



22 October 2009

## Lonmin Plc

# Full Year Production Report 2009

Lonmin Plc, ("Lonmin" or "the company") today announces its production report for the three months and twelve months to 30 September 2009 (unaudited) and provides an outlook statement for the 2010 financial year.

### Introduction

Lonmin delivered a satisfactory production performance in 2009. The year was not without its challenges, including the disruptive effect of the restructuring programme largely completed in March, the increasing prevalence and severity of Section 54 safety stoppages throughout the year, particularly at our two largest shafts, and an unplanned outage at the Number One furnace in June. Despite these challenges, underground production at Marikana was in line with 2008 levels and we achieved our revised 2009 sales guidance by selling 682,955 ounces of Platinum.

### Fourth Quarter Production - 2009

Total tonnes mined for the fourth quarter of the 2009 financial year were 2.6 million, a 20% decline from the prior year period. The main reasons for the reduction were the planned closure of opencast operations at Marikana and Pandora, and the placing of our Baobab shaft at Limpopo on to care and maintenance.

Production from our Marikana underground operations was 2.6 million tonnes, a 6% reduction from the fourth quarter of 2008. Our conventional underground Marikana mining operations produced 2.1 million tonnes during the fourth quarter of the 2009 financial year, a 15% decline from the same period last year. A major factor behind this decline was a significant increase in the prevalence and severity of Section 54 safety shutdowns in the fourth quarter of 2009. We lost a total of around 196,000 tonnes in the quarter due to Section 54 shutdowns, compared to around 57,000 tonnes lost due to these shutdowns in the prior year period. All the safety shutdowns during the period took place at our conventional operations, with 93% of the resultant tonnes lost occurring at our two largest shafts, K3 and Rowland.

Tonnage from our mechanised and hybrid sections increased by 74% during the fourth quarter of 2009 from the prior year period and by 19% from the previous quarter as both Hossy and Saffy continued to produce strong performances.

Total tonnes milled in the quarter declined by 12% year-on-year to 3.0 million tonnes and the concentrators produced 172,082 saleable ounces of Platinum in concentrate for the quarter, a 14% decrease from the fourth quarter in the 2008 financial year.

Underground and overall concentrator recoveries increased significantly to 81.9% and 80.3% respectively from the third quarter of the 2009 financial year, when underground and overall recoveries were 80.5% and 79.0% respectively. This was a result of a better ore mix and due to the benefits of our concentrator optimisation programme starting to come through with the performance of some concentrators starting to record results we have not achieved for several years.

Underground milled head grade decreased by 1.5% to 4.59 grammes per tonne (5PGE+Au) year-on-year, due to reef control issues at certain areas of the Merensky reef, compounded by mining through localised low grade areas on that reef horizon.

The Number One furnace was run at reduced power for most of the fourth quarter of 2009, following a matte run out in June, and was supported by the running of our Pyromet furnaces during the quarter. Following a re-design of the matte tappe hole area at the Number One furnace a re-build commenced on 10 October 2009 and we expect to tappe matte in late November 2009.

As expected, this incident impacted refined production in the fourth quarter of the 2009 financial year which was 166,851 ounces of Platinum and 317,843 ounces of total PGMs, decreases of 27% and 25% respectively year-on-year. As planned, excess inventory, built-up in the Process Division following the Number One furnace incident, was reduced by selling 25,062 Platinum ounces of metal-in-process inventory. Metal sales during the fourth quarter of the 2009 financial year decreased from the prior year period to 192,608 ounces of Platinum and 358,806 ounces of PGMs.

## Twelve Month Production – 2009

Total tonnes mined during the 2009 financial year were 10.8 million, a 1.6 million decline from 2008. All of this reduction related to our decision to close production units which were unprofitable. Of the production shortfall, 1.2 million tonnes related to the closure of opencast operations at Marikana and Pandora whilst 0.4 million tonnes were due to placing of the Baobab shaft at Limpopo on care and maintenance during the first half of the 2009 financial year.

