

LEI: 213800FGJZ2WAC6Y2L94

REGULATORY RELEASE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

15 May 2017

Lonmin acquires the remaining 7.5% stake in Pandora

Lonmin Plc (“Lonmin” or “the Company”) is pleased to announce that, on 13 May 2017, it entered into a conditional Sale and Purchase Agreement to acquire Mvelaphanda Resources Proprietary Limited’s (“Mvelaphanda”) 7.5% equity interest in the Pandora Joint Venture (“Pandora JV”) for a cash payment of R45.565 million (the “Transaction”). Mvelaphanda is a wholly owned subsidiary of Northam Platinum Limited (“Northam”). In addition to the cash payment, Lonmin will refund the value of any cash calls paid by Mvelaphanda to the Pandora JV during the period from 1 January 2017 and completion of the Transaction (the “Cash Calls”). The Company’s current expectation is that the aggregate Cash Calls payable to Mvelaphanda will be between approximately R6 million and R8 million depending on the timing for completion of the Transaction, subject to a maximum cap¹. As announced on 11 November 2016, Lonmin has also agreed to acquire Anglo American Platinum’s (“AAP”) 42.5% equity interest in the Pandora JV and is currently in the process of obtaining regulatory approvals for this acquisition which we anticipate to complete during 2017. Completion of the two transactions will result in Lonmin increasing its ownership in the Pandora JV to 100%.

As at the date of this announcement, 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 through Mvelaphanda.

Rationale for the Transaction

The acquisition of Mvelaphanda’s 7.5% 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 32,509 Platinum ounces (63,857 Platinum Group Metal (“PGM”) ounces) to Lonmin in the 2016 financial year.

Lonmin will be able to access a portion of the Pandora mining right from our adjacent Saffy shaft. This access will allow us to defer R1.6 billion² of capital expenditure at the Saffy shaft over the period from 2018 – 2020 while maintaining full production at that shaft, as well as a further R1 billion of capital expenditure deferral thereafter. In the longer term, Lonmin will also have the option to optimally develop this shallow, high-grade resource as and when supported by market conditions.

¹ The maximum amount of Cash Calls and any Interest Payments, in the event that the Transaction takes more than 12 months to complete, payable to Mvelaphanda is capped at R50 million in order to ensure that the transaction would not be treated as a class 1 transaction under LR10 Annex 1 5(R)(3).

² In 2017 real terms.

Consideration payable to Mvelaphanda

In consideration for the sale of its 7.5% equity interest in the Pandora JV to Lonmin, Mvelaphanda will receive a cash payment of R45.565 million on completion of the Transaction. In addition, the value of any Cash Calls Mvelaphanda has had to contribute to the Pandora JV in the period between 1 January 2017 and completion of the Transaction will be reimbursed to Mvelaphanda. The Company's current expectation is that the aggregate Cash Calls payable to Mvelaphanda will be between approximately R6 million and R8 million depending on the timing for completion of the Transaction, subject to a maximum cap¹.

In the event that the Transaction takes more than 12 months to complete, the purchase consideration (including any Cash Calls to be reimbursed) will escalate by the prevailing prime overdraft interest rate thereafter (together, such amounts being the "Interest Payments"), subject to a maximum cap¹.

Description of the business of the Pandora JV

The Pandora JV mines PGMs from the UG2 and Merensky reefs underlying the Pandora JV mining area. 100% of the ore produced by the Pandora JV is sold to Lonmin for processing and refining. The gross assets of the Pandora JV were R1.1 billion as at 30 September 2016. Pandora JV made an operating loss of R109 million in financial year 2016, of which 50% was reflected in Lonmin's 2016 accounts. Lonmin received a contribution of R117 million in FY2016 from the ore purchase agreement, which offset the JV loss.

Conditions precedent and effective date

The Transaction remains subject to certain conditions precedent including 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. Completion of the Transaction is expected to occur 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 Mvelaphanda's stake in the Pandora JV. Together with the acquisition of AAP's 42.5%, this will result in Lonmin ultimately owning 100% of the Pandora JV. This is an excellent strategic fit for Lonmin, which increases our exposure to a valuable asset with long-term development potential and allows us to maintain production levels at Saffy while significantly reducing our capital expenditure requirements at this operation over the short- and medium-term."

ENQUIRIES

Investors / Analysts:

Tanya Chikanza (Head of Investor Relations)	+27 11 218 8358 / +44 203 908 1073
Andrew Mari (Investor Relations Manager)	+27 11 218 8420

Media:

Wendy Tlou	+27 11 218 8300 / +27 83 358 0049
------------	-----------------------------------

Cardew Group

Anthony Cardew / Emma Crawshaw	+44 207 930 0777
--------------------------------	------------------

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>

- ENDS -