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REGULATORY RELEASE

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Fourth Quarter 2012 Production Report and Update on Lonmin's Future Strategy

Lonmin Plc, (Lonmin or the Company), the world's third largest primary Platinum producer, today publishes its production report for the three and twelve months to 30 September 2012 and provides an update on its future strategy and plans to strengthen its financial structure. This update follows on from the Statement on Marikana and Covenants issued on 21 August 2012.

Highlights:

- **Employees returned to work, ramp up to full production going better than expected. First Platinum ounces to be produced on 31 October**
- **Platinum metal in concentrate for the fourth quarter down 45.7% (vs Q4 2011) due to illegal strike action in August and September**
  - Strike impact of around 110,000 ounces of mined Platinum
  - Refined Platinum production only down 20.8% as ounces extracted from stock pipeline
- **Full year 2012 sales of over 700,000 ounces of Platinum. Immediately available ore reserves of 18 months, improved grades and recoveries and further improvement in safety statistics underlines quality of operational performance**
- **30 September 2012 covenants to be formally tested in early November and on balance of probabilities covenants are not expected to be breached at that test date**
- **Debt levels will rise significantly over the coming months to fund the production ramp up and stock pipeline rebuild – may breach covenants at 31 March 2013 absent additional equity and amendments to existing bank facilities**
- **A proposed Rights Issue of approximately US$800 million (gross) planned to reduce indebtedness and increase financial strength**
- **Proposed Rights Issue underpinned by a signed Standby Underwriting Agreement. More details of proposed Rights Issue to follow in due course**
- **Amended US Dollar and Rand bank facilities already signed removing EBITDA covenants and reducing quantum of US Dollar facilities**
  - Resolves covenant issues

Roger Phillimore, Chairman, commented:

"The tragic events at Marikana in August are indelibly etched in Lonmin's corporate memory and will shape thinking for years to come both at Lonmin and more broadly in South Africa. Nevertheless the business is now back in production and must look to the future. There is much to do and in order to achieve this Lonmin needs solid financial foundations including the appropriate balance sheet structure and debt facilities. With the Standby Underwriting and amended debt facilities signed we have taken two decisive steps on our way to delivering that and we are confident about our financial security."

1 SUMMARY

Further to the Statement on Marikana and Covenants announced on 21 August 2012 Lonmin Plc ("Lonmin" or the "Company" or together with its subsidiaries, the "Group"), the world's third largest primary platinum producer, today publishes its production report for the three and twelve months to 30 September 2012 and provides an update on its future strategy (the "Lonmin Renewal Plan"), and plans to strengthen its financial structure.

2 UPDATE ON RECENT EVENTS AT MARIKANA

On 10 August 2012, approximately 3,000 rock drill operators employed by Lonmin commenced an unlawful work stoppage and protest march at the Company's Marikana mine operations. This was followed by significant levels of violent intimidation of non-striking workers, with eight employees, including two security guards as well as two policemen, killed in the initial days of the unlawful work stoppage. As a result, in subsequent days the vast majority of the Company's 24,000 mine workers were absent from work and it was no longer possible to maintain production. Tragically the violence and unrest escalated materially throughout that week and in total 46 people, including 40 Lonmin employees, lost their lives.

The Board was deeply saddened by the violent unrest which took place during this time and continues to express its profound sympathy to those affected, including the families, friends and colleagues of those who died. The Company has committed to establish and contribute to a Memorial Fund for the benefit of the families of the deceased, the central purpose of which is to fund the education of their children.

The Company then worked resolutely to resolve the tensions within the various factions of the workforce in order to create an environment where a return to work was possible. We refer to this tragic series of events as the "Events at Marikana" in the remainder of this announcement.

On 18 September 2012, following an all-inclusive negotiation process facilitated by the Commission for Conciliation, Mediation and Arbitration (CCMA) involving the Company, trade unions, the South African Council of Churches, the Department of Mineral Resources, the Department of Labour and delegates of striking employees, an addendum to the existing wage agreement was signed by the Company, the National Union of Mineworkers, the Association of Mineworkers and Construction Union, Solidarity, the United Association of South Africa and representatives of the delegates of striking employees, which agreed on a return to work with effect from 20 September 2012.

On 20 September 2012, 81.4% of Lonmin's employees returned to work and the initial focus of the Company was to ensure a safe resumption of production. As a result it was not until 1 October 2012 that the normal mine shift pattern was re-established and blasting across the property restarted. Since then employee attendance has continued at high levels, with normal shift patterns, and in the week leading up to this announcement attendance averaged 93.1%, which is regarded by the Board as a normal level for Lonmin's business, due to scheduled leave, sickness and other reasons for absence. As of the date of this announcement, all concentrators are now in production, except for the Number One UG2 plant, which is down for a planned upgrade. The Number One and Number Two smelters are fully operational, as are the Base Metals Refinery and the Precious Metals Refinery. It is anticipated that the first Platinum ounces will be turned out on 31 October.

3 FOURTH QUARTER AND FULL YEAR PRODUCTION REPORT

3.1 Overview and Safety

During the first part of the fourth quarter of the 2012 financial year, operations ran well and as planned. Operational momentum, however, was lost due to the Events at Marikana, which resulted in prolonged absenteeism and effectively stopped operations for the rest of the period under review. The impact on mining operations of the Events at Marikana, including the disruption of ore purchases from our joint venture operation, Pandora, led to the loss of mine production estimated at 1.8 million tonnes of ore containing an estimated 110,000 Platinum ounces.

Safety is a priority in everything we do and we continue to work on initiatives that are geared towards improving our performance. Regrettably, during the 2012 financial year, there were two fatalities during the course of our mining activities and we extend our deepest condolences to the families. The full year safety record, absent these fatalities, has been commendable as Lonmin achieved the lowest Lost Time Injury Frequency Rate (LTIFR) amongst the primary producers in the South African platinum industry of 4.16 per million man hours worked, 11.7% lower than the 4.71 achieved in 2011.