Total Marikana underground production during the 2009 financial year was the same as 2008 at 10.2 million tonnes. The ramp-up in production from our mechanised and hybrid shafts was offset by, amongst other things, an increase in prevalence and severity of Section 54 safety shutdowns at our Marikana operations. In 2009, we lost around 513,000 tonnes as a result of these shutdowns, compared to around 210,000 tonnes in 2008. Lonmin's focus on safety has been maintained during 2009 when we recorded a slight improvement in our Lost Time Injury Frequency Rate over 2008, despite the disruptive impact of the restructuring programme completed earlier in the year. Regrettably we suffered three fatalities in the year.

In 2009 we mined 8.5 million tonnes from our conventional underground Marikana operations, a decline of 0.6 million tonnes from 2008. Around half of this decline was due to the increase in Section 54 shutdowns, as outlined above with 80% of the total tonnes lost due to Section 54 safety shutdowns in 2009 occurring at K3 and Rowland, our two largest shafts. In addition, around 114,000 tonnes were lost at our Marikana conventional underground operations following the planned closure of a small uneconomic decline shaft and a further five half levels at Marikana during the third quarter of 2009. Finally tonnes were lost during 2009 directly as a result of disruption relating to the restructuring programme completed in March, when a total of 7,000 full time employees and contractors left the business.

Production from our mechanised and hybrid shafts increased 49% to 1.7 million tonnes during the 2009 financial year from the prior year. Saffy performed extremely well, despite the multiple challenges faced by shaft management in converting from fully mechanised to hybrid mining during the year, with the shaft achieving its year end monthly hoisting target of 80,000 tonnes in September 2009. Hossy also had a good year, achieving productivity in line with our initial targets set in November 2008. We will provide the market with further details on the encouraging performance of these two shafts at our Final Results on 16 November 2009.

We made progress towards improving underground ore reserve development at Marikana in 2009. At the end of September 2009, underground ore reserve development at Marikana reached 2.0 million square metres of immediately available ore reserves up from 1.9 million square metres at the end of March 2009.\* Most of our shafts at Marikana now have appropriate levels of development, but there remains scope for improvement at certain shafts, particularly K3.

The concentrators produced a total of 663,101 saleable ounces of Platinum in concentrate during the 2009 financial year, a 9% year-on-year decline, mainly as a result of closing production at the Marikana and Pandora opencast operations, as well as Limpopo. Overall concentrator recoveries improved during the 2009 financial year to 79.8%, from 79.2% in 2008, due to the milling of less oxidised opencast ore from deeper pits in the 2009 financial year compared to the prior year. Underground recoveries fell to 81.0%, from 81.7% in 2008, mainly as a result of undertaking extensive maintenance on some of our Marikana concentrators in the first quarter of the 2009 financial year and due to ore mix. However performance against our internal models, which take account of ore mix issues, showed a significant improvement during the year as a result of a stable management team, investment in maintenance, which improves plant availability, and our concentrator optimisation project.

Underground milled head grade was 1.7% lower year-on-year at 4.57 grammes per tonne (5PGE+Au) mainly as a result of an increased proportion of development ore coming from Hossy and Saffy and a general increase in development ore throughout the operations. On the UG2 horizon, we mined a larger proportion of ore from some of the slightly lower grade areas of the Marikana ore body and there was some unplanned dilution, partially as a result of localised geological conditions. There is still a lack of flexibility in face availability on the Merensky reef horizon, and some localised lower grade areas were encountered, particularly during the first quarter of the year. Overall milled head grade decreased marginally year-on-year from 4.52 to 4.50 grammes per tonne (5PGE+Au).

Our refineries performed consistently throughout the year. Total refined production for 2009 was 657,317 ounces of Platinum and 1,244,709 of total PGMs, down 6% and 7% respectively from the same period in 2008. However, taking into account the closure of opencast operations at Marikana and Pandora and the placing of Limpopo operations on care and maintenance, 2009 total refined production would have been flat compared to 2008. Final metal sales for 2009 were in line with our revised sales guidance at 682,955 ounces of Platinum and 1,268,918 of total PGMs.

