

22 July 2010

Lonmin Plc

Third Quarter 2010 Production Report & Interim Management Statement

Lonmin Plc, (“Lonmin” or “the company”) today announces its production report and interim management statement for the three and nine months to 30 June 2010 (unaudited).

Overview

This quarter has seen us deliver increased output at our Marikana underground operations as we continue to see operational improvements. Year to date our underground tonnage is up on the comparable prior year period whilst metal in concentrate is at the same level as last year as the increased ounces from our underground operations have offset the impact of the operations closed last year.

Q3 2010 Production

Our underground mining operations at Marikana produced 2.6 million tonnes during the third quarter of the 2010 financial year, an increase of 10.2% from the third quarter of the 2009 financial year. This was mainly due to an increase in production during the quarter from Hossy and Saffy which continued to ramp up and increased production by 40.9%, to 0.5 million tonnes, over the prior year period. Sequentially output from those shafts increased by 11.7% quarter on quarter. The increase in the conventional mining tonnage was some 0.1 million tonnes or 4.8%. The impact of Section 54 shut downs was around 109,000 tonnes in lost production during the quarter mainly at our K3 shaft. This compares to a loss in production during the same period last year of around 160,000 tonnes.

Pandora underground production showed a quarter on quarter increase of 10.3% and increased by 30.9% from the prior year period, whilst production at the Merensky opencast pit at Marikana has commenced and is beginning to ramp up.

Total tonnes milled in the quarter were flat year on year, at 2.8 million tonnes but showed an increase of 9.8% from 2.5 million tonnes milled in the second quarter of the 2010 financial year. Platinum in concentrate from the Marikana operations was 163,311 saleable ounces during the third quarter of 2010, an increase of 16.3% from the prior year period and an increase of 5.6% quarter on quarter. This was due to achieving another excellent quarter of concentrator recoveries. In total, the concentrators produced 169,614 saleable ounces of Platinum in concentrate for the quarter, a 10.9 % increase from the third quarter of the prior year.

Underground and overall concentrator recoveries increased to 85.1% and 85.0% from 80.5% and 79.0% respectively year on year. Sequentially recoveries have been very consistent at 84% to 85% with each quarter being much higher than the equivalent period last year. This improvement in our performance on a quarter by quarter basis is pleasing and demonstrates the success of the rigorous approach we have taken on batch milling the right ore through the appropriate concentrators, recognition of the importance of regular plant maintenance as well as the continued benefits from our concentrator optimisation programme.

Our underground milled head grade increased marginally to 4.6 grammes per tonne (5PGE + Au) from 4.57 grammes per tonne in the prior year period whilst overall head grade increased by 4.1% year on year to 4.55 grammes per tonne (5PGE + Au). Underground milled head grade declined by 3.0% from 4.74 grammes per tonne quarter on quarter due to an increase in the percentage of Merensky ore milled and some lower grade development ore arising from our UG2 operations.

As previously announced, the Number One furnace suffered a setback in May 2010 during its recommissioning following a matte run out on 30 March 2010. Following its repair, the Number One furnace was recommissioned and has been performing steadily for over one month now. The Pyromet furnaces, which have around 40% of the Number One furnace capacity, have been operating since 30 March 2010.

The Number One furnace incident has impacted refined metal production and metal sales in the third quarter of the 2010 financial year. Consequently total refined production in the third quarter of the 2010 financial year was 91,952 ounces of Platinum and 194,234 ounces of PGMs, a decrease of 46.7% and 39.5% respectively from the third quarter of the 2009 financial year.

Metal sales during the third quarter of the 2010 financial year also decreased significantly from the prior year to 91,952 ounces of Platinum and 192,507 ounces of PGMs.

Nine Month Production

Total tonnes mined during the first nine months of the 2010 financial year were 7.9 million tonnes, a decrease of 0.2 million tonnes from 2009, reflecting the closure in 2009 of the opencast and Limpopo operations. During the period we mined 7.7 million tonnes from the Marikana underground operations, an increase of 1.6% in the nine month period of the 2010 financial year, when compared against the same period in 2009. The impact of Section 54s shut downs on the nine month period in 2010 financial year has been a loss of around 258,000 tonnes. This compares to around 316,000 tonnes for the same period last year.

