

REGULATORY RELEASE

1 August 2016

Third Quarter 2016 Production Report and Business Update

Lonmin Plc (“Lonmin” or “the Company”), one of the world’s largest primary platinum producers, today announces its production results for the quarter ended 30 June 2016 (unaudited) and a business update. Ben Magara, Chief Executive Officer, said: ‘Another good quarter in a challenging operating environment. Again I am pleased that we continue to focus and execute on our committed strategy.’

Third Quarter Highlights

- LTIFR improved by 4.5%. Sadly two colleagues were fatally injured. We declared and held a Tripartite Safety Day on 14 July, in conjunction with the Department of Mineral Resources (DMR) and The Association of Mineworkers and Construction Union (AMCU)
- Mined Platinum ounces up 3.3% to 166,581, notwithstanding the rationalisation of the workforce by 19% (compared to people as at 30 June 2015)
- Concentrator recoveries continue to be industry leading at 87%
- Produced 2.6 million tonnes from underground mining, broadly flat on Q3 2015
- Generation 2 shafts production up 8.7% to 2 million tonnes, and productivity up 6%
- Unit costs reduced by 2.2% year-on-year to R10,596 per PGM ounce (6E basis), in spite of RSA CPI of 6.3% and increased safety stoppages
- Average Rand full basket price (including base metals) up 9.2% on Q3 2015, at R11,864 per PGM ounce
- Refined production of 173,512 and sales of 162,725 Platinum ounces on track to achieve full-year guidance
- Net cash of \$91 million as at 30 June 2016, after working capital and capital expenditure investment of \$51 million. Total Liquidity at 30 June 2016 was \$451 million

				3 months to 30 Jun 2016	3 months to 30 Jun 2015
Tonnes mined¹		Generation 2	kt	2 043	1 881
		Generation 1	kt	526	698
		Generation 3	kt		18
		Total underground	kt	2 569	2 597
		Opencast	kt		63
	Lonmin (100%, incl Pandora)	Total tonnes mined	kt	2 569	2 659
		% tonnes mined from UG2 reef	%	74.6%	74.0%
	Lonmin (attributable)	Total tonnes mined	kt	2 508	2 604
Ounces mined³	Lonmin (incl Pandora)	Platinum	oz	166 581	161 204
		PGMs	oz	320 514	310 051
Tonnes milled⁴		Total	kt	2 514	2 811
		Head grade ⁶	g/t	4.68	4.40
		Recovery rate ⁷	%	87.0%	86.7%
Metals-in- concentrate⁸		Platinum	oz	164 647	172 672
		Total PGMs	oz	316 480	332 355
Sales refined metal		Platinum	oz	162 725	231 778
		Total PGMs	oz	315 091	437 160
Average prices	\$ basket incl. by-product revenue ¹²		\$/oz	796	907
	R basket incl. by-product revenue ¹²		ZAR/oz	11 864	10 861
Exchange rate	Average rate for period ¹³		ZAR/\$	14.99	12.08
Unit costs	Cost of production per PGM ounce		ZAR/oz	10 596	10 839

Third Quarter Production Overview

Safety

- The 12 month rolling LTIFR to 30 June improved by 4.5% to 4.87 per million man hours from 5.10 at 31 March.
- Regrettably, two colleagues were fatally injured in April and May, and after the period end there was another fatality at our E3 shaft in July.
- We have intensified our focus on a number of safety initiatives through visible felt leadership and direct employee engagement. This includes continued focus on Fatal Risk Control Protocols relating to Fall of Ground and Scraping & Rigging; mining industry occupational safety and health initiatives (MOSH); hands and finger injury prevention campaigns; cross-site safety audits; the roll out of people and vehicle detection systems; compliance audits on contractors and contractor management; and training through on-the-job team coaching and leadership coaching sessions.
- We also declared and held a Tripartite Safety Day on 14 July at Rowland and E3 shafts, incorporating our key stakeholders including the DMR and AMCU, in our continuing efforts to prioritise improving safety performance. Alongside the Company, the focus on safety was also reiterated to employees by Mr Joseph Mathunjwa, the President of AMCU, and Mr Monageng Mothiba, Principal Inspector of Mines for the Rustenburg region and our CEO.
- Our safety strategy is centred on the belief that zero harm is achievable and important contributions are required from all stakeholders to achieve it.