3.2 Mining

Our operations produced 1.63 million tonnes during the fourth quarter of the 2012 financial year, a decrease of 1.65 million tonnes, or 50.4%, from the fourth quarter of the 2011 financial year. The fall in production is primarily as a direct consequence of the Events at Marikana. Production at Karee decreased by 50.6% primarily due to losses from the Events at Marikana which totalled around 706,000 tonnes. Production at Westerns declined by 58.5%, with the expected depletion of Newman and the loss of around 460,000 tonnes due to the Events at Marikana taking their toll. Middelkraal registered a decrease of 43.8%, with around 333,000 tonnes lost to the Events at Marikana, but still showed underlying growth as production at Hossy and Saffy shafts continued to improve. This was tempered by the negative impact of previously flagged adverse ground conditions experienced at Saffy shaft. Easterns lost 52.3%, or 163,743 tonnes of production, all essentially due to the Events at Marikana.

Production at our Merensky opencast operations showed a slight decrease of 23,133 tonnes, or 17%, when compared to the fourth quarter of the 2011 financial year, as a consequence of the Events at Marikana which constrained our ability to optimise production from this operation.

Losses from Section 54 safety stoppages continued to moderate and totalled 26,000 tonnes in the quarter, compared to 83,000 tonnes in the fourth quarter of the 2011 financial year.

3.3 Concentrators, Smelting and Refining

Total tonnes milled in the fourth quarter of the 2012 financial year were 1.70 million, a decrease of 48.0% from the fourth quarter of the 2011 financial year.

Underground milled head grade in the quarter was 4.69 grammes per tonne (5PGE+Au), up 0.14 grammes per tonne, or 2.9%, compared to the fourth quarter of the 2011 financial year. The opencast grade was 3.06 grammes per tonne, a 12.1% improvement compared to the fourth quarter of the 2011 financial year, a result of the continued focus on grade. The overall milled head grade was 4.59 grammes per tonne, an increase of 1.8% when compared to the prior year period.

Underground and overall concentrator recoveries both reached 86.7% in the quarter, an improvement of 1.6% when compared with the fourth quarter of the 2011 financial year. Despite the challenges caused by the Events at Marikana the improvements in grade and recoveries over the prior year period are positive.

Platinum metal in concentrate from the Marikana operations for the quarter was 102,822 saleable ounces, a quarter-on-quarter decrease of 89,055 ounces and 89,048 ounces lower than the fourth quarter of the 2011 financial year. Including Pandora and concentrate purchases, the concentrators produced 108,795 saleable Platinum ounces in total for the quarter, a decrease of 45.7% on the fourth quarter of the 2011 financial year.

Total refined production for the quarter was much higher than metal in concentrate however with 196,179 ounces of saleable Platinum and 396,327 ounces of Platinum Group Metals (PGMs) produced in the fourth quarter. This was achieved as the pipeline of ounces was significantly reduced in order to meet customer requirements and maximise liquidity. Platinum refined production decreased by 20.8% when compared to the fourth quarter of the 2011 financial year, primarily as a direct consequence of the Events at Marikana, although the decrease was notably less than the fall in Platinum metal in concentrate of 45.7%.

3.4 Sales and Pricing

Sales for the fourth quarter of the 2012 financial year were 233,054 Platinum ounces, and 476,104 PGM ounces with Platinum sales being 3.7% lower than the fourth quarter of the 2011 financial year. Sales in the fourth quarter benefited from the toll refining of 18,021 ounces of Platinum, and more significantly, running down stocks in the pipeline.

The US Dollar basket price including base metal revenue, at US$1,103 was 20.6% lower than the fourth quarter of the 2011 financial year, but 1.6% higher than the third quarter of the 2012 financial year. The corresponding Rand basket price at ZAR 9,031 was 9.2% lower than the prior year period, although equivalent to the third quarter of the 2012 financial year.

3.5 Full Year Production

Total tonnes mined during the 2012 financial year were 10.4 million, a 1.3 million tonne decrease from the 2011 financial year. As announced at the time of the Company's interim results, productivity in the first half of the year was impacted by the uncharacteristically high number of Section 54 safety stoppages that were seen across the South African PGM mining industry during this period. The second half was impacted by the Events at Marikana described above which affected the whole operation. The combined impact of these disruptions in the period was a loss of approximately 2.4 million tonnes, of which 1.8 million tonnes, equivalent to 110,000 Platinum ounces, was as a result of the Events at Marikana.

Production at Karee decreased by only 1.2% against the prior financial year to 4.4 million tonnes, reflecting the strike in 2011 at Karee and cushioned by the production momentum which had built up before the Events at Marikana. The production decline of 23% to 2.6 million tonnes at Westerns was more pronounced as it also reflected the continued depletion of the Newman shaft as well as the effect of the Events at Marikana. Middelkraal mined 1.8 million tonnes, a decrease of 7.5% or 142,000 tonnes compared to the prior financial year despite losing around 333,000 tonnes due to the Events at Marikana. The underlying growth at Hossy and Saffy was lower than planned. This was mainly due to adverse underground conditions at Saffy as Hossy benefited from the introduction of hybrid mining. At Easterns, production decreased from 1.2 million tonnes in the 2011 financial year to 1.0 million tonnes in the 2012 financial year, mainly due to the effect of the Events at Marikana.

Total tonnes milled during the 2012 financial year declined by 10.1% to 10.8 million tonnes when compared against 12.0 million tonnes in 2011. The total milled head grade improved to 4.49 grammes per tonne, a 2.2% increase on the prior financial year with a targeted improvement in opencast grade.

