

REGULATORY RELEASE

16 May 2016

Second Quarter 2016 Production Report

Lonmin Plc (“Lonmin” or “the Company”), one of the world’s largest primary platinum producers, today announces its production results for the three months to 31 March 2016 (unaudited). Lonmin also publishes today, in a separate announcement, its Interim Results and achievements for the half year ended 31 March 2016.

Overview

- The 12 month rolling LTIFR to 31 March improved by 5.2% to 5.10 incidents per million man hours from 5.38 at 31 December.
- We were pleased to have been fatality free in the quarter but regrettably, post the period end there were two fatalities, one at Pandora in April and one at Rowland shaft in May. Focus on safety improvements remains a priority.
- We are continuing to deliver on our Business Plan with the unit cost of production at R10,390 per PGM ounce. This was 2.6% lower than Q2 2015 and 5.1% lower than R10,949 at Q1 2016 which was impacted by the December holidays. Our stated aim is to achieve unit costs in FY16 which are flat on FY15 and we are pleased to be delivering on this objective.
- A total of 2.5 million tonnes were mined in the quarter. Our core, large, long life Generation 2 shafts produced 1.9 million tonnes, an increase of 1.1% on Q2 2015. Our Generation 1 shafts produced 0.6 million tonnes, a decrease of 22.1% on Q2 2015 in line with the plan to close areas of high cost production.
- Refined Platinum production of 177,444 ounces was 54,964 ounces or 44.9% higher than Q2 2015 as the smelter complex operated well unlike Q2 2015 which had smelter shutdowns.
- Sales of 211,462 Platinum ounces were 92,411 ounces or 77.6% higher than in Q2 2015.
- The average Rand basket price at R11,035 per PGM ounce was essentially flat Q2 2015 as the decrease in Dollar PGM prices was offset by a weakening Rand.

Mining Operations

The Marikana underground mining operations produced 2.5 million tonnes during the second quarter. This was a decrease of 6.2% or 0.2 million tonnes on the prior year period due to the planned decrease in production from the Generation 1 shafts in-line with our strategy to remove high cost production in a low price environment.

Generation 2 shafts

Production from our core Generation 2 shafts of the future (K3, Rowland, Saffy and 4B/1B) was 1.9 million tonnes, an increase of 1.1% on Q2 2015 emphasizing the continued focus on these shafts.

- K3, our biggest shaft, produced 634,000 tonnes, which was broadly flat on Q2 2015. A decrease in section 54 safety stoppages was largely offset by a delay in filling critical production vacancies. This was in line with the Company's strategy to freeze recruitment in order to complete the section 189 process by reskilling and redeploying employees into vacant, more productive roles as part of the reorganisation.
- Saffy shaft produced 493,000 tonnes, an increase of 17.2% on the prior year period as this shaft has been ramped up and is now running at full production.
- Rowland shaft produced 420,000 tonnes, which was a decrease of 7.1% on Q2 2015. As at K3, there was a delay in filling critical production vacancies due to the time taken to reskill employees impacted by the reorganisation and redeploy them to Rowland shaft to complete the section 189 process.
- 4B/1B produced 388,000 tonnes as planned, a decrease of 3.9% as the 1B shaft was closed and placed on care and maintenance in October 2015.

Generation 1 shafts

In line with the Group's plans for the closure of high cost areas, production from our Generation 1 shafts (Hossy, Newman, W1, E1, E2, E3 and Pandora (100%)) at 0.6 million tonnes was 0.2 million tonnes, or 22.1% lower than Q2 2015

K4 shaft remains on care and maintenance and a small amount of opencast ore was recovered as this operation wound down.

Production Losses

There has been a significant reduction in Section 54 safety stoppages. Production lost due to Section 54 safety stoppages in the quarter totalled 37,000 tonnes. This was 185,000 tonnes better than the prior year period and 160,000 tonnes less than Q1 2016.

	Q2 2016 tonnes	Q2 2015 tonnes
Section 54 safety stoppages	37,000	222,000
Management induced safety stoppages	-	43,000
Labour stoppages	-	14,000
Total tonnes lost	37,000	279,000

Process Operations

Milling production in the quarter at 2.4 million tonnes were 17.8% or 0.5 million tonnes lower than in the prior year period driven by the decrease in tonnes mined and stock piles ahead of the mills drawn down in Q2 2015.

Underground milled head grade at 4.68 grammes per tonnes (5PGE+Au) increased by 1.9% when compared to the 4.59 grammes per tonne achieved in Q2 2015 largely due to higher grades at our K3 and 4B shafts and less dilution at Hossy as a result of the curtailed development as this shaft is managed for closure. The overall milled head grade was 4.66 grammes per tonne, up 2.8% on the prior year period due to the increase in underground grade and decrease in lower grade opencast ore in the mix.

Concentrator recoveries for the quarter were excellent at 86.7%. Overall, total Platinum-in-concentrate for the quarter at 154,491 saleable ounces was 15.0% lower than Q2 2015. Total PGMs in concentrate were 296,361 saleable ounces, 15.6% lower than the prior year period.