Mining Operations

The Marikana underground mining operations (including Pandora) produced 2.6 million tonnes during the third quarter, a decrease of 1.1% or 28,000 tonnes on the prior year period, reflecting the planned decrease in production from the Generation 1 shafts in line with our strategy to reduce high cost production in a low price environment. Mine production was also impacted by the Section 54 safety stoppages associated with the fatalities.

This production level was achieved in spite of the rationalisation of the workforce by 19% or 6,861 people as at 30 June 2015, comprising a reduction of 5,433 employees and contractors and the efficient reskilling and redeployment into vacant roles of 1,428 employees. The vacancies were predominantly as a result of a deliberate freeze on recruitment and losses due to natural attrition.

Generation 2 shafts

Production from our core Generation 2 shafts (K3, Rowland, Saffy and 4B/1B) was 2 million tonnes, an increase of 8.7% on Q3 2015 and accounted for 80% of total tonnes mined, emphasizing our continued focus on improving productivity at these shafts, which make up Lonmin's future.

- Saffy shaft produced 518,000 tonnes, an increase of 19.5% on Q3 2015 as this shaft is now running at full production.
- 4B/1B produced 427,000 tonnes, an increase of 16% on Q3 2015, despite the closure of 1B shaft in October 2015. (1B produced 52 000 tonnes in Q3 2015).
- K3 produced 661,000 tonnes, an increase of 9.4% on Q3 2015.
- Rowland shaft produced 437,000 tonnes, a decrease of 38,000 tonnes or 7.9% on Q3 2015. Production losses of 53,000 tonnes occurred mainly due to section 54 stoppages following the unfortunate fatality at this shaft.

Productivity at our Generation 2 shafts at 5.8 square metres per mining employee for Q3 YTD 2016 improved by 6% on Q3 YTD 2015. The increase in productivity is mainly due to labour rationalisation at these shafts, our Theory of Constraints (TOC) initiatives and a drive to reduce absenteeism.

Generation 1 shafts

In line with the Group's rationalisation of high cost areas, production from our Generation 1 shafts (Hossy, Newman, W1, E1, E2, E3 and Pandora (100%)) at 526,000 tonnes was 24.7% lower than Q3 2015. These shafts are managed as a coherent unit, which provides better flexibility to retain/close them, depending on their profit contribution to the Company.

Ore reserves

Operational flexibility was preserved with the immediately available ore reserve position of 3.9 million square metres at the end of Q3 2016, or 22 months average production.

Production Losses

A total of some 243,000 tonnes of production was lost in the quarter due to Section 54 safety stoppages compared to 260,000 tonnes in Q3 2015. This sustained level of lost production is disappointing. We believe safety is a proxy for good performance and the board and management have implemented the safety initiatives highlighted above most importantly to improve safety and to reduce production losses.

	Q3 2016	Q3 2015
	Tonnes	Tonnes
Section 54 safety stoppages	243,000	260,000
Management induced safety stoppages and other	68,000	41,000
Total tonnes lost	311,000	301,000

Process Operations

Milling production in the quarter of 2.5 million tonnes was in line with tonnes mined of 2.6 million tonnes, but 10.6% lower than the 2.8 million milled in Q3 2015, as a result of an ore stockpile that was milled in 2015. However, mined saleable ounces increased by 3.3% to 166,581 and the platinum production (Metal in Concentrate) was only 4.6% lower and the PGMs in concentrate were only 4.8% lower than Q3 2015 due to an improvement in underground grade.

Underground milled head grade at 4.69 grammes per tonnes (5PGE+Au) increased by 5.9% when compared to the 4.42 grammes per tonne achieved in Q3 2015 due to improved ore mix. The overall milled head grade was 4.68 grammes per tonne, up 6.4% on the prior year period due to the decrease in lower grade opencast ore.

Concentrator recoveries for the quarter continue to be excellent and industry leading at 87.0%.

Total refined Platinum production at 173,512 ounces was 28.1% lower than Q3 2015, but in line with the plan and the Q2 2016 refined Platinum production of 177,444 ounces. Total PGMs produced were 348,712 ounces, a decrease of 22.7% on Q3 2015. Total PGM production in Q3 2015 was the highest volume refined in a single quarter since Q4 2013, as a result of the release of built-up metal stock following the repairs and reopening of Number One furnace in March 2015 and reopening of Number Two furnace in January 2015.

