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REGULATORY RELEASE

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2017 Interim Results

Lonmin Plc ("Lonmin" or "the Company") today publishes its Interim Results for the period ended 31 March 2017. Lonmin has published today its Q2 Production Report in a separate announcement. Lonmin also announces today conditional acquisition of the remaining 7.5% of the Pandora JV to take its equity to 100%.

KEY FEATURES

- Total tonnes mined in the half year down 7.6% (387,000 tonnes) on comparative period due to the planned removal of high cost Generation 1 production (down 258,000 tonnes) and the poor mining production from K3, our biggest shaft, in the first four months (down 145,000 tonnes).
- Decisive action taken to deliver mining improvement including senior management changes has resulted in the best March production for four years. A flatter management structure with the General Managers now reporting directly to the Chief Executive Officer; and by leveraging our relationship with the union to address the management/union impasse at K3 has resulted in a step change in production at all shafts. Whilst we are pleased with the improved overall mining performance, there is still much to do.
- Improving production underpins maintenance of full year sales guidance of 650,000 to 680,000 Platinum ounces.
- Unit costs in March were R9,695 per PGM ounce, on the back of improved mining production. Unit costs guidance for the full year is being revised to between R11,300 and R11,800 per PGM ounce from the original guidance of between R10,800 and R11,300, due the weak mining performance to 31 January 2017.
- Net cash at 31 March improved to $75 million (from $49 million at 31 December 2016), typical of the seasonality of the business, and compared to $114 million at 31 March 2016. Total liquidity was $447 million.
- Revenue of $486 million, down 6% compared to prior year revenue of $515 million as a result of lower production offset by an 8% increase in revenue per ounce.
- Operating loss of $181 million and $35 million excluding the impairment charge compared to $15 million operating loss. The comparative period did not have an impairment charge.
- The impairment of $146 million has reduced headroom on the Tangible Net Worth lending covenant to $334 million. Any future adverse movements in key assumptions could result in further impairment that could impact this covenant.

Commenting on the results Lonmin CEO Ben Magara said: "The whole Lonmin team working in partnership reversed the weak mining performance seen in the first four months of our financial year. That improvement continues to be essential for the sustainability of the business in the prevailing low pricing environment. We are pleased to maintain our full year sales guidance at between 650,000 and 680,000 Platinum ounces. Although unit cost guidance has increased we remain determined to be at least cash neutral in the current environment. While the improvement in mining performance since March is pleasing, I am not yet satisfied that we have delivered all that I know we can, and all of us at Lonmin recognise that this improvement needs to be sustained. We are operating in a volatile and challenging environment, but we have the

right team in place to manage these challenges. Further, to enable maximum focus on production, and in line with our hands-on approach, we are moving Lonmin's South African headquarters from Johannesburg to our operations in Marikana."

Operational Results

- LTIFR improved by 1.8% to 4.88 at 31 March 2017 from 4.97 at 30 September 2016 on a 12 month rolling basis. Regrettably however, three of our colleagues were fatally injured: Mr Giji Mxesibe; Mr Joao Fernando Macamo; and Mr Letlhohonolo Rakotsoane. We extend our deepest condolences to their families and friends.
- In H1 2017 Generation 2 shafts produced 3.7 million tonnes (down 4% from 3.9 million in H1 2016), principally attributable to the poor mining performance in the first four months of the period at K3. Production at Rowland and Saffy increased year on year and decreased at 4B due to worse than planned geological conditions. Saffy shaft produced 213,000 tonnes in March 2017, an all-time record for the life of the shaft. K3 produced 276,000 tonnes in March 2017, the highest monthly mining production for the last 29 months, on the back of addressing the management/union impasse and change in management, compared to 126,000 tonnes in January 2016. Management changes and turnaround plans introduced at E3 shaft are showing progress as there was a quarter on quarter improvement of 25%.
- Overall H1 unit costs of R12,059 per PGM ounce were higher, driven by the weak mining performance at K3 for the first four months, which now has been addressed. Lonmin delivered 978,000 tonnes in March, the highest March production since 2012 and the highest monthly mining production for the last 18 months. The unit cost for March at R9,695 per PGM ounce, highlight the importance and impact of good production.
- Tonnes lost due to Section 54 safety stoppages were 194,000 tonnes, an improvement of 17% against the comparative period and tonnes lost due to management induced safety stoppages increased to 130,000 tonnes, resulting in total tonnes lost due to safety stoppages increasing to 324,000 tonnes, from 241,000 tonnes in the comparative period, reflecting our non-negotiable approach to safety.
- Immediately Available Ore Reserves are 20.6 months average production, continuing to provide operational flexibility. Critical development areas were not compromised during the period, and development crews deployed to stoping areas earlier in the year have begun reverting to their own work areas and will be fully returned by the end of the financial year.
- Refined Platinum production of 301,261 ounces benefited from 10,295 ounces from the ongoing smelter clean-up contribution, but was overall down 13.7% on the comparative prior year period, reflecting the weak mining performance to 31 January 2017.
- Platinum sales of 306,996 ounces were down 15.2% on the prior year period, reflecting the lower production. Processing facilities have operated reliably and efficiently.

Financial Results

- $98 million of cash consumed for the half-year compared to $74 million during the comparative period, in line with the normal business cycle.
- Quarter 2 cash positive by $26 million with $75 million of net cash and total liquidity of $447 million at 31 March 2017 (Q2 2016 cash positive by $46 million with $114 million of net cash and total liquidity of $474 million at 31 March 2016).
- Revenue of $486 million, down 6% compared to prior year revenue of $515 million as a result of lower production offset by an 8% increase in revenue per ounce.
- Operating loss of $181 million and $35 million excluding the impairment charge compared to $15 million operating loss. The comparative period did not have an impairment charge.
- Spend remained well controlled with cost reductions of R1.7 billion over the last 18 months compared to a two year target of R1.8 billion, however, unit cost under pressure and guided upwards.
- Capital expenditure discipline continues and full-year guidance revised downward by R300 million – R400 million as guided below, as well as progressing Pandora acquisition to realise longer-term reductions as described later in this report.
- Further impairment of $146 million resulting in the headroom against the tangible net worth covenant in lending agreements reducing to $334 million.

- Adverse changes in assumptions could impact on compliance with lending covenants and our disclosure in the accounts draws attention to this.

Outlook and Guidance:

- Sales guidance of 650,000 to 680,000 Platinum ounces for the full financial year maintained on the back of improved mining production and smelter clean-up project.
- We are revising our unit costs guidance for the year from between R10,800 and R11,300 to between R11,300 to R11,800 per PGM ounce to reflect the weak production in the first four months of the year.
- We continue to aim to fund sustaining capital expenditure from operating activities and third party funding. Consequently we are reducing our full year guidance from R1.8 billion to a range of R1.4 billion to R1.5 billion, which includes around R400 million for the third party funded Bulk Tailings Treatment project, whilst minimising near term impact to production.

FINANCIAL HIGHLIGHTS

	6 months to 31 March 2017	6 months to 31 March 2016
Revenue	**$486m**	$515m
EBITDA [i]	**$nil**	$36m
Operating loss [ii]	**$(181)m**	$(15)m
Operating loss [Ii] excluding impairment	**$(35)m**	$(15)m
Loss before taxation	**$(199)m**	$(21)m
Loss per share [vi]	**(64.4)c**	(1.8)c
Trading cash inflow/(outflow) per share [iii, vi]	**(16.9)c**	(24.9)c
Unit cost of production per PGM ounce	**R12,059/oz**	R10,668/oz
Capital expenditure	**$45m**	$27m
Free cash outflow per share [iv, vi]	**(32.9)c**	(37.3)c
Net cash/(debt) as defined by the Group [v]	**$75m**	$114m
Liquidity as defined by the Group [vii]	**$447m**	$474m

Footnotes:

The Group measures performance using a number of non-GAAP measures which better allow for understanding of the financial performance and position of the Group.

i EBITDA / (LBITDA) is operating profit / (loss) before depreciation, amortization and impairment of goodwill, intangibles and property, plant and equipment.

ii Operating profit / loss is defined as revenue less operating expenses, profit on disposal of joint venture, finance income and expenses and before share of (loss) / profit of equity accounted investment.

iii Trading cash flow is defined as cash flow from operating activities.

iv Free cash flow is defined as trading cash flow less capital expenditure on property, plant and equipment and intangibles, proceeds from disposal of assets held for sale and dividends paid to non-controlling interests.

v Net cash/(debt) as defined by the Group comprises cash and cash equivalents, bank overdrafts repayable on demand and interest bearing loans and borrowings less unamortised bank fees, unless the unamortised bank fees relate to undrawn facilities in which case they are treated as other receivables.

vi The number of shares held prior to 12 December 2015 has been adjusted by a factor of 0.08 to reflect the bonus element of the Rights Issue.

vii Liquidity as defined by the Group comprises gross cash and cash equivalents and undrawn debt facilities.

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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 nearly 80% 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. Lonmin's mining operations extract ore from which the Process Operations produces refined PGMs for delivery to customers. 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

CHIEF EXECUTIVE OFFICER'S REVIEW

1. Introduction

After a challenging first four months of the financial year to 31 January 2017, I am pleased to report an improvement in mining performance since February. As a result the business was able to return to our goal of being cash neutral after capital expenditure in the second quarter of the year, in line with our strategic objective to be able to deal successfully with the continued low pricing PGM environment.

The duration and spread of Section 54 safety stoppages continued to decrease during the period, however, the weak mining performance seen in the first quarter and through January 2017 adversely affected unit costs for the first half, which was at a non cash-generative level of R12,059 per PGM ounce, 13% higher than the prior year period. They also impacted the Processing Division's performance, with refined Platinum production down 13.7% on the prior year period. Platinum sales were down 15.2% on the first half of 2016 to 306,996 ounces. This reduction in output is partly due to planned reduction of high cost production from Generation 1 shafts.

The improving trend in our mining performance in the latter half of the second quarter is encouraging, with the month of March delivering 978,000 tonnes, the highest monthly mining production for the last 18 months and the highest March production since 2012. This performance was achieved despite the continuing planned closure of our high cost Generation 1 shafts. Importantly, this strong performance had a positive effect on unit costs for the month of March, which were down at R9,695 per PGM ounce, demonstrating the importance and impact good mining performance has on unit costs. While I am pleased with the strong mining performance as sustained through April notwithstanding Easter break, I am not yet satisfied that we have delivered what I know we can and all of us at Lonmin recognise that the performance since March needs to be sustained to ensure our future. The recent unrest in our local communities illustrates the complex and challenging environment in which we operate as it has impacted the employees who work in our Eastern Limb shafts.

2. Safety

Regrettably three of our colleagues were fatally injured during the period: Mr Giji Mxesibe, a Rock Drill Operator at K3 shaft on 17 February; Mr Joao Fernando Macamo, a Production Team Leader from E1 shaft on 10 November 2016; and Mr Letlhohonolo Rakotsoane, a supervisor working at Newman Shaft on 15 March 2017. I also regret to report that since the period end, on Thursday 11 May 2017 Mr Simon Sibitane, a locomotive operator, was fatally injured at our 4B shaft. We extend our deepest condolences to all their families and friends.

LTIFR improved by 1.8% to 4.88 at 31 March 2017 from 4.97 at 30 September 2016 on a 12 month rolling basis. Year on year, we are equally pleased that the LTIFR has improved by 4%. Our Total Injury Frequency Rate improved 14% to 11.92, from 13.88 at 31 March 2016. The Total Injury Frequency Rate is a lead indicator of our safety improvement initiatives, which has resulted in a reduction in of Section 54 safety stoppages.

There was an increase in the number of management induced safety stoppages over the period, which illustrates our non-negotiable stance on safety. Safety is essential for good performance and remains our priority. We remain determined to better our overall safety performance and we continue to enhance our safety improvements.

In that regard, we are pleased that the downward trend in the duration of Section 54 safety stoppages seen in the fourth quarter of 2016 has continued into the first six months of 2017, notwithstanding the increase in the second quarter from the fatalities at K3 and Newman. We believe this is a reflection of our improving safety performance and our work to better engage with the Department of Mineral Resources (DMR), developing an improved understanding and working relationship with the inspectorate and with The Association of Mineworkers and Construction Union (AMCU). This has also resulted in more localised application of the stoppages, as evidenced, at our K3 shaft in February.

We remain committed to achieving zero harm.

3. Production Performance

Mining Operations

Total tonnes mined of 4.7 million during the period, represents a 7.6% or 387,000 tonne decrease on H1 2016. This decline is the result of the removal of high cost Generation 1 production (258,000 tonnes), in line with our Business Plan strategy to remove high cost ounces, and due to the weak mining performance experienced at K3 (145,000 tonnes). K3 production suffered from a breakdown in the relationship between management and the employees at K3, in the first fourth months to 31 January 2017.