Overall recoveries for the 2012 financial year improved to 86.1%, compared to 85.3% in the 2011 financial year. This positive improvement can be mainly attributed to the Easterns Tailings Treatment Plant, which came on-line in April 2012. Platinum in concentrate for the 2012 financial year fell by 5.5%, compared to the 2011 financial year, to 679,821 saleable ounces.

Total refined production for the 2012 financial year was 687,372 Platinum ounces and 1,349,802 PGM ounces, compared to 731,273 Platinum ounces and 1,446,662 PGM ounces in the 2011 financial year, with the decreases being primarily a result of the Events at Marikana and the Section 54 safety stoppages. Sales for the 2012 financial year were 701,831 Platinum ounces, 2.6% lower than the 720,783 ounces achieved in the 2011 financial year and PGM sales were 3.6% lower than the prior year at 1,383,945 PGM ounces, despite benefiting from the depletion of stocks in the pipeline mentioned above.

The US Dollar basket price including base metal revenue at US$1,163 was 16.3% lower than the prior financial year. The corresponding Rand basket price including base metal revenue, was ZAR9,304, which was 4.2% lower than the 2011 financial year.

3.6 Outlook

The production of Platinum ounces as saleable metal in concentrate is forecast to be around 680,000 ounces for the 2013 financial year. This is below the Company's previous expectations for two reasons associated with the Events at Marikana: first, due to the estimated time required to return to normal productivity levels; and, secondly, due to the impact of lower capital spend and the suspension of production at K4 shaft which, as previously announced, was placed on care and maintenance in September 2012.

This metal in concentrate output is expected to result in Platinum sales of around 660,000 ounces for the 2013 financial year. The shortfall of around 20,000 ounces from the metal in concentrate output represents the necessary build-up of pipeline ounces in the smelters and the refineries during the 2013 financial year to replace stocks depleted during the fourth quarter of the 2012 financial year.

The Events at Marikana, and subsequent strike action at almost all other South African PGM producers have, given the importance of South African producers to global PGM production, in a short space of time altered the outlook for the supply side of the PGM industry. These events have increased operating costs for Lonmin and other companies in the South African PGM mining industry, while at the same time creating supply constraints which have contributed to an increase in PGM prices. The Board believes that the disruption to the South African PGM mining industry is also likely to result in some capacity reductions as higher cost operations are forced to reduce output or close down, which the Board believes should sustain improved pricing for PGMs.

Over the longer term, the Board also believes that improved PGM pricing should be supported by underlying positive demand dynamics. Automotive demand is expected to be driven by a combination of increasingly stringent emissions legislation, the ongoing extension of this regime to non-road applications and a positive outlook for vehicle sales in US and Chinese markets. Although Chinese growth expectations have recently been downgraded, consumer expenditure in China is still expected to increase.

4 UPDATE ON LONMIN'S FUTURE STRATEGY

4.1 Balance Sheet and Funding

On 21 August 2012, Lonmin announced that it was actively reviewing all options available to strengthen its financial structure, including possible access to the equity capital markets. Lonmin is today providing an update on this process.

4.1.1 Lonmin's long-term capital structure

The Board believes that Lonmin's long-life assets should be substantially funded by long-term equity capital, supplemented by free cash flow, with appropriate levels of debt funding available to provide additional financial flexibility for the Group as well as to reduce its overall cost of capital. In this context, the Board views debt financing as providing the flexibility required to fund Lonmin's normal working capital requirements and to accommodate short-term cash flow volatility inherent in an operationally geared business arising from either or both of movements in the price of PGMs and the Rand / US Dollar exchange rate. The Board recognises that the business cannot support significant financial leverage given its high level of operational gearing. In addition, the Board believes that it would be more appropriate for the Group's debt facilities to contain covenants that are linked to capital expenditure and tangible net worth rather than covenants linked to profitability, which in the Board's view do not reflect the significant asset backing that underpins the longer-term credit quality of the Group.

4.1.2 Balance sheet refinancing

In accordance with the principles outlined above, Lonmin is announcing that:

- it intends to raise approximately US$800 million (gross proceeds) of new equity capital by way of a Rights Issue (the "Rights Issue") to reduce the Group's level of indebtedness and increase its financial strength; and
- it has reached agreement with both the USD and ZAR lenders on the terms of amendments to its existing debt facilities (the "Amended Facilities").

In connection with the Rights Issue, Lonmin has entered into a standby equity underwriting letter pursuant to which the Rights Issue will be underwritten at a minimum price of US$1 per share, or such higher price as may be agreed. The Company will announce further details of the Rights Issue, including as to its terms following consultation with shareholders, in due course.

The Amended Facilities are conditional on the Company raising at least US$700 million (net proceeds) of new equity capital by 31 December 2012 and the Company applying the net equity proceeds raised to permanently reduce the Company's available US$ denominated facilities from US$700 million to US$400 million. In addition, the Group has agreed that the existing net debt / EBITDA and EBITDA / net interest covenants in both its existing US$700 million and ZAR1.98 billion facilities will be removed from the Amended Facilities and that they will be substituted with the following covenants:

- consolidated tangible net worth will not be less than US$2,250 million;
- net debt will not exceed 25% of consolidated tangible net worth; and
- capital expenditure will not exceed certain Rand-denominated thresholds, set at approximately 10% above budgeted levels, for twelve-month periods to 30 September and 31 March each year and the six-month period to 31 March 2013. This covenant is only to be tested if consolidated Group net debt exceeds US$300 million as at 30 September or 31 March of any relevant year or, in respect of the amended US Dollar facility agreement only, the aggregate amount outstanding under the US$ facility exceeds US$75 million at any time during the last six months of the relevant test period. Details of Lonmin's currently budgeted levels of capital expenditure are set out in section 4.3.2 of this announcement.