## Outlook for 2010

South African PGM producers are likely to face continued industry-related challenges in 2010 and the decision announced today to move the operational headquarters from London to Johannesburg reflects our determination to drive operational performance more effectively than can be done from London. Section 54 safety stoppages will not stop but we need to reduce their impact on our operational and financial performance. South African mining inflation remains relatively high, putting pressure on industry margins and capital investment, and the labour environment remains challenging. Recent improvements in US dollar-based PGM pricing have been offset by South African rand strength and cash flow management remains a high priority in the industry. Against this background however we expect that Marikana mining production will grow in 2010, more than offsetting the reduction in opencast tonnes and ounces from Pandora, as these pits are now closed. This should allow metals in concentrate production to increase by around 5% and, as a result, we expect to achieve 2010 sales of around 700,000 platinum ounces, slightly ahead of 2009.

## Change in Quarterly Production Reporting

In the 2010 financial year, we will be incorporating our Second and Fourth Quarter production reports into our Half Year and Full Year results announcements, respectively, as this is felt to be a more efficient way of communicating with the market. We will continue to publish separate First and Third Quarter production reports.

*\* In 2009 we have changed our reporting methodology for ore reserve development, in line with industry best practice, to exclude partially developed ore reserves. We have reported on this basis for 2009 and will continue to do so going forward.*

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				3 months to 30 Sep 2009	3 months to 30 Sep 2008	12 months to 30 Sep 2009	12 months to 30 Sep 2008
<b>Tonnes mined</b>	Marikana	Underground -	000	2,069	2,436	8,472	9,076
		conventional	000				
		Underground -	000	510	294	1,710	1,150
		M&A <sup>1</sup>	000				
		total	000	2,579	2,729	10,182	10,226
		Opencast	000	0	306	234	1,300
		<b>Total</b>	<b>000</b>	<b>2,579</b>	<b>3,035</b>	<b>10,415</b>	<b>11,526</b>
	Limpopo	Underground	000	0	122	87	523
		Opencast	000	0	0	0	0
		<b>Total</b>	<b>000</b>	<b>0</b>	<b>122</b>	<b>87</b>	<b>523</b>
	Pandora attributable <sup>2</sup>	Underground	000	38	29	142	124
		Opencast	000	8	97	156	275
		<b>Total</b>	<b>000</b>	<b>47</b>	<b>126</b>	<b>298</b>	<b>400</b>
Lonmin Platinum	<b>Underground</b>	<b>000</b>	<b>2,618</b>	<b>2,880</b>	<b>10,411</b>	<b>10,875</b>	
	<b>Opencast</b>	<b>000</b>	<b>8</b>	<b>403</b>	<b>389</b>	<b>1,575</b>	
	<b>Total</b>	<b>000</b>	<b>2,626</b>	<b>3,283</b>	<b>10,801</b>	<b>12,449</b>	
<b>Tonnes milled<sup>3</sup></b>	Marikana	Underground	000	2,676	2,739	10,148	10,206
		Opencast	000	185	246	622	1,163
		<b>Total</b>	<b>000</b>	<b>2,861</b>	<b>2,985</b>	<b>10,771</b>	<b>11,369</b>
	Limpopo	Underground	000	0	129	92	534
		Opencast	000	0	0	0	0
		<b>Total</b>	<b>000</b>	<b>0</b>	<b>129</b>	<b>92</b>	<b>534</b>
	Pandora <sup>4</sup>	Underground	000	90	68	335	293
		Opencast	000	59	256	430	595
		<b>Total</b>	<b>000</b>	<b>149</b>	<b>324</b>	<b>766</b>	<b>888</b>
	Ore purchases <sup>5</sup>	Underground	000	0	0	0	0
		Opencast	000	0	0	0	30
		<b>Total</b>	<b>000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30</b>
	Lonmin Platinum	<b>Underground</b>	<b>000</b>	<b>2,767</b>	<b>2,936</b>	<b>10,576</b>	<b>11,033</b>
		<i>Head grade<sup>6</sup></i>	<i>g/t</i>	<i>4.59</i>	<i>4.66</i>	<i>4.57</i>	<i>4.66</i>
		<i>Recovery rate<sup>7</sup></i>	<i>%</i>	<i>81.9%</i>	<i>81.4%</i>	<i>81.0%</i>	<i>81.7%</i>
		<b>Opencast</b>	<b>000</b>	<b>243</b>	<b>502</b>	<b>1,053</b>	<b>1,788</b>
		<i>Head grade<sup>6</sup></i>	<i>g/t</i>	<i>2.88</i>	<i>4.19</i>	<i>3.70</i>	<i>3.70</i>
		<i>Recovery rate<sup>7</sup></i>	<i>%</i>	<i>51.0%</i>	<i>63.7%</i>	<i>65.1%</i>	<i>59.4%</i>
		<b>Total</b>	<b>000</b>	<b>3,010</b>	<b>3,438</b>	<b>11,628</b>	<b>12,821</b>
		<i>Head grade<sup>6</sup></i>	<i>g/t</i>	<i>4.45</i>	<i>4.59</i>	<i>4.50</i>	<i>4.52</i>
<i>Recovery rate<sup>7</sup></i>		<i>%</i>	<i>80.3%</i>	<i>79.1%</i>	<i>79.8%</i>	<i>79.2%</i>	