As a result of the poor Q1 2017 performance, which continued into January 2017, a number of turnaround initiatives were implemented to address mining production and the relationship with employees at K3. Significant progress was made in this area, which consequently resulted in production increasing to 794,000 tonnes in February 2017, up from the 584,000 tonnes in January. March production was 978,000 tonnes, the highest monthly mining production for the last 18 months and the highest March production since 2012. This was achieved despite the planned reduction in high cost Generation 1 production and the reduced workforce, following the rationalisation programme in 2015/6. The main initiatives driving the improved mining performance have been:

- Step change in approach and management routines at all shafts and a flatter structure, with the General Managers at the Generation 2 shafts now reporting directly to the Chief Executive Officer, which has provided the General Managers at the shafts with more clearly defined responsibilities and accountability.
- Leveraging our union relationship to resolve management/union impasse at K3, and the management change which included:
    - Meetings with unions, including the mass meeting on 6 February 2017;
    - Reinforced communication of the need to increase throughput, cut costs and acceptance of this at all levels; and
    - Underground visits to all the shafts by Coalition of Management, AMCU leadership and inspectors from the DMR North West office.

Generation 2 shafts

Tonnes mined from our Generation 2 shafts were 3.7 million tonnes, a decrease of 4.0% on the comparative period as a result of the weak mining performance at our main operation, K3 shaft, for the first four months to 31 January 2017.

- K3, our biggest shaft, produced 1,173,000 tonnes in H1 2017, a decrease of 11.0% or 145,000 tonnes on the comparative prior year period. The strained relationship between operational management, employees and union which we highlighted in our Quarter 1 Production Report resulted in an impasse between operational management and the union and as a result impacted production at this shaft for four months to 31 January 2017. The impasse has since been addressed as explained above and the shaft produced 276,000 tonnes in March 2017, the highest monthly mining production for the last 29 months, compared to 126,000 tonnes in January 2017.
- Saffy shaft produced 991,000 tonnes in H1 2017, broadly in line with the comparative prior year period, demonstrating that the shaft is maintaining its steady state performance. This shaft has performed well and is now operating at full production and achieved an all-time record of 213,000 tonnes in March.
- Rowland shaft produced 876,000 tonnes in H1 2017, an increase of 8.5% or 69,000 on the prior year, as this shaft is yielding the production benefits from improved safety performance and steadfast management.
- 4B produced 682,000 tonnes in H1 2017, a decrease of 10.7% or 82,000 as a result of worse than anticipated geological conditions.

Generation 1 shafts

We remain on track with the closure of our high cost Generation 1 shafts, as seen from lower platinum prices. As such, tonnes mined from our Generation 1 shafts (Hossy, Newman, W1, E1, E2, E3 and Pandora (100%)) for the half year were 900,000 tonnes, down 21.8% on H1 2016. Most of these shafts are staffed by contractors, which provides better flexibility to retain or close them.

Newman shaft
A thorough technical assessment was conducted at the Newman shaft following the recent fatality. As a result, the shaft, is currently on under review whilst on care and maintenance.

Hossy shaft
Production at Hossy shaft was flat at 330,000 tonnes. Hossy shaft remains on track for placement on care and maintenance for the end of the year.

Pandora JV/E3 shaft
Management changes and recovery plans introduced at E3 shaft are showing progress with a quarter on quarter production improvement of 25% having been achieved during the period.

Ore Reserve Development
We closely monitor our Immediately Available Ore Reserve position, in order to protect our operational flexibility. As at 31 March 2017, the ore reserve position of the Marikana mining operations was 3.5 million square meters (September 2016: 3.8 million square meters), which represents an average of 20.6 months production (September 2016: 22.4 months), well above the industry benchmark of around 15 months.

As part of our drive to increase mining production, following the Q1 2017 Production Report, some non-critical development crews were moved to provide additional stoping and vamping crews in our core Generation 2 shafts. However, following the stoppage of Newman, contractor crews from this shaft are also being moved to stoping and vamping in the Generation 2 shafts, which is allowing some of the developments crews to move back to development. The development crews are expected to be back to development by the end of the year.

Summary of Immediately Available Ore Reserves (square meters millions)

	31 Mar 2017	30 Sep 2016
	m^2 million	m^2 million
Generation 2	2.6	2.9
Generation 1	0.7	0.7
Generation 3 (K4 shaft on care and maintenance)	0.2	0.2
Total	**3.5**	**3.8**

Production Losses
We have been encouraged that tonnes lost due to Section 54 safety stoppages at 194,000 tonnes for the first half of the year were lower than the prior year period of 234,000 tonnes, an improvement of 17%. While the duration of Section 54 safety stoppages continued to decrease, as experienced during the first quarter of FY2017, and the fourth quarter of 2016, the K3 and Newman fatalities resulted in an increase in tonnes lost to Section 54 safety stoppages in the second quarter.

There was an increase in Management Induced Safety Stoppages (MISS). Production lost due to MISS for the half year increased to 130,000 tonnes from 7,000 tonnes in the prior year period, reflecting our non-negotiable stance on safety. Safety is essential for good performance and remains our priority. We remain determined to better our overall safety performance and we continue to enhance our safety initiatives.

Most of these stoppages were at our K3 shaft where 133,000 tonnes were lost to Section 54 safety stoppages and 96,000 tonnes were lost to MISS.

	H1 2017	H1 2016
	Tonnes	Tonnes
Section 54 Safety Stoppages	194,000	234,000
Management Induced Safety Stoppages	130,000	7,000
Total tonnes lost	**324,000**	**241,000**

Process Operations

Total tonnes milled in the period under review was 4.6 million tonnes, down 9% or 0.5 million tonnes, on H1 2016.

Underground milled head grade was 4.56 grammes per tonne, broadly in line with H1 2016. Concentrator recoveries for the half year remained excellent at 86.6%. Total Platinum-in-concentrate was 290,966 saleable ounces, 9.5% lower than H1 2016, reflecting the weak mining performance in the first four months of the year and closure of high cost production.

Total refined Platinum production for H1 2017 at 301,261 ounces was 13.7% or 47,624 ounces lower than H1 2016 for the same reasons. Refined Platinum production benefited from the smelter clean-up project, which released a further 10,295 Platinum ounces during the second quarter. Platinum and PGM sales for the six months period were 306,996 ounces, 15% lower than prior year period. PGM sales of 609,858 ounces were achieved, with a disproportionately higher proportion of Ruthenium in the mix of metal which arose as a result of stock releases during Quarter 1 and Quarter 2 following the stock build from the prior year which arose as a result of changes to the OPM refining process.

Our processing facilities operated reliably during the period. Number Two furnace will however be on a planned shut down for a Tap-hole Mickey Block overhaul in May. Overall output is not expected to be affected owing to capacity at other furnaces.

We continue with various initiatives to fill the pipeline and utilise the excess capacity within our processing facilities. Our toll treatment contract with Jubilee Platinum Plc commenced in March 2017 and is expected to deliver approximately 1,000 Platinum ounces per month once in full production.

Bulk Tailings Treatment Plant Update

On 18 August 2016, we announced that we had secured $50million in external funding for the low-cost Bulk Tailings Treatment ("BTT") project. The project is progressing within cost, scope and time and is expected to ramp up and reach full production during 2018. Once at steady-state, the project is expected to deliver the lowest cost ounces in the Lonmin portfolio, producing about 29,000 ounces of Platinum per year or some 55,000 ounces of PGM. The project is expected to be mined by a contractor over a seven-year period.

Cost of Production per PGM Ounce

Unit costs for the six months under review were R12,059 per PGM ounce, a 13% increase on H1 2016. The holidays in December typically result in unit costs peaking in the first half of the financial year, however during the period under review unit costs were also adversely impacted by the weak mining performance seen in the first four months of the period. Mining is where the majority of our costs are incurred and as such, the importance and impact of good mining production on unit costs is significant. This was illustrated by the unit cost of R9,695 per PGM ounce for the month of March 2017, on the back of strong mining production.

While we do not anticipate significant unit cost increases over the remainder of the year, all else being equal, due to the impact from the weak mining performance of the first four months of the year, we are revising our guidance for unit costs for the full year to between R11,300 and R11,800 per PGM ounce from the original guidance of between R10,800 and R11,300.

Shaft Head Cost Per Tonne and Per PGM Ounce

- At K3, the shaft head cost per tonne and per PGM ounce was R1,032 and R9,057 respectively, an increase on H1 2016 of 18.9% and 24.6%, due to the poor mining performance at this shaft, for the first four months to 31 January 2017 unit costs have stabilized at normal levels again during March and April.
- At Rowland, the shaft head cost per tonne and PGM ounce at R938 and R7,466 respectively represented cost reduction on H1 2016 of 1.7% and 1.4%, reflecting the improved mining performance.
- Saffy has become and remains one of our lowest cost Generation 2 shafts at R887 per tonne and R6,863 per PGM ounce. There was an increase on H1 2016 of 4.7% and 1.6% respectively, well within South Africa's inflation of 5.4%.
- 4B, also a lower cost Generation 2 shaft at R834 per tonne and R7,878 per PGM ounce, increased cost per tonne on H1 2016 by 15.2% and 12.1% respectively, due to lower production as a result of the worse than planned geological conditions.

The cost per PGM ounce at the Generation 1 shafts at R7,599 was 3.1% lower than the Generation 2 shafts at R7,838 due to limited development costs as they do not require ore reserve development at these shafts.

4. Wage Settlement

On 31 October 2016, we announced our agreement with Association of Mineworkers and Construction Union on wages and conditions of service. The agreement, effective from 1 July 2016 to 30 June 2019, acknowledges the tough PGM market conditions while providing employees with a realistic and competitive outcome and was negotiated without any business interruptions, demonstrating advances made in this area. The impact of this agreement is an average annual increase of 7.6%.

5. Pandora Acquisition Update

On 11 November 2016, we announced that we had reached agreement to acquire Anglo American Platinum's (AAP) 42.5% interest in the Pandora Joint Venture. We have received AAP and Northam Limited's (Northam) respective consents for the transaction and have submitted the Merger Notification to the Competition Authorities and requisite application for Section 11 consent to the DMR. The transaction is subject to consent from our lending banks. We expect the transaction to complete by the end of the year.

We have also reached agreement with Northam to acquire their 7.5% interest in the Pandora Joint Venture for R45.6million ($3.5million) in cash.

On completion of these transactions, Lonmin will own 100% of Pandora. Full ownership of Pandora allows us to extend the mining at Saffy shaft further on strike east and west of the shaft and to also access the same Saffy ounces through Pandora, which will enable the deferment of the deepening of the shaft. The acquisition allows us to defer over R1.6 billion of allocated capital expenditure required for the further deepening of Saffy shaft over the next four years. and defer another R1 billion thereafter.

6. Balance Sheet Management

Liquidity at 31 March 2017 was $447 million comprising gross cash of $229 million and undrawn bank facilities of $218 million. After deducting the term loan of $154 million, (including interest) from the gross cash balance, net cash at 31 March 2017 was $75 million, up from $49 million as at 31 December 2016 and compared with net cash of $173 million $114 million at 30 September 2016 and 31 March 2016 respectively.

We remain attentive to the challenging operating environment. Our objective remains to be at least cash break-even after capital expenditure. As ever, we continue to have proactive engagement with our lending banks.

Our change in outlook on unit costs combined with the strengthening of the Rand against the Dollar on the balance sheet date has resulted in an impairment charge of $146 million. This reduced the headroom against the Tangible Net Worth covenant in banking facilities to $334 million. Adverse movements in key assumptions could result in an additional impairment which could impact the Company's compliance with the lending covenants. More detail is also available in the Financial Review section and note 1 to the accounts.

Capital Expenditure

Our strategy is to minimise capital expenditure whilst ensuring compliance with regulatory and safety standards and ensuring that the Immediately Available Ore Reserve position is maintained at the level necessary to support planned production at the Generation 2 shafts. Capital expenditure in H1 was limited to R612 million (around $45 million compared with R403 million (around $27 million) in the prior year period. Capital invested in the period included R111 million for the Rowland MK2 project.

As a result of the deferrals, we have reviewed and revised our capital expenditure guidance for the current year to between R1.4 billion and R1.5 billion from our original guidance of R1.8 billion, whilst minimising the near term impact on production. As in previous years, capital expenditure will be H2 weighted.

Summary of Capital Expenditure:

	6 months to 31 Mar 2016	**6 months to 31 Mar 2017**	**12 months to 30 Sep 2017 Revised Guidance**
	Rm	**Rm**	**Rm**
K3	106	103	172
Rowland	21	14	42
Rowland MK2	91	111	159
Saffy	-	2	7
Generation 2 shafts	**219**	**230**	**379**
K4	7	5	12
Hossy	6	-	-
Generation 1 & 3 shafts	**13**	**5**	**13**
Central and other mining	27	49	143
Total Mining	**259**	**284**	**535**
Concentrators – Excl BTT	25	67	185
BTT	20	146	408
Smelting & Refining	64	45	110
Total Process	**109**	**258**	**703**
Hostel / Infill Apartments	32	43	156
Other	3	27	37
Total	**403**	**612**	**1430**

7. PGM Market Overview

The global economy's recovery may be a good indicator of when platinum prices will recover driven by fundamental demand. Price is ultimately the real indicator of the perceptions of supply, demand and stock levels, fuelled by lack of supplier discipline and investor sentiment. Lonmin is certainly doing its part in managing supply and we can but hope others will follow suit.