Separately, Lonmin has been carefully monitoring its covenant position in relation to its existing debt facilities. Whilst the covenants as at 30 September 2012 are not due to be formally tested until the results for the year then ended are published in November, Lonmin considers that on the balance of probabilities its covenants will not be breached as at that test date. However, the Company's debt levels are likely to rise significantly over the coming months in order to fund the production ramp up and enable stock levels to be rebuilt through the production pipeline. In light of this, the Board believes that the Company may breach its covenants under the terms of the Company's existing debt facilities when they are tested in relation to the Company's interim results for the six months ended 31 March 2013, or at a subsequent test date, in the event that the Company does not raise new equity and agree amendments to its existing bank facilities, as described above.

Lonmin's Board has been focused on stabilising the Company's financial position by negotiating new banking arrangements with its lending banks and preparing to raise new equity. The Board strongly believes that it is prudent, necessary and in all shareholders' interests to implement this comprehensive balance sheet restructuring at the earliest possible opportunity.

4.2 Background to the Lonmin Renewal Plan

During the 2012 financial year, the market price of PGMs has been volatile, in large part due to general global macro-economic conditions, with the depressed environment in the Eurozone having a particular impact on the price of platinum. Prior to the Events at Marikana the Board had commenced a review of its growth strategy, future production profile and capital investment programme as a result of the emerging weak short-term demand outlook for PGMs and the weak short-term pricing environment.

At the time of its full year results for the 2011 financial year, Lonmin provided guidance on its planned capital expenditure of around US$450 million for the 2012 financial year, based on the then outlook for PGM markets. This guidance was reiterated at the time of publication of the Company's interim results in May 2012, recognising the uncertain near-term outlook for PGM prices (the price of platinum had fallen from a 2012 peak of US$1,722 per ounce on 28 February 2012 to US$1,440 by the time of publication of the Company's interim results on 14 May 2012), and stating the Company's intention to defer future capital expenditure if appropriate.

By the time of publication of the Third Quarter Production Report on 26 July 2012, the platinum price had remained below US$1,500 per ounce for more than eleven weeks, and Lonmin acknowledged that the weak pricing environment was likely to persist for longer than anticipated. As a result, the Company announced that capital expenditure would be reduced to around US$430 million in the 2012 financial year (reflecting the proximity of the year end and the lead-time relating to capital expenditure programmes), and to around US$250 million in each of the 2013 and 2014 financial years. This reduction would be achieved principally through the deferral of capital spend on the Hossy, K4 and Saffy shafts, as well as the optimisation of some of the processing projects. Against this backdrop, the Events at Marikana resulted in a material reduction in mine production at a time when the Company was not well-positioned to absorb the resulting financial shock, though production and sales of finished metal continued during the period of the work stoppage by maintaining operations in the Process Division through the running down of stocks in the pipeline.

The Board believes that the Lonmin Renewal Plan described below, together with the proposed equity issuance and the Amended Facilities, represents the most appropriate strategy in the current environment.

4.3 The Lonmin Renewal Plan

The Company continues to have a clear strategic focus on its mineral resources, mining and processing infrastructure at Marikana, and has invested significantly in these areas in recent years. This investment had two aims. First, it was necessary in order to restore the operational health of the business which had fallen to unacceptable levels prior to 2008. The Board believes this aim has been achieved. There have been significant improvements in metrics such as development, grade and recoveries, and following further expenditure in the Process Division the risk of smelter outages, for example, has fallen materially. The second aim was to deliver significant growth in production and sales over the medium-term in order to meet expected demand and to result in a reduction in unit costs over the corresponding period. Accordingly, the Board was positioning the Company to move down the industry cost curve over that period.

In light of the Events at Marikana, the focus of and priority for the Company during the 2013 financial year is to return productivity levels safely back to, and then above, the run-rates achieved prior to those events and to improve relationships with employees. Part of this will require implementing sustainable inclusive collective bargaining structures that facilitate wage agreements that are accepted by all the relevant stakeholders to be binding. Lonmin is today announcing plans to target production at Marikana of around 680,000 Platinum ounces of metal in concentrate in the year ending 30 September 2013, although Platinum sales for the year ending 30 September 2013 are expected to be around 660,000 ounces as in-process inventory levels are rebuilt within the Process Division. The ramp up back to these normalised levels of productivity is so far progressing better than planned and the Directors fully expect the Marikana operations to be operating at previously achieved productivity run-rates during the third quarter of the 2013 financial year.

The Board intends to continue to monitor developments in PGM market conditions closely and may accelerate or delay planned investment if it deems doing so to be in the best interests of shareholders.

Certain statements in this section of this announcement constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance and our actual results could differ materially from those expressed or implied by these forward-looking statements. Investors are urged not to place undue reliance on any such statements.

4.3.1 Future Platinum sales in the Lonmin Renewal Plan

Beyond the 2013 financial year, the Company is continuing to target growth in production which the Directors believe will result in an improvement in its relative position on the cost curve. On the basis of the Lonmin Renewal Plan, the Directors are targeting sales in excess of 750,000 Platinum ounces in each of the 2014 and 2015 financial years, and in excess of 800,000 Platinum ounces per annum by the 2016 financial year. K4, which when at full capacity will be one of Lonmin's largest shafts and which is currently on care and maintenance, is expected to restart mining operations in the latter part of the 2014 financial year although the impact on production will initially be gradual until capital expenditure levels increase. This revised growth profile reflects both the anticipated short-term demand outlook for PGMs, and the impact on Lonmin's operations of the Events at Marikana.

However, the Directors believe that the significant investment that has been made in developing ore reserves and additional mine shaft hoisting capacity to enable future growth provides the Company with a degree of operational flexibility which should enable it to increase production in the event that market conditions improve in the short term. By way of example, as at 30 September 2012, the Company had immediately available ore reserves equating to approximately 18 months of mining, which the Directors believe to be a prudent level. The Company's planned capital expenditure over the next two financial years is expected at least to maintain this level of ore reserve availability. In the four financial years ended 30 September 2012, the Company's mining and processing infrastructure at Marikana has seen considerable investment of approximately US$1.3 billion.