Refined Platinum production benefited from the smelter clean-up project, which released 8,865 ounces during the quarter. The Other Precious Metals Plant, which was commissioned in H1 2016, significantly increased the production of Rhodium and Iridium due to improved recoveries and pipeline shortening. As a result, total refined Rhodium production at 35,120 ounces was higher than the saleable Rhodium-in-concentrate of 23,825 ounces and total refined Iridium production at 10,459 ounces was higher than the saleable Iridium-in-concentrate of 8,101 ounces.

Sales & Pricing

Platinum sales for the quarter at 162,725 ounces were slightly lower than refined production to accommodate customer delivery schedules. This was a decrease of 29.8% or 69,054 ounces compared with Q3 2015, when the refined production was extremely high due to the release of built-up stock following the smelter outages during 2015. PGM sales were 315,091 ounces, down 27.9% on the comparatively high Q3 2015 sales.

The US Dollar basket price (including base metal revenue) at \$796 per ounce during the quarter was down 12.2% on Q3 2015 while the corresponding Rand basket price (R11,864 per ounce) was 9.2% higher than the prior year period and 7.5% higher than Q2 2016 impacted by the Rand weakness. The average Rand to US Dollar exchange rate was 24.2% weaker at 14.99 compared to 12.08 in Q3 2015.

Unit costs

Unit costs for the quarter were contained to R10,596 per PGM ounce, a year on year decrease of 2.2%, demonstrating the success of the cost cutting programme outlined in our business plan, notwithstanding increased safety stoppages and despite the 8.2% year on year increase in labour costs and the RSA CPI of 6.3% for June 2016.

Wage negotiations update

We have entered into negotiations with AMCU for wage increases effective 1 July 2016. The negotiations have started well and have been constructive as we have been working closely with our employees and unions. Union membership remains stable with AMCU representing 80% and 90.7% of overall Company employees and category 4-9 employees respectively.

Bulk tailings treatment

We have secured third party funding for the Bulk Tailings Treatment project. All material agreements are being finalised and we have obtained consent from Lonmin's lending banks to proceed with this transaction. We are now finalising the remaining supporting documentation and expect to have access to the first tranche of project funding thereafter.

FTSE4Good index series

Lonmin is pleased to advise that it has been confirmed a constituent of the FTSE4Good Index Series following the review of our strong environmental, social and governance practices.

Kenya JV

Lonmin is pleased to announce that it has entered into an agreement with Acacia Mining plc to dispose of the 49% stake in West Kenya JV for a cash consideration of \$5 million. This is in line with our strategy of divesting non-core assets and maximising cash to focus on our core platinum operations.

Outlook and Guidance

The period we are reporting on has been marked by complex and competing themes as the operating environment has remained challenging. Whilst we are pleased with the implementation of our business plan, we have yet to fully harness the associated benefits and productivity gains. As the disruption created by the employee and contractor rationalisation process settles down we expect the mining teams to return to the long run target levels of production with the objective of improving cash generation.

Historically, the fourth quarter of our financial year which has the most uninterrupted working days, is our strongest, on the back of a smooth uninterrupted mining production run. We are, however, conscious of a number of events occurring during this year's fourth quarter, including local government elections, wage negotiations, and various holidays, which have the potential to interfere with production. We will monitor these events closely to reduce the impact on production and ultimately unit costs.

We remain focused on addressing the root causes of safety incidents as demonstrated by the Tripartite Safety Day we held on 14 July 2016 with our stakeholders and on reducing absenteeism.

In light of the above, we anticipate achieving unit costs in FY16 of between R10,400 and R10,700 per PGM ounce.

We expect to achieve our Platinum sales guidance of 700,000 ounces for the year.

Capital expenditure guidance remains unchanged at \$105 million, although this could be impacted by currency fluctuations.

