

REGULATORY RELEASE**11 November 2016****Lonmin acquires a further 42.5% stake in Pandora**

Lonmin Plc (“Lonmin”) is pleased to announce that, on 10 November 2016, it entered into a conditional Sale and Purchase Agreement to acquire Anglo American Platinum’s (“AAP”) 42.5% of the Pandora Joint Venture (“Pandora JV”) for a deferred cash payment of 20% of the distributable free cash flows generated by the Pandora E3 operations on an annual basis for a period of six years, subject to a minimum deferred consideration of R400 million (in nominal terms) in total (the “Transaction”). The Company's current expectation is that the aggregate consideration payable to AAP will be R400 million (nominal terms). The Transaction will increase the Company’s ownership interest in the Pandora JV to 92.5%. The Company has also entered into a 36 months’ rental agreement with AAP for the Baobab concentrator in Limpopo, conditional upon the Transaction completing, whereby AAP will pay Lonmin a rental fee of at least R46 million per year.

The Pandora JV is currently held 50% by Lonmin's subsidiary, Eastern Platinum Limited (“EPL”), 42.5% by AAP through Rustenburg Platinum Limited and 7.5% by Northam Limited through Mvelaphanda Resources Proprietary Limited.

Rationale for the Transaction

The acquisition of AAP’s 42.5% stake in the Pandora JV allows Lonmin to consolidate its position in this relatively shallow and high-grade mineral resource providing an attractive option for development by EPL in both the short and longer term. The Pandora JV area, which is contiguous with our existing EPL operations, relies on Lonmin’s mining and processing infrastructure and is already operated by EPL. The Pandora JV contributed 37,553 Platinum ounces (74,019 platinum group metal (“PGM”) ounces) to Lonmin in the 2015 financial year.

Consideration payable to AAP

In consideration for the sale of its 42.5% interest in the Pandora JV to Lonmin, AAP will receive cash payments calculated at 20% of the distributable free cash flows generated by the Pandora E3 operations on an annual basis for a period of six years commencing on completion of the Transaction, subject to a minimum total deferred consideration of R400m (in nominal terms) and a maximum total consideration of R1 billion (in nominal terms). This deferred consideration is based on the Pandora JV cash flows on a mine-to-ore basis as set out in the ore sales agreement between Pandora JV and Lonmin. AAP will also receive 20% of any proceeds of any Pandora JV resources that are disposed of within that six year period.

Description of the business of Pandora JV

The Pandora JV mines PGMs from the UG2 and Merensky reefs underlying the JV mining area. 100% of the ore produced by the Pandora JV is sold to Lonmin for processing and refining. The value of the Pandora JV

gross assets were R1.1 billion as at 30 September 2015. Pandora JV made an operating loss of R157 million in financial year 2015 which 50% was reflected in Lonmin's 2015 accounts.

Use of Baobab concentrator

AAP will be granted continued access to, and full operational control of the Baobab concentrator for a further period of three years from the date of completion of the Transaction. AAP will pay Lonmin, with immediate effect, an annual rental fee of approximately R46 million.

Conditions precedent and effective date

The Transaction remains subject to certain conditions precedent including approval by the competition authorities of the Republic of South Africa; and all necessary consents being obtained from the Department of Mineral Resources of South Africa, including Section 11 approval for the transfer of the mining rights. The Transaction is also subject to approval by Lonmin's lending banks and remaining Pandora JV partner, Northam Limited. The Transaction is expected to become unconditional during 2017 following the fulfilment of all conditions precedent.

Commenting on the Transaction, Ben Magara, Lonmin's Chief Executive Officer said: "We are pleased to announce the acquisition of Anglo American Platinum's stake in the Pandora JV. This is an excellent strategic fit for Lonmin, which increases our exposure to a valuable asset with long-term development potential."

END

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>