				3 months to 30 Sep	3 months to 30 Sep	12 months to 30 Sep	12 months to 30 Sep
				2009	2008	2009	2008
<b>Metals in concentrate<sup>8</sup></b>	Marikana	Platinum	OZ	163,870	175,130	612,910	660,429
		Palladium	OZ	76,401	80,757	284,561	303,530
		Gold	OZ	3,804	4,468	14,419	17,221
		Rhodium	OZ	22,535	24,082	85,008	90,096
		Ruthenium	OZ	33,634	37,242	130,080	139,158
		Iridium	OZ	7,344	8,005	28,389	29,654
		<b>Total PGMs</b>	<b>OZ</b>	<b>307,588</b>	<b>329,684</b>	<b>1,155,367</b>	<b>1,240,088</b>
		Nickel <sup>9</sup>	MT	723	799	2,669	3,065
		Copper <sup>9</sup>	MT	453	502	1,680	1,882
	Limpopo	Platinum	OZ	-	5,834	3,770	22,017
		Palladium	OZ	-	3,627	3,331	16,477
		Gold	OZ	-	186	243	1,265
		Rhodium	OZ	-	775	487	2,660
		Ruthenium	OZ	-	1,400	688	4,128
		Iridium	OZ	-	(468)	159	121
		<b>Total PGMs</b>	<b>OZ</b>	<b>-</b>	<b>11,353</b>	<b>8,679</b>	<b>46,667</b>
		Nickel <sup>9</sup>	MT	-	93	76	414
		Copper <sup>9</sup>	MT	-	68	54	296
	Pandora <sup>4</sup>	Platinum	OZ	8,212	19,350	46,421	48,743
		Palladium	OZ	3,717	7,897	20,866	21,282
		Gold	OZ	56	142	350	371
		Rhodium	OZ	1,105	2,274	6,425	6,334
		Ruthenium	OZ	1,537	3,388	9,338	9,379
		Iridium	OZ	298	726	1,767	1,762
		<b>Total PGMs</b>	<b>OZ</b>	<b>14,924</b>	<b>33,777</b>	<b>85,168</b>	<b>87,872</b>
		Nickel <sup>9</sup>	MT	12	15	49	53
		Copper <sup>9</sup>	MT	7	9	30	27
	Ore purchases <sup>5</sup>	Platinum	OZ	-	-	-	937
		Palladium	OZ	-	-	-	793
		Gold	OZ	-	-	-	74
		Rhodium	OZ	-	-	-	83
		Ruthenium	OZ	-	-	-	107
		Iridium	OZ	-	-	-	25
		<b>Total PGMs</b>	<b>OZ</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,019</b>
		Nickel <sup>9</sup>	MT	-	-	-	16
		Copper <sup>9</sup>	MT	-	-	-	11
	Lonmin Platinum	Platinum	OZ	172,082	200,314	663,101	732,125
		Palladium	OZ	80,117	92,281	308,758	342,081
		Gold	OZ	3,860	4,796	15,013	18,932
		Rhodium	OZ	23,640	27,131	91,920	99,173
		Ruthenium	OZ	35,170	42,030	140,106	152,772
		Iridium	OZ	7,642	8,263	30,315	31,562
		<b>Total PGMs</b>	<b>OZ</b>	<b>322,512</b>	<b>374,815</b>	<b>1,249,214</b>	<b>1,376,645</b>
Nickel <sup>9</sup>		MT	735	908	2,794	3,549	
Copper <sup>9</sup>		MT	460	578	1,763	2,216	