Total tonnes milled during the first nine months of the 2010 financial year declined by 8.2% to 7.9 million tonnes when compared to the same period in the prior year due to the impact of the closure of Limpopo and opencast during 2009. Marikana underground tonnes milled were marginally up on last year. The concentrators produced a total of 491,478 saleable ounces of Platinum in concentrate in the nine months, a marginal year on year increase. Overall concentrator recoveries improved significantly during the first nine months of the 2010 financial year, to 84.6% from 79.7% in the same period in 2009.

During the nine month period to 30 June 2010 underground head grade improved by 2.7% to 4.69 grammes per tonne (5PGE + Au) as a result of cleaner mining and less development ore particularly at Hossy and Saffy.

Total refined production for the first nine months of the 2010 financial year was 383,873 ounces of Platinum and 781,385 ounces of total PGMs, a decrease of 21.8% and 15.7% respectively when compared to the same period in 2009. This reflects the impact of the Number One furnace incidents.

Final metal sales for the nine months were 383,874 ounces of Platinum and 786,036 ounces of total PGMs, a decrease of 21.7% and 13.6% respectively.

Overall

During the quarter Shanduka purchased 50.03% of Incwala, our Black Economic Empowerment partner and Lonmin provided a loan to Shanduka to help facilitate this transaction. The resultant cash outflow of approximately £150 million was fully funded by a placing undertaken on 10 May 2010.

The quarter by quarter improvement in underground mining tonnes when compared to last year gives us confidence that, absent material safety stoppages, we will have a strong quarter four, well up on last year. This combined with good concentrator recoveries should lead to a material increase in underground metal in concentrate output when compared to last year, indicating the turnaround in Lonmin's mining division is well underway. In addition our opencast operation will continue to ramp up and in total we fully expect metal in concentrate to exceed last years level.

As stated in our announcement of 24 May we have decided to toll refine and sell some part processed Platinum ounces due to the need to rundown concentrate stockpiles given that the smelter will be down in November/December for a redesign and rebuild. On this basis, we continue to expect to meet our sales target of 700,000 Platinum ounces. The cost of the toll refining and selling in process inventory is expected to be around \$17.5 million. The incremental cost incurred does not form part of our cost guidance for the year.

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				3 months to 30 Jun 2010	3 months to 30 Jun 2009	9 months to 30 Jun 2010	9 months to 30 Jun 2009
Tonnes mined	Marikana	Underground - total	000	2,584	2,344	7,726	7,602
		Underground - conventional	000	2,088	1,992	6,364	6,646
		Underground - Hossy & Saffy ¹	000	496	352	1,362	956
		Opencast	000	84	4	91	234
		Total	000	2,668	2,348	7,817	7,836
	Limpopo	Underground	000	-	-	-	87
		Total	000	-	-	-	87
	Pandora attributable ²	Underground	000	43	33	120	104
		Opencast	000	-	38	-	148
		Total	000	43	70	120	252
	Lonmin Platinum	Underground	000	2,626	2,377	7,846	7,794
		Opencast	000	84	42	91	381
		Total	000	2,711	2,419	7,937	8,175