As a Company, we are driving market development as follows:
Jewellery: We continue to support the Platinum Guild International (PGI) focusing on specific initiatives to assist in making a difference in the near to mid-term in key markets. We have increased our support of The Platinum Incubator in South Africa and will focus on assisting the incubator to increase support to SMME's.

Industrial: We are pleased to be working with Thakadu Battery Materials (Pty) Ltd (Thakadu) on the flagship Black Industrialist Nickel Purification Project. Thakadu has made good progress and successfully completed the Definitive Feasibility Study (DFS). Their project next step is the completion of a detailed engineering design. Thakadu has independently secured equity funding and are progressing debt finance discussions with the Industrial Development Corporation (IDC). Execution of the project plan with the plant commissioning is expected at the end of 2018. Other projects include 3D Printing, Purified Nickel Sulphate and the production of PGM powders.

Jewellery Investment: We continue to support the World Platinum Investment Counsel initiatives for new investment Platinum products; most recent products conceived and supported include the Platinum Investment product by the Bullion Vault and the series of platinum coin and bars by the Royal Mint.

8. Management and Board Update

As announced on 6 March 2017, Ben Moolman resigned as Chief Operating Officer and as a Director for personal reasons. We thank Ben for his contribution to Lonmin and wish him well in his future career.

Upon his resignation, I took charge of Ben's responsibilities and the General Managers at the Generation 2 shafts are now reporting directly to me. Mike da Costa, Executive Vice President: Business Support Office has taken responsibility for the management of all, and closure of some, of the Generation 1 shafts in addition to his Business Support Office responsibilities.

The relatively flat structure, changes in management routines and migration to operations that we have adopted are enabling us to focus on the delivery of our operational plan as outlined in our three year business plan, and is allowing us to maintain both operational and strategic focus.

9. Outlook

Months of hard work in partnership with the whole Lonmin team have succeeded in reversing the weak mining performance seen in the first four months of our financial year. Maintaining and improving production is essential for the sustainability of our business, especially in light of the low pricing environment. The recovery in mining performance since March has continued and we plan to build on that production platform. We will harness the improved relationships we have built with our workforce and the DMR and will continue to prioritise safety. Lonmin is now in a stronger position to deliver value to all stakeholders. We remain focused on managing the operational delivery.

10. Strategic Options

The operating environment remains tough and our operational strategy to be at least cash neutral by removing high cost ounces, improve production, reduce capital expenditure to the minimum required for the safe and efficient running of operations and maintaining operational and strategic flexibility remains appropriate.

We continue to review our portfolio of assets to ensure the focus remains on our core assets. As a result, we are carrying out a study on K4 to better understand our optionality with this shaft, and exploring the best way of optimising value from Limpopo, which has been on care and maintenance since 2009 and curtailing our exploration activities in Northern Ireland from FY2018.

We are relocating our South African operational headquarters from Johannesburg to Marikana in 2018, to enhance executive management support to operations. This is expected to have the consequential impact of generating further savings.

11. Guidance

The improvement in mining performance from February, through March and April, notwithstanding the recent unrest in our local communities that has impacted our Eastern Limb shafts, still supports maintaining our sales guidance at between 650,000 and 680,000 Platinum ounces for the full year on the back of improved mining production and smelter clean-up project.

Unit costs guidance for the full year is being revised to between R11,300 and R11,800 per PGM ounce from the original guidance of between R10,800 and R11,300, accounting for the weak mining performance to 31 January 2017.

Capital expenditure guidance is also being revised to between R1.4 billion and R1.5 billion from our original guidance of R1.8 billion.

12. Other

In acknowledgement of our shareholder register which reflects a significant South African holding (40/60 split between our South African and international shareholders), from next year, the Interim Results will be announced in Johannesburg. We will offer all our usual webcast facilities for London based analysts and investors wishing to join the presentation. We will continue to hold our Final Results presentation in London.

13. Conclusion

While I am pleased with the recovery in our performance since March, I am not yet satisfied that we have delivered what I know we can, and all of us at Lonmin recognize that the performance since March needs to continue to be. Our performance from March onwards demonstrates that, with relentless determination and energy, we can overcome the operational challenges. We are operating in a volatile and challenging environment but the Board, our employees, the management team and I will continue to focus on working to deliver the best result possible for all our stakeholders.

Ben Magara
Chief Executive Officer
14 May 2017

FINANCIAL REVIEW

Overview

Dollar PGM prices in H1 2017 were on average 8% higher than H1 2016 with the platinum price less volatile and ranging from $905 to $1,032 per ounce in the period in comparison to ranging from $816 to $1,020 per ounce in H1 2016. Palladium and Rhodium prices showed upwards trends through the period in comparison to downward trends in H1 2016.

PGM volumes sold were 13% lower than the prior year period. This was partly as planned due to the reduction of high cost production, however, production was also impacted by safety stoppages following fatalities and disappointing production in the first four months of the year.

Costs were well contained in Rand terms with the cost escalations offset by cost reductions. The cost reductions we achieved in H1 2017 amounted to R377 million (in FY15 money terms) which is pleasing when compared to the targeted reduction of R500 million for the year (in FY15 money terms) This brings the total cost reductions in 2016 and H1 2017 to R1.7 billion against the guidance of R1.8 billion in 2016 and 2017 (all in FY15 money terms).

However the Rand was on average 10% stronger against the Dollar when comparing period on period which resulted in an increase in costs in Dollar terms.

The cost of production per PGM ounce at R12,059 was 13% higher than H1 2016 driven by cost escalations and lower production despite the successful cost savings. Further details on unit costs can be found in the Operating Statistics section of the Report.

The operating loss for the period was $181 million including an impairment of $146 million (H1 2016 – a loss of $15 million). Excluding the impact of the impairment in H1 2017 the adjusted operating loss realised in the period was $35 million (H1 2016 – operating loss of $15 million). The depreciation charge was $16 million lower period on period due to the impact of the impairment in 2016 and the lower production levels. EBITDA for H1 2017 was $nil, a decrease of $36 million on H1 2016 as the increase in metal prices was more than offset by the stronger Rand and lower than planned productivity.

We typically see a net cash outflow in the first half of the year due to the impacts of public holidays, stock takes and maintenance work which is timed around these downtimes resulting in lower production. Net cash at 31 March 2017 at $75 million was $98 million lower than 30 September 2016. In the first quarter of the year the net cash outflow was $124 million due to seasonal working capital movements and low production. This partly reversed in the second quarter of the year with a net cash inflow of $26 million. The trading cash outflow for the half year period was $48 million, an improvement of $6 million on H1 2016 as a result of $24 million deferred revenue received in the period. After capital expenditure of $45 million in H1 2017 of which $11 million was for the Bulk Tailing Treatment project which was funded through a metal streaming transaction the free cash outflow for H1 2017 was $93 million of which $63 million related to working capital movements. We are continuing to take the steps required to work towards achieving our objective to fund the reduced capital expenditure from free cash flow.

Net cash at 31 March 2017 was $75 million being gross cash of $229 million offset by the drawn term loan of $154 million (including interest). Undrawn available debt facilities amounted to $218 million giving total liquidity of $447 million. The debt facilities expire in May 2020, assuming Lonmin exercises its option to extend by one year. As at 31 March 2017 the Company had adequate facilities in place.

Productivity assumptions planned at time of the 2015 Rights Issue are proving to be challenging which has placed upward pressure on our unit costs. We have therefore revised our cost guidance for the current year and have adjusted the productivity assumption in our value-in-use calculation used for impairment testing. At the same time we have made a downward revision to our platinum price outlook which was more than offset by an upward revision of prices for the other PGMs and base metals, especially palladium. The net impact of the change in these assumptions combined with the strengthening of the Rand against the US Dollar resulted in the value-in-use of our assets declining below the carrying value and resulted in an impairment charge of $146 million which is reflected in the financial statements.

The debt facilities available to the Group are subject to financial covenants, which include that the consolidated tangible net worth (TNW) of the Group will not be at any time less than $1,100 million. At 31 March 2017 the TNW of the Group was $1,434 million and the headroom in the TNW covenant was $334 million. As disclosed in note 1 to the financial statements adverse movements in key assumptions in the value-in-use modelling could result in an additional impairment. Should a further impairment in the future result in the TNW falling below $1,100 million this debt covenant would be breached which could reduce the liquidity of the Group. The external auditors in their review report draw attention to this material uncertainty. This risk has been flagged to the Group's lenders and is being managed proactively through regular engagements with them. The other debt covenants are well within thresholds and are not considered to be at risk.

The impairment testing uses the Rand:Dollar exchange rate on the balance sheet date in accordance with IAS 36. Given the volatility of the Rand against the Dollar there exists inherent uncertainty around what this assumption will be on the date of the next impairment review. Whilst there exists an inherent uncertainty in this regard the Directors consider that it remains appropriate to prepare the accounts on a going concern basis. All options available to the Group to improve viability and value creation are continuously reviewed.

Income Statement

The $36 million decrease between the EBITDA of $nil for the six months ended 31 March 2017 and EBITDA of $36 million for the six months ended 31 March 2016 is analysed below:

	$m
H1 2016 EBITDA	36
PGM price	47
PGM volume	(62)
PGM mix	(18)
Base metals	4
Revenue changes	(29)
South African operating cost reductions (FY15 money terms and exchange rate)	26
South African one-off items in H1 2016 previously disclosed as special	(16)
Escalation on South African underlying costs at CPI of 6.1% for FY17 and 6.5% for FY16	(26)
South African cost changes	-
Non-South African one-off items in H1 2016 - Debt refinancing costs	10
Foreign exchange impact on cost, metal stock and working capital	(48)
Metal stock movement	47
H1 2017 EBITDA	-

Revenue

Total revenue for the six months ended 31 March 2017 of $486 million reflects a decrease of $29 million compared to the prior year period.

The US Dollar PGM basket price (including by-products) increased by 8% compared to the H1 2016 average price, resulting in an increase in revenue of $47 million. It should be noted that whilst the US Dollar basket price increased compared to H1 2016, in Rand terms the basket price (including by-products) decreased by 1% driven by the stronger Rand. The average prices achieved on the key metals sold are shown below:

		6 months to 31 March 2017	6 months to 31 March 2016
Platinum	$/oz	960	905
Palladium	$/oz	727	551
Rhodium	$/oz	800	689
PGM basket (including by-product revenue)	$/oz	797	736
Average FX rate	ZAR/USD	13.56	15.02
Rand PGM basket (including by-product revenue)	R/oz	R10,852	R10,962

The PGM sales volume for the six months to 31 March 2017 was 13% lower compared to H1 2016, which had a negative impact on revenue of $62 million.

The mix of metals sold decreased revenue by $18 million mainly due to the higher proportion of Ruthenium sold in H1 2017 as a result of a one-off stock release following a change in the refining process. Base metal revenue increased by $4 million as a result of an increase in prices compared to H1 2016.

Costs

In Rand terms South African operating costs for H1 2017 at R6.8 billion were flat on H1 2016, excluding the benefit of one-off items in H1 2016, despite CPI at 6.1% and cost escalations above CPI for labour and utilities. The impact of the stronger Rand against the Dollar meant that in Dollar terms costs increased by $44 million to $504 million.

We guided to total cost reductions of R1.8 billion for the two financial years 2016 and 2017 in FY15 money terms. We reported cost savings of R1.3 billion in 2016 and for H1 2017, excluding two years of CPI to get back to FY15 money terms and one-off items in H1 2016 previously reported as special, we have achieved cost savings of R377 million as analysed below.

	$m	Rm
H1 2016 – South African operating costs	(443)	(6,573)
One-off items in H1 2016	(16)	(239)
H1 2016 – South African operating costs - adjusted	(459)	(6,812)
Cost reductions in 2015 money terms and exchange rate (Rand/USD 14.85):		
Underground mining	13	192
Opencast mining	(1)	(15)
Concentrating	-	(3)
Smelting and refining	1	16
Overhead, centralised services and other	8	115
Ore and concentrate purchases	5	72
	26	377
Escalation, assuming South African CPI of 6.1% in 2016 and 6.5% in 2017	(26)	(383)
Translation losses on underlying costs due to movement in exchange rate	(44)	
H1 2017 – South African operating costs	(504)	(6,818)

In FY15 money terms before CPI escalation, underground mining costs decreased by R192 million or 5% during the period driven by an 8% reduction in volumes mined combined with strict cost control which more than offset the above CPI labour cost increase of 7.6%. Opencast mining costs increased by R15 million as we extracted final ore from the opencast UG2 pit having previously stopped mining from the opencast Merensky pit. Concentrating costs were broadly flat (up R3 million) with volumes down 9%. Smelting and refining cost reductions were R16 million or 3% lower in FY15 money terms with PGM production down 15% period on period. Overheads reduced by R115 million or 17% largely due to a reduction in share-based incentive programmes for management. Ore and concentrate purchases decreased by R72 million period on period driven by lower volumes purchased.