Total refined Platinum production at 177,444 ounces was 44.9% higher than in the comparable period last year when processing throughput was impacted by smelter stoppages in December 2014. Total PGMs produced were 336,105 ounces, an increase of 42.2% on Q2 2015.

Sales & Pricing

Platinum sales for the quarter at 211,462 ounces were 34,018 ounces higher than refined production due to the seasonal release of finished metal built up due to the December holiday period. This was an increase of 77.6% or 92,411 ounces compared with the prior year period when the timing of production was impacted by processing throughput constraints. PGM sales were up 70.1% to 408,793 ounces.

The US Dollar basket price (including base metal revenue) at \$713 per ounce during the quarter was down 23.7% on Q2 2015 while the corresponding Rand basket price (R11,035 per ounce) was 0.3% higher than the prior year period and 1.6% higher than Q1 2016 impacted by the Rand weakness. The average Rand to US Dollar exchange rate was 34.7% weaker at 15.81 compared to 11.74 in Q2 2015.

Since the second half of January the Platinum price has been steadily increasing and following the quarter end, in April, the platinum price has ranged between a high of \$1,068 per ounce and a low of \$952 per ounce compared to the price achieved in Q2 of \$918 per ounce. The impact of the increase in platinum price was only partly offset by the Rand strengthening against the US Dollar, averaging ZAR:USD 14.59 in April 2016 compared to 15.81 in Q2 resulting in a Rand basket price for April 2016 of around R11,900 compared to 11,035 in Q2.

Unit costs

We are continuing to deliver on our Business Plan with the unit cost of production for the quarter at R10,390 per PGM ounce. This was 2.6% lower than Q2 2015 and 5.1% lower than R10,949 at Q1 2016 which was impacted by the December holidays. Significantly, this was in-line with the R10,339 achieved in FY15 despite the 8.2% year on year increase in labour costs. Our stated aim is to achieve unit costs in FY16 which are flat on FY15 and we are pleased to be delivering on this objective.

- ENDS -

ENQUIRIES

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Notes to editors

Lonmin, which is listed on both the London Stock Exchange and the Johannesburg Stock Exchange, is one of the world's largest primary producers of PGMs. These metals are essential for many industrial applications, especially catalytic converters for internal combustion engine emissions, as well as their widespread use in jewellery.

Lonmin's operations are situated in the Bushveld Igneous Complex in South Africa, where more than 70% of known global PGM resources are located.

The Company creates value for shareholders through mining, refining and marketing PGMs and has a vertically integrated operational structure - from mine to market. Underpinning the operations is the Shared Services function which provides high quality levels of support and infrastructure across the operations.

For further information please visit our website: <http://www.lonmin.com>

				3 months to 31 Mar 2016	3 months to 31 Mar 2015
Tonnes mined¹	Generation 2	K3 shaft	kt	634	638
		Rowland shaft	kt	420	452
		Saffy shaft	kt	493	420
		4B/1B shaft	kt	388	403
		Generation 2	kt	1,934	1,913
	Generation 1	Hossy shaft	kt	175	266
		Newman shaft	kt	113	179
		W1 shaft	kt	41	42
		East 1 shaft	kt	40	39
		East 2 shaft	kt	77	99
		East 3 shaft	kt	17	14
		Pandora (100%) ²	kt	147	145
		Generation 1	kt	610	784
	Generation 3	K4 shaft	kt	-	15
	Total underground	kt	2,544	2,712	
	Opencast	kt	3	52	
Lonmin (100%)	Total tonnes mined (100%)	kt	2,547	2,764	
	% tonnes mined from UG2 reef (100%)	%	76.5	75.8	
Lonmin (attributable)	Underground & Opencast	kt	2,473	2,692	
Ounces mined³	Lonmin excluding Pandora	Pt ounces	oz	153,708	163,188
	Pandora (100%)	Pt ounces	oz	10,139	9,786
	Lonmin	Pt ounces	oz	163,848	172,974
	Lonmin excluding Pandora	PGM ounces	oz	294,341	314,401
	Pandora (100%)	PGM ounces	oz	19,867	19,439
	Lonmin	PGM ounces	oz	314,208	333,841
Tonnes milled⁴	Marikana	Underground	kt	2,201	2,621
		Opencast	kt	19	114
		Total	kt	2,220	2,735
	Pandora ⁵	Underground	kt	147	145
	Lonmin Platinum	Underground	kt	2,347	2,766
		Head grade ⁶	g/t	4.68	4.59
		Recovery rate ⁷	%	86.7	86.8
		Opencast	kt	19	114
		Head grade ⁶	g/t	2.86	3.13
		Recovery rate ⁷	%	83.4	85.3
		Total	kt	2,366	2,880
		Head grade ⁶	g/t	4.66	4.53
	Recovery rate ⁷	%	86.7	86.8	