Tonnes milled³	Marikana	Underground	000	2,614	2,348	7,513	7,472
		Opencast	000	68	243	129	438
		Total	000	2,682	2,591	7,642	7,910
	Limpopo	Underground	000	-	-	-	92
		Total	000	-	-	-	92
	Pandora ⁴	Underground	000	99	77	265	245
		Opencast	000	-	121	-	372
		Total	000	99	198	265	617
	Lonmin Platinum	Underground	000	2,712	2,425	7,779	7,809
			<i>Head grade⁵</i> g/t	<i>4.60</i>	<i>4.57</i>	<i>4.69</i>	<i>4.57</i>
		<i>Recovery rate⁶</i> %	<i>85.1%</i>	<i>80.5%</i>	<i>84.7%</i>	<i>80.7%</i>	
		Opencast	000	68	365	129	810
			<i>Head grade⁵</i> g/t	<i>2.51</i>	<i>3.03</i>	<i>2.25</i>	<i>3.94</i>
		<i>Recovery rate⁶</i> %	<i>78.9%</i>	<i>63.8%</i>	<i>63.8%</i>	<i>68.2%</i>	
		Total	000	2,780	2,789	7,908	8,618
			<i>Head grade⁵</i> g/t	<i>4.55</i>	<i>4.37</i>	<i>4.65</i>	<i>4.51</i>
	<i>Recovery rate⁶</i> %	<i>85.0%</i>	<i>79.0%</i>	<i>84.6%</i>	<i>79.7%</i>		

				3 months to 30 Jun 2010	3 months to 30 Jun 2009	9 months to 30 Jun 2010	9 months to 30 Jun 2009
Metals in concentrate⁷	Marikana	Platinum	oz	163,311	140,422	473,914	449,040
		Palladium	oz	76,922	65,050	222,097	208,160
		Gold	oz	4,067	3,557	10,557	10,615
		Rhodium	oz	22,350	19,473	66,152	62,473
		Ruthenium	oz	35,259	29,993	102,152	96,447
		Iridium	oz	7,683	6,526	22,318	21,045
		Total PGMs	oz	309,592	265,021	897,190	847,780
		Nickel ⁸	MT	809	626	2,085	1,946
		Copper ⁸	MT	493	402	1,288	1,227
	Limpopo	Platinum	oz	-	-	-	3,770
		Palladium	oz	-	-	-	3,331
		Gold	oz	-	-	-	243
		Rhodium	oz	-	-	-	487
		Ruthenium	oz	-	-	-	688
		Iridium	oz	-	-	-	159
		Total PGMs	oz	-	-	-	8,679
		Nickel ⁸	MT	-	-	-	76
		Copper ⁸	MT	-	-	-	54
	Pandora ³	Platinum	oz	6,303	12,455	17,564	38,209
		Palladium	oz	2,991	5,548	8,267	17,149
		Gold	oz	44	91	121	294
		Rhodium	oz	987	1,755	2,769	5,320
		Ruthenium	oz	1,533	2,585	4,225	7,802
		Iridium	oz	257	499	712	1,470
		Total PGMs	oz	12,113	22,934	33,658	70,244
		Nickel ⁸	MT	10	12	27	37
		Copper ⁸	MT	6	8	15	22
	Lonmin Platinum	Platinum	oz	169,614	152,878	491,478	491,019
		Palladium	oz	79,913	70,598	230,364	228,640
		Gold	oz	4,110	3,649	10,678	11,152
		Rhodium	oz	23,336	21,228	68,920	68,281
		Ruthenium	oz	36,792	32,578	106,377	104,936
		Iridium	oz	7,941	7,025	23,030	22,675
		Total PGMs	oz	321,706	287,955	930,848	926,703
Nickel⁸		MT	819	638	2,111	2,059	
Copper⁸		MT	499	410	1,303	1,303	