One-off items in H1 2016 included the reversal of overprovision for restructuring and reorganisation costs of R313 million offset by a share-based payment charge of R74 million as employee share option schemes were adjusted to reflect the Rights Issue and share consolidation. These items were reported as special in 2016 and have been converted to FY15 money terms in this analysis.

Exchange rate impacts

The Rand strengthened by 10% against the US Dollar during the period averaging R13.56/$ in H1 2017 compared to an average of R15.02/$ in H1 2016 resulting in a $48 million negative impact on the underlying operating cost of sales.

	6 months to 31 March 2017 R/$	**6 months to 31 March 2016 R/$**
Average exchange rate	13.56	15.02
Closing exchange rate	13.42	14.71

The stronger Rand resulted in underlying operating costs for H1 2017 being $44 million higher than H1 2016 and the movement in metals stock due to the weaker Rand was $18 million favourable to the prior year period. The exchange loss on working capital was $3 million in H1 2017 compared with $19 million in H1 2016 resulting in an adverse movement period on period of $22 million.

	$m
Period on period Dollar cost increase due to impact of weaker Rand	(44)
Reduction in metal stock movement due to impact of weaker Rand	18
Period on period reduction in exchange gains on working capital	(22)
Net impact of exchange rate movements on operating profit	(48)

Metal stock movement

Excluding the impact of exchange rate movements the increase in metal stock of $47 million comprised an increase in metal stock of $10 million in H1 2017 and a decrease in metal stock of $37 million in H1 2016. The increase in H1 2017 was largely due to an increase in unit costs and a decrease of $5 million in the adjustment to bring the carrying value of metal stock down to net realisable value due to an increase in metal prices.

Depreciation and amortisation

Depreciation and amortisation decreased by $16 million period on period mainly due to the impairment of assets in September 2016. The reduced production also had an impact on the depreciation charge as depreciation is calculated on a units-of-production basis, spreading costs in relation to proven and probable reserves.

Impairment

At 31 March 2017 the value-in-use of the business units declined driven by a change in our outlook on unit costs and the stronger Rand against the Dollar on the balance sheet date. As a result an impairment charge of $146 million is reflected in the interim financial statements (H1 2016 – $nil). See note 11 to the financial statements for details.

The sensitivity of reasonably possible changes in assumptions may lead to a reduction or increase in the impairment charge as follows:

Assumption	Movement in assumption	Reversal of impairment / (Further impairment)
Metal prices	+/−5%	$407m / $(418)m
ZAR:USD exchange rate	−/+5%	$318m / $(361)m
Discount rate	−/+100 basis points	$173m / $(147)m
Production	+/−5%	$352m / $(341)m

Net finance costs

	6 months to 31 March 2017 $m	6 months to 31 March 2016 $m
Net bank interest and fees	(6)	(9)
Unwinding of discounting on environmental provisions	(5)	(4)
Foreign exchange gains on net cash/(debt)	4	9
Other	-	2
Net finance costs	(7)	(2)
HDSA receivable – accrued interest	12	14
HDSA receivable – exchange losses	(12)	(21)
HDSA receivable – impairment	(8)	-
Foreign exchange gains on the Rights Issue proceeds	-	5
Net finance costs	(15)	(4)

Net finance costs increased by $3 million to $7 million for the six months ended 31 March 2017.

Net bank interest and fees incurred in the year at $6 million were $3 million lower than H1 2016 due to the impact of the strengthened balance sheet following the Rights Issue in December 2015 and accordingly the reduction in drawn debt facilities. Exchange gains on net cash in H1 2017 amounted to $4 million (H1 2016 - $9 million).

The Historically Disadvantaged South Africans (HDSA) receivable is the Sterling loan to Phembani Group (Proprietary) Limited (Phembani). In 2010, Shanduka Resources Group (Proprietary) Limited, our former BEE partner, acquired 50.03% of the shares in Incwala Resources Proprietary Limited (Incwala) which was part funded by a loan provided by Lonmin and which was subsequently restructured into a preference share structure comprising A and B class preference shares with the key terms of the preference shares including repayment provisions, mirroring the loan. The receivable is disclosed as a current asset as the preference shares are redeemable at any time on or after 8 July 2015 at Lonmin's request. It is not our current intention to request redemption as Phembani could forfeit the loan and the 50.03% that Phembani hold in Incwala would revert to Lonmin. Equity attributable to non-controlling interests amounted to a negative $199 million at 31 March 2017 and relates to Incwala's shareholding in Western Platinum Limited (WPL), Eastern Platinum Limited (EPL) and Akanani. In December 2015 Shanduka completed its merger with Phembani and the merged entity operates as Phembani Group (Proprietary) Limited.

The gross loan, excluding prior years impairments of $376 million, drew an exchange loss for the period of $12 million (H1 2016 – $21 million) due to the weakening of Sterling against the US Dollar. Prior years impairments are based in US Dollar, being the Group's functional currency, resulting in no exchange gains on the impairment. Accrued interest in the period amounted to $12 million (H1 2016 - $14 million). The loan was impaired by $8 million in the period due to the decline in the valuation of the Marikana cash generating unit (CGU). The receivable is secured on the HSDA's shareholding in Incwala, whose only asset of value is its underlying investment in WPL, EPL and Akanani. The value of the security is driven by the value of WPL, EPL and Akanani. The balance of the receivable at 31 March 2017 was $61 million (31 March 2016 - $95 million).

In the prior year period the $5 million foreign exchange gains on the Rights Issue comprise the gains on translation of advanced cash proceeds received prior to the effective date of the Rights Issue as well as hedging gains on forward exchange contracts entered into to minimise the risk of the exposure to currency fluctuations on the Rand and Pound Sterling proceeds.

Taxation

The tax charge for the six months ended 31 March 2017 was $15 million (H1 2016 – tax credit of $15 million) and comprised current tax of $4 million (H1 2016 - $4 million) and a deferred charge tax of $11 million (H1 2016 – deferred tax credit of $19 million). The deferred tax charge for H1 2017 included the derecognition of $28 million deferred tax assets for unredeemed capital expenditure in our subsidiary EPL as it does not seem likely that these will be utilised in the near term.

Cash Generation and Net Cash

The following table summarises the main components of the cash flow during the period:

	6 months to 31 March	
	2017	2016
	$m	$m
Operating loss	(181)	(15)
Depreciation and amortisation	35	51
Impairment	146	-
Changes in working capital and provisions	(61)	(94)
Deferred revenue received	24	-
Other non-cash movements	(1)	15
Cash flow generated from operations	(38)	(43)
Interest and finance costs	(6)	(11)
Tax paid	(4)	-
Trading cash inflow/(outflow)	(48)	(54)
Capital expenditure	(45)	(27)
Free cash outflow	(93)	(81)
Contributions to joint venture	(1)	(2)
Transfer to restricted funds for rehabilitation obligation	(8)	-
Net proceeds from equity issuance	-	368
Cash inflow/(outflow)	(102)	285
Opening net debt	173	(185)
Foreign exchange	4	14
Closing net cash/(debt)	75	114
Trading cash inflow/(outflow) (cents per share)	(16.9)c	(24.9)c
Free cash outflow (cents per share)	(32.9)c	(37.3)c

Cash flow utilised in operations in the six months ended 31 March 2017 at $38 million improved by $5 million compared to $43 million utilised in H1 2016. The decrease in profitability in the current period was offset by $24 million of third party funding received for the bulk tailings project and working capital movements which at $(61) million were $33 million favourable to the prior year period.

The cash outflow on interest and finance costs decreased by $5 million as the proceeds from the Rights Issue in the prior year period were used to pay down the Rand debt facilities. Tax paid in the period was $4 million compared to nil in the prior year period due to the timing of provisional payments for the year.

Trading cash outflow for the period amounted to $48 million. The trading cash outflow per share was 16.9 cents for the six months ended 31 March 2017 (H1 2016 – 24.9 cents).

Capital expenditure at $45 million was $18 million higher than the prior year period largely due to $11 million spent on the construction of the Bulk Tailings Treatment plant for which we received $26 million third party funding in the period.

Barrie van der Merwe
Chief Financial Officer

Operating Statistics

			Units	**6 months to 31 March 2017**	6 months to 31 March 2016
Tonnes mined [1]	Generation 2	K3 shaft	kt	**1,173**	1,318
		Rowland shaft	kt	**876**	807
		Saffy shaft	kt	**991**	990
		4B shaft	kt	**682**	763
		Generation 2	**kt**	**3,721**	3,878
	Generation 1	1B shaft	kt	**0**	6
		Hossy shaft	kt	**330**	334
		Newman shaft	kt	**50**	245
		W1 shaft	kt	**72**	88
		East 1 shaft	kt	**75**	70
		East 2 shaft	kt	**132**	154
		East 3 shaft	kt	**39**	23
		Pandora (100%)[2]	kt	**229**	265
		Generation 1	**kt**	**927**	1,185
		Total underground	**kt**	**4,649**	5,063
		Opencast	kt	**38**	10
	Lonmin (100%)	**Total tonnes mined (100%)**	**kt**	**4,686**	5,073
		% tonnes mined from UG2 reef (100%)	%	**74,2%**	76.2%
	Lonmin (attributable)	**Tonnes mined**	**kt**	**4,572**	4,940
Ounces mined [3]	Lonmin excluding Pandora	Pt ounces	oz	**280,745**	303,367
	Pandora (100%)	Pt ounces	oz	**15,693**	18,060
	Lonmin	**Pt ounces**	**oz**	**296,438**	321,427
	Lonmin excluding Pandora	PGM ounces	oz	**538,136**	582,085
	Pandora (100%)	PGM ounces	oz	**31,047**	35,425
	Lonmin	**PGM ounces**	**oz**	**569,183**	617,510
Tonnes milled [4]	Marikana	Underground	kt	**4,310**	4,725
		Opencast	kt	**49**	50
		Total	kt	**4,359**	4,775
	Pandora [5]	Underground	kt	**229**	265
	Lonmin Platinum	Underground	kt	**4,539**	4,989
		Opencast	kt	**49**	50
		Total	kt	**4,588**	5,040
Milled head grade [6]	Lonmin Platinum	Underground	g/t	**4.56**	4.57
		Opencast	g/t	**4.42**	2.77
		Total	g/t	**4.56**	4.55
Concentrator recovery rate [7]	Lonmin Platinum	Underground	%	**86.8**	86.8
		Opencast	%	**68.3**	83.9
		Total	%	**86.6**	86.8

			Units	**6 months to 31 March 2017**	6 months to 31 March 2016
Metals-in-concentrate [8]	Marikana	Platinum	oz	**274,671**	301,119
		Palladium	oz	**126,868**	140,126
		Gold	oz	**6,915**	7,223
		Rhodium	oz	**38,933**	43,649
		Ruthenium	oz	**65,353**	70,991
		Iridium	oz	**13,535**	13,984
		Total PGMs	**oz**	**526,275**	577,092
	Pandora	Platinum	oz	**15,693**	18,060
		Palladium	oz	**7,395**	8,421
		Gold	oz	**112**	53
		Rhodium	oz	**2,632**	2,990
		Ruthenium	oz	**4,319**	4,920
		Iridium	oz	**896**	981
		Total PGMs	**oz**	**31,047**	35,425
	Lonmin Platinum before concentrate purchases	Platinum	oz	**290,364**	319,179
		Palladium	oz	**134,263**	148,547
		Gold	oz	**7,026**	7,275
		Rhodium	oz	**41,565**	46,640
		Ruthenium	oz	**69,673**	75,912
		Iridium	oz	**14,431**	14,965
		Total PGMs	**oz**	**557,322**	612,517
	Concentrate purchases	Platinum	oz	**603**	2,265
		Palladium	oz	**164**	811
		Gold	oz	**2**	9
		Rhodium	oz	**58**	301
		Ruthenium	oz	**99**	473
		Iridium	oz	**24**	121
		Total PGMs	**oz**	**950**	3,980
	Lonmin Platinum	Platinum	oz	**290,966**	321,444
		Palladium	oz	**134,427**	149,358
		Gold	oz	**7,028**	7,284
		Rhodium	oz	**41,624**	46,941
		Ruthenium	oz	**69,771**	76,385
		Iridium	oz	**14,456**	15,086
		Total PGMs	**oz**	**558,272**	616,497
		Nickel [9]	MT	**1,437**	1,564
		Copper [9]	MT	**893**	945