4.3.2 Future capital expenditure in the Lonmin Renewal Plan

In order to achieve the targeted level of production Lonmin expects to invest approximately US$175 million for the 2013 financial year and approximately US$210 million for the 2014 financial year (depending on the Rand / US Dollar exchange rate). Of the aggregate capital expenditure planned for the 2013 and 2014 financial years, approximately US$260 million relates to the Mining Division with the balance relating to the Process Division and to spend as part of the Company's Social and Labour Plan commitments. In the 2015 and 2016 financial years, the Directors expect that capital expenditure will rise to around US$400 million per annum (depending on the Rand / US Dollar exchange rate). The step-up in capital expenditure from 2015 onwards primarily relates to further development in Hossy, Saffy and K4 in order to support the increased production levels and processing projects. However, the increase in capital expenditure in the 2015 and 2016 financial years is contingent upon performance in the earlier years and the Directors believing, at that time, that there is sufficient market demand and sufficiently attractive pricing for PGMs to warrant the increased investment. The thresholds in the financial covenant linked to capital expenditure within the Amended Facilities described in section 4.1, which may or may not be tested, have been set at approximately 10% above the budgeted levels of capital expenditure outlined above.

4.3.3 Future cost profile in the Lonmin Renewal Plan

The Events at Marikana have created two specific cost pressures for the Company in the 2013 financial year. First, the agreement entered into with the trades unions and worker representatives increased the wages paid to Lonmin's workers employed in the Category 4-9 bargaining units by about 14% from 1 October 2012, which includes the wage increase of 9% due under the existing wage agreement signed in 2011. As a result, employment costs overall will increase by approximately 11% in the 2013 financial year against the normalised employee cost in FY2012. Secondly, there is inefficiency inherent in any production ramp up, as the business bears the full costs of operations, but does not achieve full production in the early stages of that ramp up. As a result, the Directors anticipate unit costs of around ZAR9,350 per PGM ounce produced for the 2013 financial year.

A number of measures are in place, or are expected to be implemented during the 2013 financial year, both to address the pressures of gross cost increases and also to improve the effectiveness of the Company's expenditure. These measures include:

- A review of the Company's operating model, as well as management structure, to align with the Lonmin Renewal Plan is expected to yield savings in excess of ZAR200 million per annum, on an annualised basis, with the full effect from 2014 onwards;

- A procurement initiative known as "Total Cost of Ownership" is being implemented which is expected to yield savings of ZAR100 million in the second half of the 2013 financial year and in each subsequent financial year thereafter; and

- The Company has already completed and embedded a productivity enhancement programme known as "Line of Sight" and "Mission Directed Work Teams", which will form the foundation for a series of further productivity and optimisation initiatives in the 2013 financial year. Team effectiveness training trials at various shafts in the Karee mining unit during the 2012 financial year have shown the potential of this initiative, which will be extended across

Lonmin during the 2013 financial year. This will be supported by improved systems and training, particularly for supervisory management.

The Directors believe that, taken together, these initiatives will improve the productivity performance of the Company.

The Directors expect that over the medium to longer term, the Company's earliest generation of shafts will reach the end of their economic lives as their mineral reserves are depleted. However, the Company has, over the past several years, undertaken a number of capital projects, principally at its second generation of shafts, K3, Hossy, Saffy and K4, which, when fully ramped up should drive production growth and improve its relative unit cost position.

Taken together, the cost savings, volume-related operational benefits and efficiencies anticipated in the Lonmin Renewal Plan lead the Directors currently to expect that unit costs for the 2014 financial year will increase by less than the wage inflation in South Africa.

This is predicated on there being no further significant disruption to the Company's operations and all other cost increases being in line with recent market norms.

4.3.4 Our approach to social licence

The Board is of the view that delivering on Transformation and social responsibility obligations is an essential element of Lonmin's licence to operate in South Africa, both legally in terms of its obligations under the Mining Charter and morally as a good corporate citizen of the country. Lonmin has transformation goals which were established in line with the Mining Charter and are aligned to our Social Labour Plan commitments. We have worked with determination to accomplish the goals we set ourselves and have made significant achievements in many areas, notably in our education programmes for our communities, in the number of Historically Disadvantaged South African (HDSA) employees within our management structures, which now stands at 36% (excluding white women), and in our initiatives to procure from HDSA managed and owned suppliers. Our gender related policies and procedures designed to increase the participation of women in the Company have had some success, with the number of women at the Company having grown by 66% since 2007, but there are still challenges in order to meet our 2014 commitments.

Nevertheless, we recognise that we have delivered more slowly in other areas. The Events at Marikana and recent strikes across the entire mining industry make it clear that we must continue and where necessary accelerate our efforts in some initiatives, working more closely and cooperatively with key stakeholders, particularly our employees and local and central government and our communities. Two particularly relevant areas of focus are housing and our relationship with our communities.

Housing is the hardest task the wider mining sector faces, in terms of targets it has been set. Lonmin is far from alone in trying to deal with what is a national problem in South Africa.

Lonmin's housing strategy has comprised three elements: hostel conversion, Marikana housing ownership and the long-term housing programme. To date we have converted 79 of the 128 old-style hostels into 931 single person occupancy and 580 family units and we have a detailed plan to convert the remaining blocks by 31 December 2014. We have also seen 242 employees become owners of homes, sold through the Marikana Housing Development Corporation.

The challenge however is in facilitating the provision of mass affordable employee accommodation particularly for our migrant workforce. The Events at Marikana have highlighted the critical shortage of affordable housing as a major challenge for Lonmin and the South African nation more broadly, reflecting the need for a solution that involves all stakeholders, including government, mining companies and employees. Management is engaging with employees and all stakeholders as necessary to understand better their requirements as part of developing a framework for a sustainable and fundable solution. The Company recognises there will be a cost to this and will develop appropriate budgets in due course.

