period, as the proportion of Merensky mined continues to gradually increase. The overall milled head grade was 4.36 grammes per tonne, an improvement of 1.1% when compared to the prior year period. This was due to a lower proportion of higher grade opencast ore when compared to the prior year. The total head grade showed a decline of 2.5% from 4.47 grammes per tonne in the previous quarter as a result of the higher ratio of Merensky to UG2 in the mix.

Underground and overall concentrator recoveries were satisfactory at 85.7% and 85.6% respectively, a decrease of 0.4 and 0.2 percentage points respectively when compared with the prior year period and a quarter on quarter improvement of 0.4 and 0.3 percentage points respectively.

Platinum in concentrate from the Marikana operations was 173,564 saleable ounces, a 3.3% increase over the prior year period. In total the concentrators produced 181,172 saleable ounces of Platinum in the quarter, a 3.9% increase from the prior year period. This reflects the higher proportion of Merensky ore in the mix which contains a higher percentage of Platinum.

Total refined production for the quarter was 190,379 ounces of saleable Platinum, a decrease from the prior year of 15.4%. This decrease is due firstly to metal inventory in progress being temporarily affected by the increase of sulphur in the feed to the Smelter and secondly, the prior year refined production was significantly higher as operations normalised following the rebuild and modification of the Number One furnace in quarter one of 2011. Total Platinum Group Metals (PGMs) production for the quarter was 355,590 ounces, a decrease of 19.2% from the prior year.

Sales & Pricing

Platinum sales at 225,539 ounces were 10.5% lower than the prior year period as a result of the production constraints highlighted above and stock movement in the quarter. Total PGMs sales decreased by 15.4% to 418,988 ounces.

Chrome sales have more than doubled when compared to the prior year period as production at the chrome plants gains momentum.

The US dollar basket price at \$1,164 during the quarter was 12.6% less than the prior year quarter. The corresponding Rand basket price was 3.5% lower than the prior year period.

Lonmin also publishes today, in a separate announcement, its interim results for the half year ending 31 March 2012.

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				3 months to 31 Mar 2012	3 months to 31 Mar 2011
LTIFR				4.69	4.67
Tonnes mined	Marikana	Karee ¹	kt	1 248	1 107
		Westerns ¹	kt	747	853
		Middelkraal ¹	kt	489	437
		Easterns ¹	kt	284	305
		Underground	kt	2 769	2 703
		Opencast	kt	78	143
		Total	kt	2 847	2 846
	Pandora attributable ²	Underground	kt	51	44
	Lonmin Platinum	Underground	kt	2 819	2 746
		Opencast	kt	78	143
Total		kt	2 898	2 890	
% UG2		%	71.3%	72.5%	

Tonnes milled³	Marikana	Underground	kt	2 713	2 536
		Opencast	kt	162	316
		Total	kt	2 875	2 852
	Pandora ⁴	Underground	kt	100	101
	Lonmin Platinum	Underground	kt	2 813	2 636
		<i>Head grade⁵</i>	<i>g/t</i>	<i>4.46</i>	<i>4.57</i>
		<i>Recovery rate⁶</i>	<i>%</i>	<i>85.7%</i>	<i>86.0%</i>
		Opencast	kt	162	316
		<i>Head grade⁵</i>	<i>g/t</i>	<i>2.68</i>	<i>2.16</i>
		<i>Recovery rate⁶</i>	<i>%</i>	<i>84.6%</i>	<i>82.7%</i>
Total		kt	2 975	2 952	
<i>Head grade⁵</i>		<i>g/t</i>	<i>4.36</i>	<i>4.31</i>	
<i>Recovery rate⁶</i>	<i>%</i>	<i>85.6%</i>	<i>85.9%</i>		