				3 months to 30 Sep	3 months to 30 Sep	12 months to 30 Sep	12 months to 30 Sep
				2009	2008	2009	2008
<b>Metallurgy</b> <sup>13</sup>	Lonmin refined Metal Production <sup>14</sup>	Platinum	OZ	165,251	228,942	655,291	699,942
		Palladium	OZ	70,858	110,198	297,415	330,209
		Gold	OZ	4,428	5,481	18,277	20,257
		Rhodium	OZ	30,846	22,694	95,596	91,063
		Ruthenium	OZ	35,733	49,122	146,506	158,424
		Iridium	OZ	5,840	9,353	23,908	31,599
		<b>Total PGMs</b>	<b>OZ</b>	<b>312,955</b>	<b>425,791</b>	<b>1,236,992</b>	<b>1,331,493</b>
	Toll refined metal production	Platinum	OZ	1,600	-	2,025	-
		Palladium	OZ	736	-	941	-
		Gold	OZ	48	-	58	-
		Rhodium	OZ	538	-	1,532	-
		Ruthenium	OZ	1,639	-	2,647	-
		Iridium	OZ	328	-	513	-
	<b>Total PGMs</b>	<b>OZ</b>	<b>4,888</b>	<b>-</b>	<b>7,717</b>	<b>-</b>	
<b>Total refined PGMs</b>	<b>Platinum</b>	<b>OZ</b>	<b>166,851</b>	<b>228,942</b>	<b>657,317</b>	<b>699,942</b>	
	<b>Palladium</b>	<b>OZ</b>	<b>71,594</b>	<b>110,198</b>	<b>298,356</b>	<b>330,209</b>	
	<b>Gold</b>	<b>OZ</b>	<b>4,475</b>	<b>5,481</b>	<b>18,335</b>	<b>20,257</b>	
	<b>Rhodium</b>	<b>OZ</b>	<b>31,383</b>	<b>22,694</b>	<b>97,128</b>	<b>91,063</b>	
	<b>Ruthenium</b>	<b>OZ</b>	<b>37,372</b>	<b>49,122</b>	<b>149,153</b>	<b>158,424</b>	
	<b>Iridium</b>	<b>OZ</b>	<b>6,168</b>	<b>9,353</b>	<b>24,420</b>	<b>31,599</b>	
<b>Total PGMs</b>	<b>OZ</b>	<b>317,843</b>	<b>425,791</b>	<b>1,244,709</b>	<b>1,331,493</b>		
<b>Base metals</b>	<b>Nickel</b> <sup>10</sup>	<b>MT</b>	<b>849</b>	<b>1,224</b>	<b>3,244</b>	<b>3,483</b>	
	<b>Copper</b> <sup>10</sup>	<b>MT</b>	<b>471</b>	<b>648</b>	<b>1,988</b>	<b>2,009</b>	