			Units	**6 months to 31 March 2017**	6 months to 31 March 2016
Refined production	Lonmin refined metal production	Platinum	oz	**300,238**	346,763
		Palladium	oz	**133,131**	155,097
		Gold	oz	**7,678**	9,528
		Rhodium	oz	**42,593**	53,770
		Ruthenium	oz	**68,726**	78,423
		Iridium	oz	**14,683**	20,441
		Total PGMs	**oz**	**567,048**	664,022
	Toll refined metal production	Platinum	oz	**1,023**	2,121
		Palladium	oz	**195**	499
		Gold	oz	**8**	20
		Rhodium	oz	**77**	135
		Ruthenium	oz	**236**	565
		Iridium	oz	**27**	36
		Total PGMs	**oz**	**1,566**	3,376
	Total refined PGMs	Platinum	oz	**301,261**	348,885
		Palladium	oz	**133,326**	155,597
		Gold	oz	**7,685**	9,547
		Rhodium	oz	**42,670**	53,906
		Ruthenium	oz	**68,962**	78,988
		Iridium	oz	**14,710**	20,476
		Total PGMs	**oz**	**568,614**	667,399
	Base metals	Nickel [10]	MT	**1,477**	1,743
		Copper [10]	MT	**846**	1,012
Sales	Lonmin Platinum	Platinum	oz	**306,996**	361,882
		Palladium	oz	**132,516**	162,744
		Gold	oz	**7,345**	10,645
		Rhodium	oz	**50,997**	61,161
		Ruthenium	oz	**97,676**	82,094
		Iridium	oz	**14,329**	20,742
		Total PGMs	**oz**	**609,858**	699,269
		Nickel [10]	MT	**1,728**	1,781
		Copper [10]	MT	**215**	1,078
		Chrome [10]	MT	**651,655**	752,979
Average prices		Platinum	$/oz	**960**	905
		Palladium	$/oz	**727**	551
		Gold	$/oz	**1,207**	1,363
		Rhodium	$/oz	**800**	689
		Basket price of PGMs [11]	$/oz	**745**	697
		Basket price of PGMs [12]	$/oz	**797**	736
		Basket price of PGMs [11]	R/oz	**10,129**	10,394
		Basket price of PGMs [12]	R/oz	**10,852**	10,962
		Nickel [10]	$/MT	**8,643**	6,946
		Copper [10]	$/MT	**5,465**	4,464
Capital expenditure [13]			Rm	**612**	403
			$m	**45**	27
Employees and contractors	as at 31 March	Employees	#	**24,922**	25,543
	as at 31 March	Contractors	#	**7,658**	7,088

			Units	6 months to 31 March 2017	6 months to 31 March 2016
Productivity (Generation 2)	m^2 per mining employee (shaft head)	K3 shaft	m^2/person	**4.7**	5.7
		4B/1B shaft	m^2/person	**6.5**	7.5
		Rowland shaft	m^2/person	**5.4**	5.4
		Saffy shaft	m^2/person	**5.0**	5.4
		Generation 2	**m^2/person**	**5.3**	5.9
	m^2 per stoping & white area crew	K3 shaft	m^2/crew	**240.2**	286.3
		4B/1B shaft	m^2/crew	**330.5**	386.2
		Rowland shaft	m^2/crew	**327.4**	318.5
		Saffy shaft	m^2/crew	**280.8**	278.1
		Generation 2	**m^2/crew**	**284.6**	308.2
Exchange rates[14]	Average rate for period		R/$	**13.56**	15.02
			£/$	**1.23**	1.47
	Closing rate		R/$	**13.42**	14.71
			£/$	**1.25**	1.44
Cost of sales	PGM operations segment	Mining	$m	**(331)**	(297)
		Concentrating	$m	**(59)**	(51)
		Smelting and refining [15]	$m	**(52)**	(46)
		Shared services	$m	**(35)**	(26)
		Management and marketing services	$m	**(8)**	(8)
		Ore and concentrate purchases	$m	**(14)**	(17)
		Limpopo mining	$m	**-**	(1)
		Royalties	$m	**(2)**	(3)
		Share based payments	$m	**-**	(10)
		Other [16]	$m	**-**	17
		Inventory movement	$m	**29**	(37)
		FX and Group charges	$m	**(9)**	18
	Total PGM Operations segment		**$m**	**(484)**	(463)
		Exploration – excluding FX	$m	**(3)**	(3)
		Corporate – excluding FX	$m	**-**	-
		Other [16]	$m	**-**	(10)
		FX	$m	**-**	(4)
			$m	**(486)**	(479)
	PGM operations segment	Mining	Rm	**(4,491)**	(4,424)
		Concentrating	Rm	**(803)**	(753)
		Smelting and refining [15]	Rm	**(704)**	(681)
		Shared services	Rm	**(464)**	(384)
		Management and marketing services	Rm	**(114)**	(120)
		Ore and concentrate purchases	Rm	**(193)**	(259)
		Limpopo mining	Rm	**(6)**	(8)

			Units	**6 months to 31 March 2017**	6 months to 31 March 2016
Cost of sales (continued)	PGM operations segment (continued)	ESOP & Community trust donations		**-**	(2)
		Royalties	Rm	**(39)**	(45)
		Share based payments	Rm	**(5)**	(152)
		Other [16]	Rm	**-**	255
		Inventory movement	Rm	**317**	(351)
		FX and group charges	Rm	**298**	(1,017)
			Rm	**(6,203)**	(7,940)
Shaft head unit costs - underground operations excluding K4	Rand per tonne	K3 shaft	R/T	**(1,032)**	(868)
		4B/1B shaft	R/T	**(834)**	(724)
		Rowland shaft	R/T	**(938)**	(954)
		Saffy shaft	R/T	**(887)**	(847)
		Generation 2	**R/T**	**(935)**	(852)
		Hossy shaft	R/T	**(950)**	(965)
		Newman shaft	R/T	**(1,783)**	(852)
		East 1 shaft	R/T	**(899)**	(1,010)
		East 2 shaft	R/T	**(1,130)**	(928)
		East 3 shaft & ore purchases	R/T	**(920)**	(921)
		W1 shaft	R/T	**(801)**	(914)
		Generation 1	**R/T**	**(997)**	(925)
		Total Underground	R/T	**(947)**	(869)
	Rand per PGM oz	K3 shaft	R/oz	**(9,057)**	(7,270)
		4B/1B shaft	R/oz	**(7,878)**	(7,028)
		Rowland shaft	R/oz	**(7,466)**	(7,576)
		Saffy shaft	R/oz	**(6,863)**	(6,755)
		Generation 2	**R/oz**	**(7,838)**	(7,158)
		Hossy shaft	R/oz	**(7,246)**	(7,526)
		Newman shaft	R/oz	**(13,210)**	(6,529)
		East 1 shaft	R/oz	**(6,866)**	(7,739)
		East 2 shaft	R/oz	**(8,358)**	(6,988)
		East 3 shaft & ore purchases	R/oz	**(6,943)**	(6,970)
		W1 shaft	R/oz	**(6,892)**	(6,653)
		Generation 1	**R/oz**	**(7,599)**	(7,056)
		Total Underground	R/oz	**(7,786)**	(7,132)
Cost of production (PGM operations segment) [17]	Cost	Mining	Rm	**(4,491)**	(4,424)
		Concentrating	Rm	**(803)**	(753)
		Smelting and refining [15]	Rm	**(704)**	(681)
		Shared services	Rm	**(464)**	(384)
		Management and marketing services	Rm	**(114)**	(120)
			Rm	**(6,576)**	(6,362)

			Units	6 months to 31 March 2017	6 months to 31 March 2016
Cost of production (PGM operations segment) [17]	PGM saleable ounces	Mined ounces excluding ore purchases	oz	**538,136**	582,085
		Metals-in-concentrate before concentrate purchases	oz	**557,322**	612,517
		Refined ounces	oz	**568,614**	667,399
		Metals-in-concentrate including concentrate purchases	oz	**558,272**	616,497
	Cost of production	Mining	R/oz	**(8,346)**	(7,601)
		Concentrating	R/oz	**(1,441)**	(1,230)
		Smelting and refining [15]	R/oz	**(1,238)**	(1,020)
		Shared services	R/oz	**(831)**	(623)
		Management and marketing services	R/oz	**(204)**	(194)
			R/oz	**(12,059)**	(10,668)
	% change in cost of production	Mining	%	**(9.8)**	n/a
		Concentrating	%	**(17.2)**	n/a
		Smelting and refining [15]	%	**(21.4)**	n/a
		Shared services	%	**(33.4)**	n/a
		Management and marketing services	%	**(5.3)**	n/a
			%	**(13.0)**	n/a

Footnotes:

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 Capital expenditure is the aggregate of the purchase of property, plant and equipment and intangible assets (includes capital accruals and excludes capitalised interest).

14 Exchange rates are calculated using the market average daily closing rate over the course of the period.

15 Comprises of Smelting and Refining costs as well as direct Process Operations shared costs and group security costs.

16 Other includes costs such as Restructuring and Reorganisation costs, Debt refinancing costs and Accelerated vesting of the Share-Based payment expenses per IFRS 2. (Previously reported as “Special costs”.)

17 It should be noted that with the implementation of the revised operating model, cost allocation between business units has been changed and, therefore, whilst the total is on a like-for-like basis, individual line items are not totally comparable.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE INTERIM FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and

- the interim management report includes a fair review of the information required by:

  (a) DTR4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the enterprise during that period; and any changes in the related party transactions described in the last annual report that could do so.

Brian Beamish
Chairman

Barrie van der Merwe
Chief Financial Officer

14 May 2017

INDEPENDENT REVIEW REPORT TO LONMIN PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2017 which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2017 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Emphasis of matter – Going concern

In forming our conclusion on the condensed set of financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the condensed set of financial statements concerning the Group's ability to continue as a going concern; in particular, the sensitivity of the carrying value of the Marikana CGU to movements in key assumptions which could in downside scenarios result in a banking covenant breach and the potential for withdrawal of facilities. These conditions, along with the other matters explained in note 1 of the condensed set of financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The condensed set of financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Adrian Wilcox
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square, London E14 5GL
14 May 2017

Consolidated income statement
for the 6 months to 31 March 2017

	Notes	**6 months to 31 March 2017 $m**	6 months to 31 March 2016 $m	Year ended 30 September 2016 $m
Revenue	2	**486**	515	1,118
EBITDA [i]	2	**-**	36	115
Depreciation and amortisation		**(35)**	(51)	(102)
Impairment	10	**(146)**	-	(335)
Operating loss [ii]	2	**(181)**	(15)	(322)
Profit on disposal of joint venture		**-**	-	5
Finance income	3	**19**	33	55
Finance expenses	3	**(34)**	(37)	(88)
Share of loss of equity accounted investment		**(3)**	(2)	(5)
Loss before taxation		**(199)**	(21)	(355)
Income tax (charge) / credit [iii]	4	**(15)**	15	(45)
Loss for the period		**(214)**	(6)	(400)
Attributable to:				
- Equity shareholders of Lonmin Plc		**(182)**	(4)	(342)
- Non-controlling interests		**(32)**	(2)	(58)
Basic and diluted loss per share [iv]	5	**(64.4)c**	(1.8)c	(137.0)c

Footnotes:

i EBITDA is operating profit before depreciation, amortisation and impairment of goodwill, intangibles and property, plant and equipment.

ii Operating loss is defined as revenue less operating expenses before finance income and expenses and share of loss of equity accounted investment.

iii The income tax (charge) / credit substantially relates to overseas taxation and includes exchange gains of $2 million (6 months to 31 March 2016 - exchange gains of $5 million and year ended 30 September 2016 - exchange gains of $5 million) as disclosed in note 4.

iv Diluted loss per share is based on the weighted average number of ordinary shares in issue adjusted by dilutive outstanding share options.