- 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 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 30 Jun 2016	3 months to 30 Jun 2015	9 months to 30 Jun 2016	9 months to 30 Jun 2015
Tonnes mined¹	Generation 2	K3 Shaft	kt	661	604	1 979	1 940
		Rowland Shaft	kt	437	475	1 245	1 401
		Saffy Shaft	kt	518	433	1 507	1 264
		4B/1B Shaft	kt	427	368	1 196	1 190
		Generation 2	kt	2 043	1 881	5 927	5 795
	Generation 1	Hossy Shaft	kt	187	195	521	729
		Newman Shaft	kt	45	192	290	592
		W1 Shaft	kt	41	45	129	134
		East 1 Shaft	kt	39	37	109	111
		East 2 Shaft	kt	73	99	227	293
		East 3 Shaft	kt	20	19	43	51
		Pandora (100%) ²	kt	123	110	387	420
	Generation 1	kt	526	698	1 705	2 330	
Generation 3	K4 Shaft	kt		18	0	41	
	Total underground	kt	2 569	2 597	7 632	8 166	
	Opencast	kt		63	10	171	
Lonmin (100%)	Total tonnes mined (100%)	kt	2 569	2 659	7 642	8 336	
	% tonnes mined from UG2 reef	%	74.6%	74.0%	75.7%	75.5%	
Lonmin (attributable)	Underground & Opencast	kt	2 508	2 604	7 448	8 117	
Ounces mined³	Lonmin excluding Pandora	Platinum	oz	157 984	154 040	461 351	492 585
	Pandora (100%)	Platinum	oz	8 597	7 164	26 657	28 279
	Lonmin	Platinum	oz	166 581	161 204	488 008	520 864
	Lonmin excluding Pandora	PGMs	oz	303 620	295 889	885 706	944 707
	Pandora (100%)	PGMs	oz	16 893	14 162	52 318	55 774
Lonmin	PGMs	oz	320 514	310 051	938 024	1 000 481	
Tonnes milled⁴	Marikana	Underground	kt	2 382	2 642	7 107	8 127
		Opencast	kt	9	59	60	266
		Total	kt	2 391	2 701	7 166	8 393
	Pandora ⁵	Underground	kt	123	110	387	438
	Lonmin Platinum	Underground	kt	2 505	2 752	7 494	8 565
		Head grade ⁶	g/t	4.69	4.42	4.61	4.52
		Recovery rate ⁷	%	87.0%	86.7%	86.9%	86.9%
		Opencast	kt	9	59	60	266
		Head grade ⁶	g/t	3.04	3.12	2.81	3.08
		Recovery rate ⁷	%	83.8%	85.0%	83.9%	85.2%
Total		kt	2 514	2 811	7 554	8 831	
Head grade ⁶	g/t	4.68	4.40	4.59	4.48		
Recovery rate ⁷	%	87.0%	86.7%	86.8%	86.9%		

				3 months to 30 Jun 2016	3 months to 30 Jun 2015	9 months to 30 Jun 2016	9 months to 30 Jun 2015
Metals-in-concentrate⁸	Marikana	Platinum	oz	155 010	163 840	456 130	520 366
		Palladium	oz	72 516	76 956	212 642	241 143
		Gold	oz	3 730	3 818	10 953	12 232
		Rhodium	oz	22 302	23 729	65 952	76 595
		Ruthenium	oz	36 840	39 266	107 831	124 656
		Iridium	oz	7 572	7 800	21 556	24 327
		Total PGMs	oz	297 970	315 410	875 063	999 319
		Nickel ⁹	MT	775	829	2 280	2 618
		Copper ⁹	MT	477	515	1 403	1 620
	Pandora	Platinum	oz	8 597	7 164	26 657	29 375
		Palladium	oz	4 058	3 373	12 478	13 671
		Gold	oz	27	20	79	101
		Rhodium	oz	1 416	1 192	4 407	5 010
		Ruthenium	oz	2 315	2 024	7 235	8 212
		Iridium	oz	481	389	1 462	1 563
		Total PGMs	oz	16 893	14 162	52 318	57 932
		Nickel ⁹	MT	21	16	79	63
		Copper ⁹	MT	8	7	26	28
	Concentrate purchases	Platinum	oz	1 039	1 667	3 304	4 916
		Palladium	oz	272	496	1 083	1 493
		Gold	oz	3	4	12	15
		Rhodium	oz	106	228	407	642
		Ruthenium	oz	147	294	620	839
		Iridium	oz	48	92	169	261
		Total PGMs	oz	1 616	2 783	5 596	8 166
		Nickel ⁹	MT	0	1	2	2
		Copper ⁹	MT	0	1	1	2
	Lonmin Platinum	Platinum	oz	164 647	172 672	486 091	554 657
		Palladium	oz	76 846	80 825	226 204	256 307
		Gold	oz	3 760	3 843	11 044	12 348
		Rhodium	oz	23 825	25 149	70 766	82 248
		Ruthenium	oz	39 301	41 584	115 686	133 707
		Iridium	oz	8 101	8 282	23 186	26 151
Total PGMs		oz	316 480	332 355	932 977	1 065 417	
Nickel ⁹		MT	796	846	2 360	2 684	
Copper ⁹		MT	485	523	1 430	1 650	