The partnership Lonmin has with the Greater Lonmin Community where its operations are based is important to the Company. For over 18 years, the Company has paid royalties into a trust fund on behalf of the Bapo ba Mogale tribal community. The amount of funds paid over to date is approximately ZAR371 million. We have in recent times seen the benefits of our long-term investment in education and health through improved examination results and various health initiatives. There is still much to be done and we need to work more closely with our communities to improve dialogue and rebuild trust as this will be key to enhancing better relations with them. Lonmin's management team will be focusing on this in the coming months.

Equity

The Company is required to increase HDSA ownership in its prospecting and mining ventures by 31 December 2014 to the 26% required under the Mining Charter. As at 30 September 2012, HDSA investors directly and indirectly owned 18% of the share capital of the Company's subsidiaries that own and operate Marikana and Limpopo and that participate in the Pandora joint venture, as well as 26% of the share capital of its subsidiary that owns Akanani.

The Company's BEE partner, Incwala Resources, is owned as to 50.03% of its equity by Shanduka. Other equity investors in Incwala Resources include a trust for the benefit of community members, the Industrial Development Corporation and Lonmin itself. In considering how best to meet its HDSA 2014 ownership requirements, the Board believes that one element it must consider is how to achieve further HDSA ownership through a broad-based solution as this will ultimately be in the best interests of shareholders.

It is possible that the Company may wish to facilitate the creation of trusts for the benefit of current and future employees, and separately for members of the Greater Lonmin Community, to which new shares could be allotted for their sole economic benefit. In order to achieve this increase in HDSA participation the Company is considering a range of options involving the issuance of additional shares which could dilute the interests of shareholders. The Company has not yet finalised its proposals, and any future transaction would need to be considered on its merits and may require prior shareholder approval.

Judicial Commission of Inquiry

The Judicial Commission of Inquiry into the Events at Marikana ("the Inquiry") commenced on 1 October. The Inquiry is being led by retired Judge Farlam. After inspecting the site on 1 and 2 October 2012, the Inquiry was adjourned until 22 October so as to give the relatives of the deceased an opportunity to attend the Inquiry and to give the participants a reasonable period of time within which to prepare. The Inquiry heard opening statements from all participants on 22 and 23 October and commenced with oral testimony but was then again adjourned until 29 October. Lonmin welcomes this Inquiry and will co-operate fully with its work.

5 MANAGEMENT UPDATE

As previously notified, Ian Farmer, Chief Executive Officer, is undergoing a course of treatment and has been on sick leave since August.

Simon Scott was appointed Acting Chief Executive Officer on 24 August 2012. He has ably handled the extremely difficult circumstances since the Events at Marikana in August and has been strongly supported by his executive team. His operational team of Albert Jamieson, Barnard Mokwena, Mark Munroe and Natascha Viljoen have all worked at Lonmin for many years and have been responsible for the significant improvement in the operational performance of the business that has occurred since 2008.

Roger Phillimore and Mahomed Seedat have joined the Executive Committee, which has responsibility for the day-to-day business of the Company and is chaired by Simon. Mahomed was Chief Operating Officer at Lonmin until the end of 2010. In order to support Simon further, Alan Ferguson, who was Chief Financial Officer until December 2010, has been working with him as a part-time consultant. Mahomed and Alan bring with them an in-depth knowledge of Lonmin which has been invaluable at this challenging time.

The executive team is supported by the Non-Executive Directors, who have considerable recent and relevant experience of the mining industry and South Africa.

The current arrangements are appropriate for the time being and are working well to stabilise the Company and bring production back to normal. The Board keeps under constant and critical review the best way to proceed on a permanent basis and will take the necessary steps as and when it deems them appropriate.

6 CONCLUSION

The Events at Marikana are indelibly etched in Lonmin's corporate memory and will shape thinking for years to come both at Lonmin and more broadly in South Africa. Nonetheless the business is now back in production and must look to the future both for the good of its shareholders and in order to play its part in transformation in South Africa. There is much to do in rebuilding relationships with the labour force, right-sizing the overhead structure, driving productivity and delivering the ounces. In order to achieve this, the Company needs solid financial foundations including the appropriate balance sheet structure and debt facilities.

The Board strongly believes that it is prudent, necessary and in all shareholders' interests to achieve this comprehensive balance sheet restructuring at the earliest possible opportunity. The Board is confident that the direction set out in this document is the right one for the Company and all of its shareholders.

ENDS

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The Company will be hosting a conference call for investors and analysts today at 08:00 UK / 10:00 SA time.

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 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. Lonmin's mining operations extract ore from which the Process Division produces refined PGMs for delivery to customers. 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

This announcement includes forward-looking statements. All statements other than statements of historical fact included in this announcement, including without limitation those regarding Lonmin's plans, objectives and expected performance, are forward-looking statements. Lonmin has based these forward-looking statements on its current expectations and projections about future events, including numerous assumptions regarding its present and future business strategies, operations, and the environment in which it will operate in the future. Forward-looking statements generally can be identified by the use of forward-looking terminology such as 'ambition', 'may', 'will', 'could', 'would', 'expect', 'intend', 'estimate', 'anticipate', 'believe', 'plan', 'seek' or 'continue', or negative forms or variations of similar terminology. Such forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors related to Lonmin, including, among other factors: (1) material adverse changes in economic conditions generally or in relevant markets or industries in particular; (2) fluctuations in demand and pricing in the mineral resource industry and fluctuations in exchange rates; (3) future regulatory and legislative actions and conditions affecting Lonmin's operating areas; (4) obtaining and retaining skilled workers and key executives; and (5) acts of war and terrorism. By their nature, forward-looking statements involve risks, uncertainties and assumptions and many relate to factors which are beyond Lonmin's control, such as future market conditions and the behaviour of other market participants. Actual results may differ materially from those expressed in forward-looking statements. Given these risks, uncertainties, and assumptions, you are cautioned not to put undue reliance on any forward-looking statements. In addition, the inclusion of such *forward-looking statements should under no circumstances be regarded as a representation by Lonmin that Lonmin will achieve any results set out in such statements or that the underlying assumptions used will in fact be the case. Other than as required by applicable law or the applicable rules of any exchange on which Lonmin's securities (the "Securities") may be listed, Lonmin has no intention or obligation to update or revise any forward-looking statements included in this announcement after the publication of this announcement.*