Consolidated statement of comprehensive loss

for the 6 months to 31 March 2017

	Note	**6 months to 31 March 2017 $m**	6 months to 31 March 2016 $m	Year ended 30 September 2016 $m
Loss for the period		**(214)**	(6)	(400)
Items that may be reclassified subsequently to the income statement:				
- Changes in fair value of available for sale financial assets	7	**1**	(1)	-
- Foreign exchange loss on retranslation of equity accounted investment		**-**	(1)	-
- Deferred tax on items taken directly to the statement of comprehensive income		**-**	-	(1)
Total other comprehensive income / (loss) for the period		**1**	(2)	(1)
Total comprehensive loss for the period		**(213)**	(8)	(401)
Attributable to:				
- Equity shareholders of Lonmin Plc		**(181)**	(6)	(343)
- Non-controlling interests		**(32)**	(2)	(58)
		(213)	(8)	(401)

Consolidated statement of financial position

as at 31 March 2017

	Notes	**As at 31 March 2017 $m**	As at 31 March 2016 $m	As at 30 September 2016 $m
Non-current assets				
Intangible assets		**63**	94	74
Property, plant and equipment		**1,033**	1,455	1,158
Equity accounted investment		**21**	25	24
Royalty prepayment		**37**	38	37
Other financial assets	7	**30**	18	21
Deferred tax assets		**-**	8	-
		1,184	1,638	1,314
Current assets				
Inventories		**276**	243	245
Trade and other receivables		**59**	85	67
Other financial assets	7	**61**	95	69
Cash and cash equivalents	9	**229**	264	323
		625	687	704
Current liabilities				
Trade and other payables		**(153)**	(143)	(193)
Deferred revenue	8	**-**	(14)	-
Tax payable		**-**	(1)	-
		(153)	(158)	(193)
Net current assets		**472**	529	511
Non-current liabilities				
Interest bearing loans and borrowings	9	**(154)**	(150)	(150)
Deferred tax liabilities		**(45)**	-	(34)
Deferred royalty payment		**(1)**	(3)	(3)
Deferred revenue	8	**(33)**	-	(9)
Provisions		**(134)**	(119)	(127)
		(367)	(272)	(323)
Net assets		**1,289**	1,895	1,502
Capital and reserves				
Share capital		**586**	586	586
Share premium		**1,816**	1,816	1,816
Other reserves		**88**	88	88
Accumulated loss		**(1,002)**	(484)	(821)
Attributable to equity shareholders of Lonmin Plc		**1,488**	2,006	1,669
Attributable to non-controlling interests		**(199)**	(111)	(167)
Total equity		**1,289**	1,895	1,502

Consolidated statement of changes in equity

for the 6 months to 31 March 2017

	Equity interest						
	Called up share capital $m	Share premium account $m	Other reserves [i] $m	Accumu-lated loss [ii] $m	Total $m	Non-controlling interests [iii] $m	Total equity $m
At 1 October 2016	**586**	**1,816**	**88**	**(821)**	**1,669**	**(167)**	**1,502**
Loss for the period	**-**	**-**	**-**	**(182)**	**(182)**	**(32)**	**(214)**
Total other comprehensive income:	**-**	**-**	**-**	**1**	**1**	**-**	**1**
- Change in fair value of available for sale financial assets	**-**	**-**	**-**	**1**	**1**	**-**	**1**
At 31 March 2017	**586**	**1,816**	**88**	**(1,002)**	**1,488**	**(199)**	**1,289**
At 1 October 2015	586	1,448	88	(493)	1,629	(109)	1,520
Loss for the period	-	-	-	(4)	(4)	(2)	(6)
Total other comprehensive expense:	-	-	-	(2)	(2)	-	(2)
- Change in fair value of available for sale financial assets	-	-	-	(1)	(1)	-	(1)
- Foreign exchange loss on retranslation of equity accounted investment	-	-	-	(1)	(1)	-	(1)
Transactions with owners, recognised directly in equity:	-	368	-	15	383	-	383
- Share-based payments	-	-	-	15	15	-	15
- Share capital and share premium recognised on equity issuance		395	-	-	395	-	395
- Equity issue costs charged to share premium	-	(27)	-	-	(27)	-	(27)
At 31 March 2016	586	1,816	88	(484)	2,006	(111)	1,895
At 1 April 2016	586	1,816	88	(484)	2,006	(111)	1,895
Loss for the period	-	-	-	(338)	(338)	(56)	(394)
Total other comprehensive income:	-	-	-	1	1	-	1
- Change in fair value of available for sale financial assets	-	-	-	1	1	-	1
- Foreign exchange loss on retranslation of equity accounted investment	-	-	-	1	1	-	1
- Deferred tax on items taken directly to the statement of comprehensive income	-	-	-	(1)	(1)	-	(1)
At 30 September 2016	586	1,816	88	(821)	1,669	(167)	1,502

Footnotes:

i Other reserves at 31 March 2017 represent the capital redemption reserve of $88 million (31 March 2016 and 30 September 2016 - $88 million).

ii Accumulated loss include $1 million of accumulated credits in respect of fair value movements on available for sale financial assets (31 March 2016 - $1 million debit and 30 September 2016 - $nil) and a $17 million debit of accumulated exchange on retranslation of equity accounted investments (31 March 2016 - $18 million and 30 September 2016 - $17 million).

iii Non-controlling interests represent a 13.76% effective shareholding in Eastern Platinum Limited, Western Platinum Limited and Messina Limited and a 19.87% effective shareholding in Akanani Mining Proprietary Limited.

No advance dividends were made by WPL, a subsidiary of Lonmin Plc, to Incwala Platinum Proprietary Limited (IP) during the period under review (6 months to 31 March 2016 - $nil and for the year ended 30 September 2016 - $nil). IP is a substantial shareholder in the Company's principal operating subsidiaries. Total advance dividends made between 2009 and 2015 amounted to $135 million (R1,309 million). IP has authorised WPL to recover these amounts by reducing future dividends that would otherwise be payable to all shareholders.

These advance dividends are adjusted for in the non-controlling interest of the Group.

Consolidated statement of cash flows

for the 6 months to 31 March 2017

	Notes	**6 months to 31 March 2017 $m**	6 months to 31 March 2016 $m	Year ended 30 September 2016 $m
Loss for the period		**(214)**	(6)	(400)
Taxation		**15**	(15)	45
Share of loss of equity accounted investment		**3**	2	5
Finance income	3	**(19)**	(33)	(55)
Finance expenses	3	**34**	37	88
Profit on disposal of joint venture		**-**	-	(5)
Non-cash movement on deferred revenue	8	**(2)**	(9)	(23)
Depreciation and amortisation		**35**	51	102
Impairment		**146**	-	335
Change in inventories		**(31)**	38	36
Change in trade and other receivables		**8**	(11)	(4)
Change in trade and other payables		**(40)**	(65)	(15)
Change in provisions		**2**	(47)	(51)
Deferred revenue received	8	**26**	-	9
Share-based payments		**-**	15	15
Other movements		**(1)**	-	-
Cash (outflow) / inflow from operations		**(38)**	(43)	82
Interest received		**3**	5	6
Interest and bank fees paid		**(9)**	(16)	(20)
Tax paid		**(4)**	-	(10)
Cash (outflow) / inflow from operating activities		**(48)**	(54)	58
Cash flow from investing activities				
Contribution to joint venture		**(1)**	(2)	(3)
Proceeds on disposal of joint venture		**-**	-	5
Additions to other financial assets		**(8)**	-	-
Purchase of property, plant and equipment		**(44)**	(27)	(87)
Purchase of intangible assets		**(1)**	-	(2)
Cash used in investing activities		**(54)**	(29)	(87)
Cash flow from financing activities				
Repayment of current borrowings	9	**-**	(505)	(506)
Proceeds from non-current borrowings	9	**4**	150	150
Proceeds from equity issuance		**-**	395	395
Costs of issuing shares		**-**	(27)	(27)
Profit on forward exchange contracts on equity issuance		**-**	5	5
Cash inflow from financing activities		**4**	18	17
Decrease in cash and cash equivalents	9	**(98)**	(65)	(12)
Opening cash and cash equivalents	9	**323**	320	320
Effect of foreign exchange rate changes	9	**4**	9	15
Closing cash and cash equivalents	9	**229**	264	323

Notes to the accounts

1 Statement on accounting policies

Basis of preparation

Lonmin Plc (the Company) is a Company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company as at and for the six months to 31 March 2017 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in its equity accounted investment.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting, as adopted by the EU. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 30 September 2016, except as noted below. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2016.

The comparative figures for the financial year ended 30 September 2016 are not the Group's full statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not contain a reference to a matter to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements of the Group as at and for the year ended 30 September 2016 are available upon request from the Company's registered office at Connaught House, 5th Floor, 1-3 Mount Street, London, W1K 3NB.

These condensed consolidated interim financial statements were approved by the Board of Directors on 12 May 2017.

These condensed consolidated interim financial statements apply the accounting policies and presentation that will be applied in the preparation of the Group's published consolidated financial statements for the year ending 30 September 2017.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The debt facilities available to the Group are summarised as follows:
- Revolving credit facilities totalling $71 million and a $150 million term loan, at a Lonmin Plc level.
- Revolving credit facility totalling R1,980 million, at Western Platinum Limited (WPL) level.

At 31 March 2017 the term loan of $150 million was fully drawn and the Group had gross cash of $229 million. This capital structure places the Group in a strong financial position to ride the normal working capital cycles while providing a buffer to withstand the effects of operational shocks that the business may face. The financial performance of the Group is also dependent upon the wider economic environment in which the Group operates. Factors exist which are outside the control of management which can have a significant impact on the business, specifically, volatility in PGM commodity prices and the ZAR / USD exchange rate.

Notes to the accounts (continued)

1 Statement on accounting policies (continued)

Basis of preparation (continued)

Going concern (continued)

In assessing the Group's ability to continue as a going concern, the Directors have prepared cash flow forecasts for a period in excess of 12 months. Various scenarios have been considered to test the Group's resilience against operational risks including:

- Adverse movements in PGM commodity prices and ZAR/ USD exchange rate or a combination thereof;
- Failure to meet forecast production targets.

The Directors have concluded that the Group's capital structure provides sufficient headroom to cushion against downside operational risks and minimises the risk of breaching debt covenants.

Given the challenging market conditions for the platinum industry the Board established sub-committee in 2016 to oversee strategy development and execution which meets more regularly than the full Board. This ensures that all options available to the Group to improve viability and value creation are continuously reviewed. This includes consideration of all strategic options ranging from business structure through to merger, debt restructuring, sale and acquisition opportunities.

The debt facilities available to the Group are subject to financial covenants which include that the consolidated tangible net worth (TNW) of the Group will not be at any time less than $1,100 million. At 31 March 2017 the TNW of the Group was $1,434 million and the headroom in the TNW covenant was $334 million.

As disclosed in the impairment review in note 10, adverse movements in key assumptions in the value in use modelling could result in an additional impairment which would reduce the Group's TNW. These assumptions are kept under review and are specifically considered by the Board. Should a further impairment result in the TNW falling below $1,100 million this debt covenant would be breached which could reduce the debt facilities available to the Group.

The sensitivity of the Marikana CGU to reasonably possible changes in assumptions may lead to a reduction or increase in the impairment charge as follows:

Assumption	Movement in assumption	Reversal of Impairment / (further impairment)
Metal prices [i]	+/- 5%	$407m / ($418m)
ZAR:USD exchange rate [ii]	-/+ 5%	$318m / ($361m)
Discount rate [ii]	-/+ 100 basis points	$173m / ($147m)
Production [i]	+/- 5%	$352m / ($341m)

Footnotes:

i Over the period of the discounted cash flow model.

ii As at the reporting date.

Notes to the accounts (continued)

1 Statement on accounting policies (continued)

Basis of preparation (continued)

Going concern (continued)

The potential impact of changes in assumptions arising from matters outside the Group’s control which are used to calculate the value-in-use of the Group’s assets may result in a further impairment charge which could give rise to a breach of the Group’s financial covenants and absent a change in those covenants, the potential loss of its banking facilities. This eventuality would require a substantial and difficult adjustment to the Group’s operations and the further curtailment of capital expenditure, which represent a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern such that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, based on the Group’s expectation of the assumptions used in the impairment review the Directors believe that the Group will continue to have adequate financial resources to meet obligations as they fall due and comply with its financial covenants and accordingly have formed a judgement that is appropriate to prepare the financial statements on a going concern basis. Therefore, these financial statements do not include any adjustments that would result if the going concern basis of preparation is inappropriate.

Notes to the accounts (continued)

1 Statement on accounting policies (continued)

New standards and amendments in the period

The following IFRSs have been adopted in these condensed consolidated financial statements. The application of these IFRSs have not had any material impact on the amounts reported for the current and prior periods.

- Annual Improvements to IFRSs 2012-2014 cycle – amendments to IFRS 5, 7 and IAS 19, 34.
- Joint Arrangements – amendments to IFRS 11
- Presentation of financial statements – amendments to IAS 1
- Property, Plant and Equipment – amendments to IAS 16
- Investment in Associates and Joint Ventures – amendments to IAS 28
- Intangible assets – amendments to IAS 38

There were no other new standards, interpretations or amendments to standards issued and effective for the period which materially impacted the Group.

New standards that are relevant to the Group but not yet effective

The Group has not early adopted any standard, interpretation or amendment that was issued, but not yet effective. The Group will consider the impact on the financial statements of relevant forthcoming standards during the coming year, including IFRS 15 – *Revenue from Contracts with Customers*, IFRS 16 – *Leases* and IFRS 9 – *Financial Instruments*.

2 Segmental analysis

The PGM Operations segment comprises the activities involved in the mining and processing of PGMs, together with associated base metals, which are carried out entirely in South Africa. These operations are integrated and designed to support the process for extracting and refining PGMs from underground. PGMs move through each stage of the process and undergo successive levels of refinement which result in fully refined metals. This segment also includes exploration and evaluation activities involved in the discovery or identification of new PGM deposits and the evaluation through pre-feasibility of the economic viability of newly discovered PGM deposits. Currently exploration activities occur on a worldwide basis and evaluation projects are based in South Africa. The Chief Executive Officer, who performs the role of Chief Operating Decision Maker (CODM), views the PGM Operations segment as a single whole for the purposes of financial performance monitoring and assessment and does not make resource allocations based on margin, costs or cash flows incurred at each separate stage of the process. In addition, the CODM makes his decisions for running the business on a day to day basis using the physical operating statistics generated by the business as these summarise the operating performance of the entire segment.

Other covers mainly the results and investment activities of the corporate Head Office. The only intersegment transactions involve the provision of funding between segments and any associated interest.

No operating segments have been aggregated. Operating segments have consistently adopted the consolidated basis of accounting and there are no differences in measurement applied.