				3 months to 30 Jun 2016	3 months to 30 Jun 2015	9 months to 30 Jun 2016	9 months to 30 Jun 2015
Refined production	Lonmin refined metal production	Platinum	oz	173 302	241 170	520 065	502 977
		Palladium	oz	82 590	111 938	237 687	232 018
		Gold	oz	4 585	5 628	14 113	12 298
		Rhodium	oz	35 085	25 317	88 855	62 216
		Ruthenium	oz	42 268	61 388	120 691	122 310
		Iridium	oz	10 404	5 300	30 844	17 203
		Total PGMs	oz	348 233	450 742	1 012 255	949 021
	Toll refined metal production	Platinum	oz	210		2 331	496
		Palladium	oz	100		599	186
		Gold	oz	4		24	9
		Rhodium	oz	35	35	170	61
		Ruthenium	oz	75	79	640	2 024
		Iridium	oz	55	30	91	543
	Total PGMs	oz	479	144	3 856	3 320	
	Total refined PGMs	Platinum	oz	173 512	241 170	522 396	503 473
Palladium		oz	82 690	111 938	238 286	232 204	
Gold		oz	4 589	5 628	14 137	12 307	
Rhodium		oz	35 120	25 353	89 025	62 277	
Ruthenium		oz	42 343	61 467	121 331	124 334	
Iridium		oz	10 459	5 330	30 935	17 746	
Total PGMs	oz	348 712	450 885	1 016 110	952 341		
Base metals	Nickel ¹⁰	MT	930	1 200	2 673	2 557	
	Copper ¹⁰	MT	519	710	1 531	1 495	
Sales	Refined metal sales	Platinum	oz	162 725	231 778	524 607	497 719
		Palladium	oz	77 134	108 745	239 879	232 993
		Gold	oz	4 200	4 560	14 845	11 610
		Rhodium	oz	28 122	26 369	89 283	57 558
		Ruthenium	oz	31 511	61 207	113 605	134 807
		Iridium	oz	11 400	4 500	32 142	17 220
		Total PGMs	oz	315 091	437 160	1 014 360	951 907
		Nickel ¹⁰	MT	744	775	2 525	2 276
		Copper ¹⁰	MT	563	402	1 641	1 186
		Chrome ¹⁰	MT	277 489	350 839	1 030 468	1 118 252
Average prices	Platinum		\$/oz	1 005	1 114	936	1 153
	Palladium		\$/oz	565	756	556	771
	Gold		\$/oz	1 510	1 468	1 404	1 494
	Rhodium		\$/oz	673	1 036	684	1 116
	\$ basket excl. by-product revenue ¹¹		\$/oz	760	869	716	894
	\$ basket incl. by-product revenue ¹²		\$/oz	796	907	755	950
	R basket excl. by-product revenue ¹¹		R/oz	11 321	10 408	10 682	10 430
	R basket incl. by-product revenue ¹²		R/oz	11 864	10 861	11 242	11 079
	Nickel ¹⁰		\$/MT	7 215	11 071	7 026	11 857
Copper ¹⁰		\$/MT	4 637	6 049	4 524	6 072	
Exchange rates	Average rate for period ¹³		ZAR/\$	14.99	12.08	15.00	11.68
	Closing rate		ZAR/\$	14.72	12.16	14.72	12.16
Unit costs	Cost of production per PGM ounce		ZAR/oz	10 596	10 839	10 643	10 546

Notes:

- 1 Reporting of shafts are 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 42.5% for October and November 2014 and 50% thereafter 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 exclude 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.