<b>Sales</b>	Refined Metal Sales <sup>14</sup>	Platinum	OZ	167,546	241,959	659,703	706,492
		Palladium	OZ	78,998	112,694	305,332	329,460
		Gold	OZ	5,542	5,715	18,910	20,151
		Rhodium	OZ	34,612	27,255	94,160	93,337
		Ruthenium	OZ	40,538	47,832	146,009	158,477
		Iridium	OZ	5,262	10,475	23,522	32,140
		<b>Total PGMs</b>	<b>OZ</b>	<b>332,498</b>	<b>445,931</b>	<b>1,247,636</b>	<b>1,340,057</b>
	Concentrate and other <sup>11 and 13</sup>	Platinum	OZ	25,062	15,725	23,253	20,425
		Palladium	OZ	370	9,867	(2,848)	11,888
		Gold	OZ	13	11	13	117
		Rhodium	OZ	174	60	175	889
		Ruthenium	OZ	301	25,095	303	26,205
		Iridium	OZ	387	1,519	387	1,789
	<b>Total PGMs</b>	<b>OZ</b>	<b>26,307</b>	<b>52,277</b>	<b>21,282</b>	<b>61,313</b>	
	<b>Lonmin Platinum</b>	<b>Platinum</b>	<b>OZ</b>	<b>192,608</b>	<b>257,685</b>	<b>682,955</b>	<b>726,918</b>
		<b>Palladium</b>	<b>OZ</b>	<b>79,369</b>	<b>122,561</b>	<b>302,485</b>	<b>341,348</b>
		<b>Gold</b>	<b>OZ</b>	<b>5,555</b>	<b>5,725</b>	<b>18,922</b>	<b>20,268</b>
		<b>Rhodium</b>	<b>OZ</b>	<b>34,786</b>	<b>27,315</b>	<b>94,335</b>	<b>94,227</b>
		<b>Ruthenium</b>	<b>OZ</b>	<b>40,839</b>	<b>72,928</b>	<b>146,312</b>	<b>184,682</b>
<b>Iridium</b>		<b>OZ</b>	<b>5,649</b>	<b>11,994</b>	<b>23,909</b>	<b>33,929</b>	
<b>Total PGMs</b>	<b>OZ</b>	<b>358,806</b>	<b>498,208</b>	<b>1,268,918</b>	<b>1,401,371</b>		
	<b>Nickel</b> <sup>10</sup>	<b>MT</b>	<b>964</b>	<b>1,157</b>	<b>3,318</b>	<b>3,338</b>	
	<b>Copper</b> <sup>10</sup>	<b>MT</b>	<b>777</b>	<b>627</b>	<b>2,045</b>	<b>1,978</b>	

				3 months to 30 Sep	3 months to 30 Sep	12 months to 30 Sep	12 months to 30 Sep
				2009	2008	2009	2008
<b>Prices</b>	Average	Platinum	\$/oz	1,252	1,505	1,086	1,655
		Palladium	\$/oz	270	303	224	372
		Gold	\$/oz	971	877	912	867
		Rhodium	\$/oz	1,612	6,976	1,571	7,614
		Ruthenium	\$/oz	79	263	97	340
		Iridium	\$/oz	378	412	388	414
		Basket price of PGMs <sup>12</sup>	\$/oz	918	1,294	786	1,529
		Nickel <sup>10</sup>	\$/MT	16,208	16,710	15,006	22,556
		Copper <sup>10</sup>	\$/MT	6,193	6,885	6,291	7,212
<b>Exchange Rates</b>	Average rate for period		R/\$	7.77	7.81	8.99	7.45
	Closing rate		R/\$	7.47	8.27	7.47	8.27

Notes:

- 1 M&A comprises ore produced by our fully mechanised shafts and from Saffy shaft, which is being transitioned to hybrid mining.
- 2 Pandora attributable tonnes mined includes 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 Relates to the tonnes milled and derived metal in concentrate from third-party ore purchases.
- 6 Head Grade is the grammes per tonne (5PGE + Au) value contained in the tonnes milled and fed into the concentrator from the mines (excludes slag milled).
- 7 Recovery rate in the concentrators is the total content produced divided by the total content milled (excluding slag).
- 8 Metals in concentrate includes slag and has been calculated at industry standard downstream processing losses.
- 9 Corresponds to contained base metals in concentrate.
- 10 Nickel is produced and sold as nickel sulphate crystals or solution and the volumes shown correspond to contained metal. Copper is produced as refined product but typically at LME grade C.
- 11 Concentrate and others sales essentially relates to BMR concentrate and BMR/PMR residues.
- 12 Basket price of PGMs is based on the revenue generated from the actual PGMs (5PGE + Au) sold in the period.
- 13 During the fourth quarter of 2008 financial year, 25,000 oz of refined Ruthenium and 1,500 oz of refined Iridium were bought and sold to meet contractual commitments. The metallurgy section of the above table excludes these transactions as they relate to third party mined and processed metals but they are included in the sales section.
- 14 Lonmin refined metal production and sales include an estimated 5koz saleable ounces of Platinum produced from toll refining third party concentrate.