				3 months to 30 Jun 2010	3 months to 30 Jun 2009	9 months to 30 Jun 2010	9 months to 30 Jun 2009
Metallurgy	Lonmin refined Metal Production ¹²	Platinum	oz	91,928	172,136	383,670	490,040
		Palladium	oz	57,230	79,164	207,522	226,557
		Gold	oz	3,080	5,202	10,517	13,849
		Rhodium	oz	16,823	20,062	59,769	64,750
		Ruthenium	oz	19,621	37,821	92,370	110,773
		Iridium	oz	3,899	5,589	24,321	18,068
		Total PGMs	oz	192,581	319,974	778,169	924,037
	Toll refined metal production	Platinum	oz	25	438	204	754
		Palladium	oz	26	206	89	206
		Gold	oz	-	10	-	10
		Rhodium	oz	1	422	810	994
		Ruthenium	oz	1,242	-	1,754	1,009
		Iridium	oz	360	-	360	184
		Total PGMs	oz	1,654	1,076	3,216	3,157
	Total refined PGMs	Platinum	oz	91,952	172,574	383,873	490,794
		Palladium	oz	57,256	79,370	207,611	226,763
		Gold	oz	3,080	5,212	10,517	13,859
		Rhodium	oz	16,824	20,484	60,578	65,745
		Ruthenium	oz	20,864	37,821	94,124	111,782
		Iridium	oz	4,259	5,589	24,681	18,252
		Total PGMs	oz	194,234	321,050	781,385	927,194
	Base metals	Nickel⁹	MT	560	764	2,110	2,395
		Copper⁹	MT	274	438	1,178	1,517
Sales	Refined Metal Sales	Platinum	oz	91,952	178,486	383,874	492,157
		Palladium	oz	54,113	79,150	204,468	226,334
		Gold	oz	2,718	4,049	10,131	13,368
		Rhodium	oz	16,146	20,809	63,447	59,548
		Ruthenium	oz	22,348	37,970	98,219	105,471
		Iridium	oz	5,231	5,760	25,898	18,260
		Total PGMs	oz	192,507	326,225	786,036	915,137
	Concentrate and other ¹⁰	Platinum	oz	-	8	-	(1,810)
		Palladium	oz	-	4	-	(3,218)
		Gold	oz	-	-	-	-
		Rhodium	oz	-	1	-	1
		Ruthenium	oz	-	2	-	2
		Iridium	oz	-	-	-	-
		Total PGMs	oz	-	14	-	(5,025)
	Lonmin Platinum	Platinum	oz	91,952	178,494	383,874	490,347
		Palladium	oz	54,113	79,154	204,468	223,117
		Gold	oz	2,718	4,049	10,131	13,368
		Rhodium	oz	16,146	20,810	63,447	59,549
		Ruthenium	oz	22,348	37,972	98,219	105,473
		Iridium	oz	5,231	5,760	25,898	18,260
		Total PGMs	oz	192,507	326,239	786,036	910,112
		Nickel⁹	MT	410	986	1,795	2,354
		Copper⁹	MT	282	362	1,288	1,268

			3 months to 30 Jun 2010	3 months to 30 Jun 2009	9 months to 30 Jun 2010	9 months to 30 Jun 2009
Average prices	Platinum	\$/oz	1,595	1,148	1,514	1,020
	Palladium	\$/oz	481	234	422	207
	Gold	\$/oz	1,136	927	1,128	888
	Rhodium	\$/oz	2,592	1,354	2,398	1,546
	Ruthenium	\$/oz	214	70	168	104
	Iridium	\$/oz	614	388	460	391
	Basket price of PGMs ¹¹	\$/oz	1,172	798	1,093	735
	Basket price of PGMs ¹¹	R/oz	8,884	6,592	8,203	6,844
	Nickel ⁹	\$/MT	22,002	12,839	17,249	14,514
	Copper ⁹	\$/MT	7,244	7,075	6,598	6,351
Exchange Rates	Average rate for period ¹³	R/\$	7.53	8.43	7.49	9.41
	Closing rate	R/\$	7.66	7.72	7.66	7.72

Notes:

- Hossy and Saffy are replacement/growth shafts in ramp up. Hossy is fully mechanised whilst Saffy has conventional stoping but mechanised development. In previous production reports this section showed all M&A/Hybrid mining. All comparatives have been restated.
- Pandora attributable tonnes mined includes Lonmin's share (42.5%) of the total tonnes mined on the Pandora joint venture.
- 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 have been calculated at industry 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.
- Concentrate and others sales essentially relates to BMR concentrate and BMR/PMR residues.
- Basket price of PGMs is based on the revenue generated from the actual PGMs (5PGE + Au) sold in the period.
- Lonmin refined metal production and sales include an estimated 3koz saleable ounces of Platinum produced from toll refining third party concentrate in Q3 (2009 - nil).
- Exchange rates are calculated using the market average daily closing rate over the course of the period.