Notes to the accounts (continued)

2 Segmental analysis (continued)

	6 months to 31 March 2017			
	PGM Operations Segment $m	Other $m	Intersegment Adjustments $m	Total $m
Revenue (external sales by product):				
Platinum	**295**	**-**	**-**	**295**
Palladium	**96**	**-**	**-**	**96**
Gold	**9**	**-**	**-**	**9**
Rhodium	**41**	**-**	**-**	**41**
Ruthenium	**3**	**-**	**-**	**3**
Iridium	**10**	**-**	**-**	**10**
PGMs	**454**	**-**	**-**	**454**
Nickel	**15**	**-**	**-**	**15**
Copper	**1**	**-**	**-**	**1**
Chrome	**16**	**-**	**-**	**16**
	486	**-**	**-**	**486**
EBITDA [i]	**-**	**-**	**-**	**-**
Depreciation, amortisation and impairment	**(181)**	**-**	**-**	**(181)**
Operating loss [i]	**(181)**	**-**	**-**	**(181)**
Finance income	**9**	**37**	**(27)**	**19**
Finance expenses [ii]	**(34)**	**(27)**	**27**	**(34)**
Share of loss of equity accounted investment	**(3)**	**-**	**-**	**(3)**
(Loss) / profit before taxation	**(209)**	**10**	**-**	**(199)**
Income tax credit	**(15)**	**-**	**-**	**(15)**
(Loss) / profit after taxation	**(224)**	**10**	**-**	**(214)**
Total assets [iii]	**1,765**	**1,809**	**(1,765)**	**1,809**
Total liabilities	**(2,099)**	**(186)**	**1,765**	**(520)**
Net assets / (liabilities)	**(334)**	**1,623**	**-**	**1,289**
Share of net assets of equity accounted investment	**21**	**-**	**-**	**21**
Additions to property, plant, equipment and intangibles	**(45)**	**-**	**-**	**(45)**

Notes to the accounts (continued)

2 Segmental analysis (continued)

	6 months to 31 March 2016			
	PGM Operations Segment $m	Other $m	Intersegment Adjustments $m	Total $m
Revenue (external sales by product):				
Platinum	327	-	-	327
Palladium	90	-	-	90
Gold	15	-	-	15
Rhodium	42	-	-	42
Ruthenium	3	-	-	3
Iridium	11	-	-	11
PGMs	488	-	-	488
Nickel	12	-	-	12
Copper	5	-	-	5
Chrome	10	-	-	10
	515	-	-	515
EBITDA / (LBITDA) [i]	52	(16)	-	36
Depreciation and amortisation	(51)	-	-	(51)
Operating (loss) / profit [i]	1	(16)	-	(15)
Finance income	15	47	(29)	33
Finance expenses [ii]	(37)	(29)	29	(37)
Share of loss of equity accounted investment	(2)	-	-	(2)
(Loss) / profit before taxation	(23)	2	-	(21)
Income tax credit	15	-	-	15
(Loss) / profit after taxation	(8)	2	-	(6)
Total assets [iii]	2,219	1,800	(1,694)	2,325
Total liabilities	(1,945)	(179)	1,694	(430)
Net assets	274	1,621	-	1,895
Share of net assets of equity accounted investment	25	-	-	25
Additions to property, plant, equipment and intangibles	(27)	-	-	(27)
Material non-cash items – share-based payments	14	1	-	15

Notes to the accounts (continued)

2 Segmental analysis (continued)

	Year ended 30 September 2016			
	PGM Operations Segment $m	Other $m	Intersegment Adjustments $m	Total $m
Revenue (external sales by product):				
Platinum	720	-	-	720
Palladium	197	-	-	197
Gold	30	-	-	30
Rhodium	82	-	-	82
Ruthenium	5	-	-	5
Iridium	25	-	-	25
PGMs	1,059	-	-	1,059
Nickel	28	-	-	28
Copper	10	-	-	10
Chrome	21	-	-	21
	1,118	-	-	1,118
EBITDA / (LBITDA) [i]	130	(15)	-	115
Depreciation, amortisation and impairment	(437)	-	-	(437)
Operating loss [i]	(307)	(15)	-	(322)
Profit on disposal of joint venture	5	-	-	5
Finance income	25	81	(51)	55
Finance expenses [ii]	(66)	(73)	51	(88)
Share of loss of equity accounted investment	(5)	-	-	(5)
Loss before taxation	(348)	(7)	-	(355)
Income tax charge	(45)	-	-	(45)
Loss after taxation	(393)	(7)	-	(400)
Total assets [iii]	1,952	1,796	(1,730)	2,018
Total liabilities	(2,062)	(184)	1,730	(516)
Net assets / (liabilities)	(110)	1,612	-	1,502
Share of net assets of equity accounted investment	24	-	-	24
Additions to property, plant, equipment and intangibles	98	-	-	98
Material non-cash items – share-based payments	15	-	-	15

Notes to the accounts (continued)

2 Segmental analysis (continued)

Revenue by destination is analysed by geographical area below:

	6 months to 31 March 2017 $m	6 months to 31 March 2016 $m	Year ended 30 September 2016 $m
The Americas	**221**	61	508
Asia	**111**	106	215
Europe	**113**	236	338
South Africa	**41**	112	57
	486	515	1,118

The Group's revenues are all derived from the PGM Operations segment. This segment has three major customers who respectively contributed 42% ($203 million), 22% ($109 million) and 18% ($87 million) of revenue in the six months to 31 March 2017, 43% ($221 million), 18% ($94 million) and 17% ($87 million) in the six months to 31 March 2016 and 41% ($455 million), 19% ($211 million) and 19% ($209 million) in the year ended 30 September 2016.

Metal sales prices are based on market prices which are denominated in US Dollars. The majority of sales are also invoiced in US Dollars with the exception of certain sales in South Africa which are invoiced in South African Rand based on exchange rates determined in accordance with the contractual arrangements.

Non-current assets (excluding financial instruments and deferred tax assets) of $1,154 million (31 March 2016 - $1,612 million and 30 September 2016 - $1,291 million) are all situated in South Africa.

Footnotes:

i EBITDA / (LBITDA) and operating (loss) / profit are the key profit measures used by management.

ii The impairment of the HDSA receivable of $8 million (31 March 2016 and 30 September 2016 - $nil) and of non-financial assets of $146 million (31 March 2016 - $nil, 30 September 2016 - $335 million) are included under finance expenses and impairment respectively. The HDSA receivable forms part of the "Other" segment. The impairment of non-financial assets is all allocated to the PGM Operations segment.

iii The assets under "Other" include the HDSA receivable of $61 million (31 March 2016 - $95 million and 30 September 2016 - $69 million) and intercompany receivables of $1,684 million (31 March 2016 - $1,694 million and 30 September 2016 - $1,658 million). Available for sale financial assets of $8 million (31 March 2016 - $6 million and 30 September 2016 - $7 million) form part of the "Other" segment and the balance of $4 million (31 March 2016 - $4 million and 30 September 2016 - $4 million) forms part of the PGM Operations segment.

Notes to the accounts (continued)

3 Net finance expenses

	6 months to 31 March 2017 $m	6 months to 31 March 2016 $m	Year ended 30 September 2016 $m
Finance income:	**19**	33	55
- Interest receivable on cash and cash equivalents	**3**	4	7
- Foreign exchange gains on net cash / (debt) [i]	**4**	9	15
- Interest accrued from HDSA receivable	**12**	14	27
- Gain on retranslation and forward exchange contracts in respect of Rights Issue	**-**	5	5
- Dividend received from investment	**-**	1	1
Finance expenses:	**(34)**	(37)	(88)
- Interest payable on bank loans and overdrafts	**(5)**	(10)	(14)
- Bank fees	**(4)**	(2)	(4)
- Unwinding of discount on environmental provisions	**(5)**	(4)	(9)
- Foreign exchange loss on HDSA receivable	**(12)**	(21)	(60)
- Impairment of HDSA receivable (note 7)	**(8)**	-	-
- Unamortised bank fees realised on settlement of old loan facility	**-**	(1)	(1)
- Capitalised interest [ii]	**-**	1	1
- Other finance expenses	**-**	-	(1)
Net finance expenses	**(15)**	(4)	(33)

Footnotes:

i Net cash / (debt) as defined by the Group comprises cash and cash equivalents, bank overdrafts repayable on demand and interest bearing loans and borrowings less unamortised bank fees, unless the unamortised bank fees relate to undrawn facilities in which case they are treated as other receivables.

ii Interest expenses incurred have been capitalised on a Group basis to the extent that there is an appropriate qualifying asset. No interest has been capitalised for the period to 31 March 2017. The weighted average interest rate used by the Group for capitalisation for the 6 months to 31 March 2016 was 1.9% and 4.0% for the year ended 30 September 2016.

4 Taxation

	6 months to 31 March 2017 $m	6 months to 31 March 2016 $m	Year ended 30 September 2016 $m
Current tax charge:			
United Kingdom tax expense			
- Current tax expense at 21% (March 2016 - 21%, September 2016 – 21%)[i]	**-**	-	-
Overseas current tax expense at 28% (2016 – 28%)	**4**	4	19
- Corporate tax expense – current year	**4**	4	8
- Adjusted in respect of prior years	**-**	-	11
Total current tax charge	**4**	4	19
Deferred tax charge / (credit):			
Deferred tax charge / (credit) – UK and overseas	**11**	(19)	26
- Origination and reversal of temporary differences	**8**	(14)	13
- Adjustment in respect of prior years	**1**	-	18
- Foreign exchange revaluation on deferred taxation [ii]	**2**	(5)	(5)
Total deferred tax charge / (credit)	**11**	(19)	26
Total tax charge / (credit)	**15**	(15)	45
Effective tax rate	**(8%)**	71%	(13%)

Notes to the accounts (continued)

4 Taxation (continued)

A reconciliation of the standard tax charge / (credit) to the actual tax charge / (credit) was as follows:

	6 months to 31 March 2017 %	**6 months to 31 March 2017 $m**	6 months to 31 March 2016 %	6 months to 31 March 2016 $m	Year ended 30 September 2016 %	Year ended 30 September 2016 $m
Tax credit on loss at standard tax rate	**28**	**(56)**	28	(6)	28	(99)
Tax effect of:						
- Unutilised losses [iii]	**1**	**(2)**	5	(1)	(18)	65
- Foreign exchange impacts on taxable profits	**(5)**	**9**	(24)	5	(10)	34
- Adjustment in respect of prior years	**(18)**	**35**	-	-	(8)	29
- Disallowed expenditure	**(12)**	**26**	43	(9)	(6)	23
- Expenses not subject to tax	**(1)**	**1**	(5)	1	-	(2)
- Foreign exchange revaluation on deferred tax	**(1)**	**2**	24	(5)	1	(5)
Actual tax charge / (credit)	**(8)**	**15**	71	(15)	(13)	45

The Group's primary operations are based in South Africa. The South African statutory tax rate is 28% (2016 - 28%). Lonmin Plc operates a branch in South Africa which is subject to a tax rate of 28% on branch profits (2016 – 28%). The aggregated standard tax rate for the Group is 28% (2016 – 28%). The dividend withholding tax rate is 15% (2016 – 15%). Dividends payable by the South African companies to Lonmin Plc are subject to a 5% withholding tax benefitting from double taxation agreements.

Footnotes:

i Effective from 1 April 2017 the United Kingdom tax rate changed from 20% to 19% and will change from 19% to 18% from 1 April 2020. This does not materially impact the Group's recognised deferred tax liabilities.

ii Overseas tax charges are predominantly calculated in Rand as required by the local authorities. As these subsidiaries' functional currency is US Dollar this leads to a variety of foreign exchange impacts being the retranslation of current and deferred tax balances and monetary assets, as well as other translation differences. The Rand denominated deferred tax balance in US Dollars at 31 March 2017 is $69 million (31 March 2016 - $39 million, 30 September 2016 - $62 million).

iii Unutilised losses reflect losses generated in entities for which no deferred tax asset is provided as it is not thought probable that future profits can be generated against which a deferred tax asset could be offset or previously unrecognised losses utilised.

Notes to the Accounts (continued)

5 Loss per share

Loss per share (LPS) has been calculated on the loss for the period attributable to equity shareholders amounting to $182 million (6 months to 31 March 2016 - loss of $4 million and year ended 30 September 2016 - loss of $342 million) using a weighted average number of 282.4 million ordinary shares in issue for the 6 months to 31 March 2017 (6 months to 31 March 2016 – 217.2 million ordinary shares and year ended 30 September 2016 – 249.7 million ordinary shares).