This announcement is an advertisement and not a prospectus. It does not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any Securities. Investors should not subscribe for or purchase any Securities referred to in this announcement except on the basis of information in the prospectus and any supplement or amendment thereto (the "Prospectus") to be published by the Company in due course, if the proposed Rights Issue proceeds, in connection with the Rights Issue and the admission of shares in the capital of the Company to the Official List of the United Kingdom Listing Authority and to trading on the London Stock Exchange plc's main market for listed securities and any associated offer to the public. Copies of the Prospectus will, following publication, be available from the Company's registered office.

This announcement is not an offer to sell or a solicitation of any offer to buy the Securities in the United States, Australia, Canada, Japan, or in any other jurisdiction where such offer or sale would be unlawful or to any person to whom it would be unlawful to make such offer or solicitation.

The Securities have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act"), or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, taken up, exercised, renounced, or otherwise delivered, distributed or transferred, directly or indirectly, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any State or other jurisdiction of the United States. No public offering of the Securities is being made in the United States.

Appendix

Fourth Quarter 2012 Production

				3 months to 30 Sep 2012	3 months to 30 Sep 2011	12 months to 30 Sep 2012	12 months to 30 Sep 2011
Tonnes mined	Marikana	Karee[1]	kt	654	1 323	4 384	4 438
		Westerns[1]	kt	380	915	2 643	3 434
		Middelkraal[1]	kt	308	549	1 762	1 904
		Easterns[1]	kt	150	313	997	1 174
		Underground	kt	1 491	3 100	9 786	10 949
		Opencast	kt	113	136	443	601
		Total	**kt**	**1 604**	**3 236**	**10 229**	**11 550**
	Pandora attributable[2]	Underground	kt	25	47	185	168
	Lonmin Platinum	**Underground**	**kt**	**1 516**	**3 147**	**9 971**	**11 117**
		Opencast	**kt**	**113**	**136**	**443**	**601**
		Total	**kt**	**1 629**	**3 283**	**10 413**	**11 718**
		% UG2	**%**	***71.0%***	***72.3%***	***71.0%***	***72.7%***

				3 months to 30 Sep 2012	3 months to 30 Sep 2011	12 months to 30 Sep 2012	12 months to 30 Sep 2011
Tonnes milled[3]	Marikana	Underground	kt	1 523	3 060	9 936	10 896
		Opencast	kt	102	80	450	748
		Total	**kt**	**1 625**	**3 140**	**10 386**	**11 643**
	Pandora[4]	Underground	kt	72	126	432	394
	Lonmin Platinum	**Underground**	**kt**	**1 596**	**3 187**	**10 367**	**11 290**
		Head grade[5]	*g/t*	***4.69***	***4.55***	***4.56***	***4.54***
		Recovery rate[6]	*%*	***86.7%***	***85.4%***	***86.1%***	***85.4%***
		Opencast	**kt**	**102**	**80**	**450**	**748**
		Head grade[5]	*g/t*	***3.06***	***2.73***	***3.01***	***2.23***
		Recovery rate[6]	*%*	***86.9%***	***81.0%***	***85.9%***	***81.6%***
		Total	**kt**	**1 698**	**3 267**	**10 817**	**12 037**
		Head grade[5]	*g/t*	***4.59***	***4.51***	***4.49***	***4.40***
		Recovery rate[6]	*%*	***86.7%***	***85.4%***	***86.1%***	***85.3%***

				3 months to 30 Sep 2012	3 months to 30 Sep 2011	12 months to 30 Sep 2012	12 months to 30 Sep 2011
Metals in concentrate[7]	Marikana	Platinum	oz	102 822	191 870	646 393	694 149
		Palladium	oz	47 685	89 684	295 409	324 655
		Gold	oz	2 730	4 463	16 925	17 471
		Rhodium	oz	13 265	25 736	83 144	91 659
		Ruthenium	oz	21 532	40 114	127 269	144 369
		Iridium	oz	4 688	8 642	27 610	31 294
		Total PGMs	**oz**	**192 721**	**360 509**	**1 196 750**	**1 303 597**
		Nickel[8]	MT	554	929	3 440	3 496
		Copper[8]	MT	352	574	2 199	2 200
	Pandora[4]	Platinum	oz	5 068	8 445	30 625	25 241
		Palladium	oz	2 368	3 985	14 261	11 847
		Gold	oz	38	64	228	179
		Rhodium	oz	778	1 308	4 743	3 865
		Ruthenium	oz	1 228	2 030	7 135	6 070
		Iridium	oz	207	332	1 195	996
		Total PGMs	**oz**	**9 687**	**16 164**	**58 188**	**48 199**
		Nickel[8]	MT	9	14	47	41
		Copper[8]	MT	5	7	25	23
	Concentrate purchases	Platinum	oz	905	-	2 802	-
		Palladium	oz	329	-	973	-
		Gold	oz	4	-	10	-
		Rhodium	oz	104	-	329	-
		Ruthenium	oz	132	-	404	-
		Iridium	oz	39	-	129	-
		Total PGMs	**oz**	**1 513**	**-**	**4 647**	**-**
		Nickel	MT	0	-	2	-
		Copper	MT	0	-	2	-
	Lonmin Platinum	**Platinum**	**oz**	**108 795**	**200 315**	**679 821**	**719 390**
		Palladium	**oz**	**50 382**	**93 669**	**310 643**	**336 502**
		Gold	**oz**	**2 772**	**4 526**	**17 163**	**17 650**
		Rhodium	**oz**	**14 146**	**27 044**	**88 216**	**95 524**
		Ruthenium	**oz**	**22 892**	**42 144**	**134 808**	**150 439**
		Iridium	**oz**	**4 934**	**8 974**	**28 934**	**32 290**
		Total PGMs	**oz**	**203 921**	**376 673**	**1 259 585**	**1 351 796**
		Nickel[8]	**MT**	**564**	**943**	**3 489**	**3 537**
		Copper[8]	**MT**	**358**	**581**	**2 226**	**2 223**