				3 months to 31 Mar 2016	3 months to 31 Mar 2015
Metals-in-concentrate⁸	Marikana	Platinum	oz	143,246	170,434
		Palladium	oz	66,190	79,370
		Gold	oz	3,505	4,008
		Rhodium	oz	20,737	25,519
		Ruthenium	oz	33,971	41,736
		Iridium	oz	6,827	8,078
		Total PGMs	oz	274,476	329,144
		Nickel ⁹	MT	683	829
		Copper ⁹	MT	425	514
	Pandora	Platinum	oz	10,139	9,785
		Palladium	oz	4,716	4,598
		Gold	oz	31	38
		Rhodium	oz	1,662	1,703
		Ruthenium	oz	2,757	2,784
		Iridium	oz	561	530
		Total PGMs	oz	19,867	19,438
		Nickel ⁹	MT	36	19
		Copper ⁹	MT	10	9
	Concentrate purchases	Platinum	oz	1,105	1,595
		Palladium	oz	435	506
		Gold	oz	5	3
		Rhodium	oz	153	204
		Ruthenium	oz	259	283
		Iridium	oz	61	85
		Total PGMs	oz	2,018	2,676
		Nickel ⁹	MT	1	1
		Copper ⁹	MT	-	1
	Lonmin Platinum	Platinum	oz	154,491	181,814
		Palladium	oz	71,342	84,474
		Gold	oz	3,541	4,049
		Rhodium	oz	22,552	27,425
		Ruthenium	oz	36,986	44,803
		Iridium	oz	7,449	8,693
		Total PGMs	oz	296,361	351,258
		Nickel⁹	MT	720	849
Copper⁹		MT	435	523	

				3 months to 31 Mar 2016	3 months to 31 Mar 2015
Refined production	Lonmin refined metal production	Platinum	oz	175,833	122,094
		Palladium	oz	77,316	56,638
		Gold	oz	4,669	3,015
		Rhodium	oz	23,467	17,954
		Ruthenium	oz	42,973	28,400
		Iridium	oz	9,505	7,554
		Total PGMs	oz	333,762	235,655
	Toll refined metal production	Platinum	oz	1,611	385
		Palladium	oz	303	185
		Gold	oz	11	9
		Rhodium	oz	75	26
		Ruthenium	oz	343	57
		Iridium	oz	-	11
		Total PGMs	oz	2,343	673
	Total refined PGMs	Platinum	oz	177,444	122,480
		Palladium	oz	77,618	56,822
		Gold	oz	4,680	3,024
		Rhodium	oz	23,542	17,980
		Ruthenium	oz	43,316	28,456
Iridium		oz	9,505	7,565	
Total PGMs		oz	336,105	236,328	
Base metals	Nickel ¹⁰	MT	753	697	
	Copper ¹⁰	MT	463	394	
Sales	Refined metal sales	Platinum	oz	211,462	119,051
		Palladium	oz	100,412	56,411
		Gold	oz	5,930	1,850
		Rhodium	oz	25,966	14,075
		Ruthenium	oz	52,937	40,265
		Iridium	oz	12,086	8,670
		Total PGMs	oz	408,793	240,322
		Nickel ¹⁰	MT	709	669
		Copper ¹⁰	MT	672	382
		Chrome ¹⁰	MT	314,261	399,906

			3 months to 31 Mar 2016	3 months to 31 Mar 2015
Average prices	Platinum	\$/oz	918	1,156
	Palladium	\$/oz	529	781
	Gold	\$/oz	1,394	1,505
	Rhodium	\$/oz	654	1,163
	Ruthenium	\$/oz	35	52
	Iridium	\$/oz	507	560
	\$ basket excl. by-product revenue ¹¹	\$/oz	686	864
	\$ basket incl. by-product revenue ¹²	\$/oz	713	936
	R basket excl. by-product revenue ¹¹	R/oz	10,635	10,176
	R basket incl. by-product revenue ¹²	R/oz	11,035	11,007
	Nickel ¹⁰	\$/MT	6,425	11,739
	Copper ¹⁰	\$/MT	4,321	5,628
Chrome ¹⁰	\$/MT	11	18	
Unit costs	Cost of production per PGM ounce	R/oz	10,390	10,667
Exchange rates	Average rate for period ¹³	R/\$	15.81	11.74
	Closing rate	R/\$	14.71	12.13

Notes:

- 1 Reporting of shafts is in line with our operating strategy for Generation 1 and Generation 2 shafts.
- 2 Pandora underground tonnes mined represents 100% of the total tonnes mined on the Pandora joint venture of which 50% is attributable to Lonmin.
- 3 Ounces mined have been calculated at achieved concentrator recoveries and with Lonmin standard downstream processing recoveries to present produced saleable ounces.
- 4 Tonnes milled excludes slag milling.
- 5 Lonmin purchases 100% of the ore produced by the Pandora joint venture for onward processing which is included in downstream operating statistics.
- 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 have been calculated at Lonmin standard downstream processing recoveries to present produced saleable ounces.
- 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. Chrome is produced in the form of chromite concentrate and volumes shown are in the form of chromite.
- 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.