				3 months to 31 Mar 2012	3 months to 31 Mar 2011
Metals in concentrate ⁷	Marikana	Platinum	oz	173 564	168 020
		Palladium	oz	78 763	78 660
		Gold	oz	4 918	4 674
		Rhodium	oz	21 875	21 630
		Ruthenium	oz	33 674	34 734
		Iridium	oz	7 271	7 566
		Total PGMs	oz	320 065	315 284
		Nickel ⁸	MT	973	921
		Copper ⁸	MT	621	576
	Pandora ⁴	Platinum	oz	7 014	6 410
		Palladium	oz	3 238	3 001
		Gold	oz	53	45
		Rhodium	oz	1 080	975
		Ruthenium	oz	1 642	1 539
		Iridium	oz	270	255
		Total PGMs	oz	13 297	12 225
		Nickel ⁸	MT	11	10
		Copper ⁸	MT	6	6
	Concentrate purchases	Platinum	oz	594	-
		Palladium	oz	226	-
		Gold	oz	2	-
		Rhodium	oz	75	-
		Ruthenium	oz	90	-
		Iridium	oz	29	-
		Total PGMs	oz	1 016	-
		Nickel	MT	0	-
		Copper	MT	0	-
	Lonmin Platinum	Platinum	oz	181 172	174 430
		Palladium	oz	82 227	81 661
		Gold	oz	4 973	4 719
		Rhodium	oz	23 030	22 605
		Ruthenium	oz	35 406	36 273
		Iridium	oz	7 570	7 822
Total PGMs		oz	334 378	327 509	
Nickel ⁸		MT	984	931	
Copper ⁸		MT	627	582	

				3 months to 31 Mar 2012	3 months to 31 Mar 2011
Refined production	Lonmin refined metal production	Platinum	OZ	172 089	198 998
		Palladium	OZ	77 683	95 643
		Gold	OZ	4 873	4 119
		Rhodium	OZ	31 723	24 245
		Ruthenium	OZ	41 005	51 530
		Iridium	OZ	7 385	8 768
		Total PGMs	OZ	334 759	383 302
	Toll refined metal production	Platinum	OZ	18 289	26 154
		Palladium	OZ	66	13 090
		Gold	OZ	(2)	839
		Rhodium	OZ	82	3 713
		Ruthenium	OZ	1 979	10 935
		Iridium	OZ	417	2 311
		Total PGMs	OZ	20 831	57 042
	Total refined PGMs	Platinum	OZ	190 379	225 152
		Palladium	OZ	77 749	108 733
		Gold	OZ	4 871	4 958
		Rhodium	OZ	31 805	27 958
		Ruthenium	OZ	42 983	62 465
		Iridium	OZ	7 803	11 078
		Total PGMs	OZ	355 590	440 344
	Base metals	Nickel ⁹	MT	915	1 190
Copper ⁹		MT	533	726	

				3 months to 31 Mar 2012	3 months to 31 Mar 2011
Sales	Refined metal sales	Platinum	oz	225 539	251 880
		Palladium	oz	96 061	131 326
		Gold	oz	5 715	5 362
		Rhodium	oz	30 785	33 412
		Ruthenium	oz	53 227	61 610
		Iridium	oz	7 661	11 650
		Total PGMs	oz	418 988	495 240
		Nickel ⁹	MT	1 002	1 217
	Copper ⁹	MT	549	688	
	Chrome ⁹	MT	334 827	128 638	
Average prices	Platinum		\$/oz	1 583	1 784
	Palladium		\$/oz	673	788
	Gold		\$/oz	1 676	1 153
	Rhodium		\$/oz	1 410	2 390
	Ruthenium		\$/oz	94	173
	Iridium		\$/oz	1 041	885
	\$ basket excl. by-product revenue ¹¹		\$/oz	1 164	1 332
	R basket excl. by-product revenue ¹¹		R/oz	9 010	9 341
	R basket incl. by-product revenue ¹²		R/oz	9 466	9 852
	Nickel ⁹		\$/MT	16 718	23 336
	Copper ⁹		\$/MT	7 582	9 137
	Chrome ⁹		\$/MT	17	26
Exchange Rates	Average rate for period ¹³		R/\$	7.74	6.98
	Closing rate		R/\$	7.65	6.77

Notes:

- 1 Karee includes the shafts K3, 1B and 4B and K4. Westerns comprises Rowland, Newman and ore purchases from W1. Middlekraal represents Hossy and Saffy. Easterns includes E1, E2 and E3.
- 2 Pandora attributable tonnes mined represents Lonmin's share (42.5%) of the total tonnes mined on the Pandora joint venture.
- 3 Tonnes milled excludes slag milling.
- 4 Lonmin purchases 100% of the ore produced by the Pandora joint venture for onward processing which is included in downstream operating statistics.
- 5 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).
- 6 Recovery rate in the concentrators is the total content produced divided by the total content milled (excluding slag).
- 7 Metals in concentrate include metal derived from slag processing and have been calculated at industry standard downstream processing losses to present produced saleable ounces.
- 8 Corresponds to contained base metals in concentrate.
- 9 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.
- 10 Concentrate and other sales have been adjusted to a saleable ounce basis using industry standard recovery rates.
- 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.