				3 months to 30 Sep 2012	3 months to 30 Sep 2011	12 months to 30 Sep 2012	12 months to 30 Sep 2011
Refined production	Lonmin Refined Metal Production	Platinum	oz	178 158	239 878	648 414	686 877
		Palladium	oz	89 857	109 435	310 558	323 907
		Gold	oz	5 006	7 058	18 398	18 013
		Rhodium	oz	44 096	33 617	110 896	86 702
		Ruthenium	oz	38 675	54 785	153 394	164 374
		Iridium	oz	8 475	11 285	32 844	26 337
		Total PGMs	**oz**	**364 269**	**456 057**	**1 274 503**	**1 306 210**
	Toll Refined Metal Production	Platinum	oz	18 021	7 731	38 958	44 396
		Palladium	oz	8 564	35	21 043	49 119
		Gold	oz	48	-	729	2 879
		Rhodium	oz	263	380	4 717	14 402
		Ruthenium	oz	4 224	-	7 907	24 408
		Iridium	oz	939	72	1 944	5 249
		Total PGMs	**oz**	**32 058**	**8 218**	**75 299**	**140 453**
	Total Refined PGMs	**Platinum**	**oz**	**196 179**	**247 609**	**687 372**	**731 273**
		Palladium	oz	98 421	109 470	331 601	373 026
		Gold	oz	5 054	7 058	19 128	20 892
		Rhodium	oz	44 359	33 997	115 613	101 103
		Ruthenium	oz	42 900	54 785	161 300	188 782
		Iridium	oz	9 414	11 357	34 788	31 586
		Total PGMs	**oz**	**396 327**	**464 275**	**1 349 802**	**1 446 662**
	Base Metals	Nickel[9]	MT	921	1 162	3 786	4 188
		Copper[9]	MT	531	679	2 153	2 454

Sales	Refined Metal Sales	Platinum	oz	233 054	241 979	701 831	720 783
		Palladium	oz	121 096	118 181	335 849	372 284
		Gold	oz	5 262	6 968	19 273	19 417
		Rhodium	oz	53 534	33 300	119 054	102 653
		Ruthenium	oz	51 887	52 408	170 751	187 189
		Iridium	oz	11 271	9 400	37 187	33 603
		Total PGMs	**oz**	**476 104**	**462 235**	**1 383 945**	**1 435 929**
	Concentrate and Other[10]	Platinum	oz	-	-	-	-
		Palladium	oz	-	-	-	-
		Gold	oz	-	-	-	-
		Rhodium	oz	-	-	-	-
		Ruthenium	oz	-	-	-	-
		Iridium	oz	-	-	-	-
		Total PGMs	**oz**	**-**	**-**	**-**	**-**
	Lonmin Platinum	**Platinum**	**oz**	**233 054**	**241 979**	**701 831**	**720 783**
		Palladium	**oz**	**121 096**	**118 181**	**335 849**	**372 284**
		Gold	**oz**	**5 262**	**6 968**	**19 273**	**19 417**
		Rhodium	**oz**	**53 534**	**33 300**	**119 054**	**102 653**
		Ruthenium	**oz**	**51 887**	**52 408**	**170 751**	**187 189**
		Iridium	**oz**	**11 271**	**9 400**	**37 187**	**33 603**
		Total PGMs	**oz**	**476 104**	**462 235**	**1 383 945**	**1 435 929**
		Nickel[9]	MT	1 074	1 179	3 843	4 180
		Copper[9]	MT	724	885	2 197	2 448
		Chrome[9]	MT	287 165	314 924	1 209 643	730 278

			3 months to 30 Sep 2012	3 months to 30 Sep 2011	12 months to 30 Sep 2012	12 months to 30 Sep 2011
Average prices	Platinum	$/oz	1 477	1 762	1 517	1 769
	Palladium	$/oz	603	747	630	752
	Gold	$/oz	1 526	1 688	1 597	1 405
	Rhodium	$/oz	1 106	1 842	1 274	2 145
	Ruthenium	$/oz	100	162	103	168
	Iridium	$/oz	1 033	1 041	1 042	938
	$ basket excl. by-product revenue[11]	$/oz	1 053	1 311	1 095	1 299
	$ basket incl. by-product revenue[12]	$/oz	1 103	1 389	1 163	1 389
	R basket excl. by-product revenue[11]	R/oz	8 674	9 434	8 807	9 109
	R basket incl. by-product revenue[12]	R/oz	9 031	9 942	9 304	9 716
	Nickel[9]	$/MT	11 866	18 299	14 330	21 009
	Copper[9]	$/MT	6 948	8 308	7 201	8 612
	Chrome[9]	$/MT	21	23	20	27
Exchange Rates	Average rate for period[13]	R/$	8.24	7.16	8.05	6.95
	Closing rate	R/$	8.30	8.05	8.30	8.05

Notes:

1 Karee includes the shafts K3, 1B, 4B and K4. Westerns comprises Rowland, Newman and ore purchases from W1. Middelkraal 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.