Diluted loss per share is based on the weighted average number of ordinary shares in issue adjusted by dilutive outstanding share options in accordance with IAS 33 - *Earnings Per Share*. In the 6 months to 31 March 2017 outstanding share options were anti-dilutive and so were excluded from diluted loss per share in accordance with IAS 33 – *Earnings Per Share.*

	6 months to 31 March 2017			6 months to 31 March 2016			Year ended 30 September 2016		
	Loss for the period $m	**Number of shares millions**	**Per share amount cents**	Loss for the period $m	Number of shares millions	Per share amount cents	Loss for the year $m	Number of shares millions	Per share amount cents
Basic & diluted LPS	**(182)**	**282.4**	**(64.4)**	(4)	217.2	(1.8)	(342)	249.7	(137.0)

Headline loss and the resultant headline loss per share are specific disclosures defined and required by the Johannesburg Stock Exchange. These are calculated as follows:

	6 months to 31 March 2017 $m	6 months to 31 March 2016 $m	Year ended 30 September 2016 $m
Loss attributable to ordinary shareholders (IAS 33 earnings)	**(182)**	(4)	(342)
Add back profit on disposal of joint venture	**-**		(5)
Add back impairment of assets	**146**	-	335
Tax related to the above items	**20**	-	(64)
Non-controlling interests	**(23)**	-	(37)
Headline loss	**(39)**	(4)	(113)

	6 months to 31 March 2017			6 months to 31 March 2016			Year ended 30 September 2016		
	Loss for the period $m	**Number of shares millions**	**Per share amount cents**	Loss for the period $m	Number of shares millions	Per share amount cents	Loss for the year $m	Number of shares millions	Per share amount cents
Headline & diluted LPS	**(39)**	**282.4**	**(13.8)**	(4)	217.2	(1.8)	(113)	249.7	(45.3)

Notes to the Accounts (continued)

6 Dividends

No dividends were declared during the period (6 months to 31 March 2016 and year ended 30 September 2016 - $nil).

7 Other financial assets

	Restricted cash	**Available for sale**	**HDSA receivable**	**Total**
	$m	**$m**	**$m**	**$m**
At 1 October 2016	**10**	**11**	**69**	**90**
Additions	**6**	**-**	**-**	**6**
Interest accrued	**1**	**-**	**12**	**13**
Movement in fair value	**-**	**1**	**-**	**1**
Foreign exchange losses	**1**	**-**	**(12)**	**(11)**
Impairment loss	**-**	**-**	**(8)**	**(8)**
At 31 March 2017	**18**	**12**	**61**	**91**

	Restricted cash	Available for sale	HDSA receivable	Total
	$m	$m	$m	$m
At 1 April 2016	8	10	95	113
Interest accrued	2	-	13	15
Movement in fair value	-	1	-	1
Foreign exchange losses	-	-	(39)	(39)
At 30 September 2016	10	11	69	90

	Restricted cash	Available for sale	HDSA receivable	Total
	$m	$m	$m	$m
At 1 October 2015	8	11	102	121
Interest accrued	-	-	14	14
Movement in fair value	-	(1)	-	(1)
Foreign exchange losses	-	-	(21)	(21)
At 31 March 2016	8	10	95	113

	6 months to 31 March 2017	6 months to 31 March 2016	Year ended 30 September 2016
	$m	$m	$m
Current assets			
Other financial assets	**61**	95	69
Non-current assets			
Other financial assets	**30**	18	21

7 Other financial assets (continued)

Restricted cash deposits are in respect of mine rehabilitation obligations.

Available for sale financial assets include listed investments of $8 million (31 March 2016 - $6 million and 30 September 2016 - $7 million) held at fair value using the market price on 31 March 2017.

On 8 July 2010, Lonmin entered into an agreement to provide financing of £200 million to Lexshell 806 Investments Proprietary Limited, a subsidiary of Phembani Group Proprietary Limited, to facilitate the acquisition, at fair value, of 50.03% of shares in Incwala Resources Proprietary Limited from the original HDSA shareholders. The terms of the financing provided by Lonmin Plc to the Phembani subsidiary include the accrual of interest on the HDSA receivable at a fixed rate based on a principal value of £200 million which is repayable on demand, including accrued interest.

The Company holds the HDSA receivable at amortised cost. The receivable is secured on shares in the HDSA borrower, Lexshell 806 Investments Proprietary Limited, whose only asset of value is its holding in Incwala Resources Proprietary Limited (Incwala). Incwala's principal assets are investments in Western Platinum Limited (WPL), Eastern Platinum Limited (EPL) and Akanani Mining Proprietary Limited (Akanani), all subsidiaries of Lonmin Plc. One of the sources of income to fund the settlement of the receivable is the dividend flow from these underlying investments. Given the continued subdued PGM pricing environment, there have not been any substantial dividends declared by these Lonmin subsidiaries in recent years.

The HDSA receivable is disclosed as a current asset as it was redeemable at any time on or after 8 July 2015 at Lonmin's request. It is not our current intention to request redemption as Phembani could forfeit the loan and the 50.03% that Phembani hold in Incwala would revert to Lonmin.

An impairment assessment has been performed on the balance of the loan at 31 March 2017. This assessment has been made based on the value of the security, which is primarily driven by the value of Incwala's underlying investments in WPL, EPL and Akanani. The same valuation model for the Marikana CGU that was prepared to assess impairment of non-financial assets was used as the basis for determining the value of Incwala's investments. Thus, similar judgements apply around the determination of key assumptions in those valuation models. The value of the security at 31 March 2017 was $61 million (March 2016 - $95 million and 30 September 2016 - $69 million) which was in line with the carrying amount of the HDSA receivable. Any movements in the key assumptions would affect the value of the security which would lead to further impairment or reversal of a previous impairment of the receivable as follows:

Assumption	Movement in assumption	Reversal in impairment / (further impairment) of receivable
Metal prices [i]	+/-5%	$37m / ($37m)
ZAR:USD exchange rate [ii]	-/+5%	$29m / ($32m)
Discount rate [ii]	-/+100 basis points	$16m / ($13m)
Production [i]	+/-5%	$32m / ($30m)

Footnotes:

i Over the period of the discounted cash flow model.

ii As at the reporting date.

8 Deferred revenue

In March 2012 Lonmin entered into a pre-paid sale of 75% of its current gold production for the next 54 months. Under this contract Lonmin delivered 70,700 ounces of gold over the period with delivery of fixed quantities on a quarterly basis and in return received an upfront payment of $107 million. Proceeds of the pre-paid sale were treated as deferred revenue and amortised to profit as deliveries occur. All gold deliveries were completed by 30 September 2016.

Lonmin has secured competitive funding of $50 million for the Bulk Tailings Treatment project ("the BTT project") through a finance metal streaming arrangement. The $50 million will be treated as deferred revenue. Contractual deliveries will be at a discounted price which will be treated as normal sales. The deferred revenue of $50 million will be amortised by the discount value of the deliveries. Project funding of $26 million was received for the period to 31 March 2017 (31 March 2016 - $nil and 30 September 2016 - $9 million). Commissioning and ramp up to full production is expected during the 2018 financial year.

	6 months to 31 March 2017 $m	6 months to 31 March 2016 $m	Year ended 30 September 2016 $m
Opening balance	**9**	23	23
Deferred revenue received	**26**	-	9
Less: Contractual deliveries	**(2)**	(9)	(23)
Closing balance	**33**	14	9
Current liabilities			
Deferred revenue	**-**	14	-
Non-current liabilities			
Deferred revenue	**33**	-	9

9 Analysis of net cash / (debt) [i]

	As at 1 October 2016 $m	**Cash flow $m**	**Foreign exchange and non-cash movements $m**	**Transfer of unamortised bank fees to other receivables $m**	**As at 31 March 2017 $m**
Cash and cash equivalents [ii]	**323**	**(98)**	**4**	**-**	**229**
Non-current borrowings	**(150)**	**(4)**	**-**	**-**	**(154)**
Net cash / (debt) as defined by the Group	**173**	**(102)**	**4**	**-**	**75**

Notes to the Accounts (continued)

9 Analysis of net cash / (debt) [i] (continued

	As at 1 April 2016 $m	Cash flow $m	Foreign exchange and non-cash movements $m	Transfer of unmortised bank fees to other receivables $m	As at 30 September 2016 $m
Cash and cash equivalents [ii]	264	53	6	-	323
Current borrowings	-	1	(1)	-	-
Non-current borrowings	(150)	-	-	-	(150)
Net cash as defined by the Group	114	54	5	-	173

	As at 1 October 2015 $m	Cash flow $m	Foreign exchange and non-cash movements $m	Transfer of unamortised bank fees to other receivables $m	As at 31 March 2016 $m
Cash and cash equivalents [ii]	320	(65)	9	-	264
Current borrowings	(506)	505	1	-	-
Non-current borrowings	-	(150)	-	-	(150)
Unamortised bank fees [iii]	1	-	-	(1)	-
Net (debt) / cash as defined by the Group	(185)	290	10	(1)	114

Footnotes:

i Net cash / (debt) as defined by the Group comprises cash and cash equivalents, bank overdrafts repayable on demand and interest bearing loans and borrowings less unamortised bank fees, unless the unamortised bank fees relate to undrawn facilities in which case they are treated as other receivables.

ii Current cash and cash equivalents to the value of $6 million will be treated as restricted cash to be utilised for rehabilitation obligations (30 March 2016 - $6 million, 30 September 2016 - $6 million).

iii As at 31 March 2017 unamortised bank fees of $3 million relating to undrawn facilities were included in other receivables (31 March 2016 - $4 million and 30 September 2016 - $4 million).

The Group's debt facilities are summarised as follows:

- Revolving credit facilities totalling $70.8 million and a $150 million term loan, at a Lonmin Plc level, which are committed until May 2019 (Lonmin can exercise its option to extend the term up until May 2020); and
- Revolving credit facility totalling R1,980 million, at a Western Platinum Limited level, which are committed until May 2019 (and likewise Lonmin can extend the term until May 2020).

The following financial covenants apply to these facilities:

- The consolidated tangible net worth of the Group will not be at any time less than $1,100 million. At 31 March 2017 consolidated tangible net worth was $1,434 million (31 March 2016 - $1,917 million and 30 September 2016 - $1,608 million);
- The consolidated debt of the Group will not at any time exceed an amount equal to 35% of consolidated tangible net worth of the Group. At 31 March 2017 consolidated debt:consolidated tangible net worth was 11% (31 March 2016 – 8% and 30 September 2016 – 9%);
- The liquidity of the Group will not, for any week from 1 January 2016, be less than $20 million. Cash and cash equivalents as at 31 March 2017 was $229 million (31 March 2016 - $264 million and 30 September 2016 - $323 million); and
- The capital expenditure of the Group (excluding any Bulk Tailings Agreement) shall not exceed the limits set out in the table below. The revised capital guidance of R1.4 billion – R1.5 billion for the financial year ending 30 September 2017 is less than the capex limits detailed below. The Company shall also have the option to carry forward or back up to 10% of the limits set out in the table below.

9 Analysis of net cash / (debt) [i] (continued)

Financial Year	Capex Limit
1 October 2015 – 30 September 2016 (inclusive)	ZAR 1,338 million
1 October 2016 – 30 September 2017 (inclusive)	ZAR 1,242 million
1 October 2017 – 30 September 2018 (inclusive)	ZAR 2,511 million
1 October 2018 – 30 September 2019 (inclusive)	ZAR 3,194 million
1 October 2019 – 31 May 2020 (inclusive)	ZAR 4,049 million

There is also additional limit on capital expenditure in relation to any Bulk Tailings Agreement as set out below:

Financial Year	Bulk Tailings Capex Limit
1 October 2015 – 30 September 2016 (inclusive)	ZAR 103 million
1 October 2016 – 30 September 2017 (inclusive)	ZAR 414 million
1 October 2017 – 30 September 2018 (inclusive)	ZAR 31 million

The limit on capital expenditure in relation to any Bulk Tailings Agreement after 30 September 2018 will be zero.

As at 31 March 2017, Lonmin had net cash of $75 million, comprising of cash and cash equivalents of $229 million and borrowings of $154 million (31 March 2016 - net cash of $114 million and 30 September 2016 - net cash of $173 million). Undrawn facilities amounted to $218 million at 31 March 2017 (31 March 2016 - $210 million and 30 September 2016 - $215 million).

10 Impairment of non-financial assets

At each financial reporting date, the Group assesses whether there is any indication that non-financial assets are impaired. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment (if any). The recoverable amount is the higher of fair value less costs to sell and value in use.

For impairment assessment, the Group's net assets are grouped into CGUs being the Marikana CGU, Akanani CGU, Limpopo CGU and Other. The Marikana, Limpopo and Akanani CGUs relate to the PGM segment.

The Marikana CGU is located in the Marikana district to the east of the town of Rustenburg in the North West province of South Africa. It contains a number of producing underground mines, various development properties, concentrators and tailings storage.

The Akanani CGU is located on the Northern Limb of the Bushveld Igneous Complex in the Limpopo province of South Africa. A pre-feasibility study was completed in 2012.

The Limpopo CGU is located on the Northern Sector of the Eastern Limb of the Bushveld Igneous Complex in the Limpopo province of South Africa and comprises two resource blocks (Boabab and Boabab east). The CGU includes mines which were placed on care and maintenance in 2009 and a concentrator complex.

For Marikana and Akanani, the recoverable amounts were calculated using a value-in-use valuation. The key assumptions contained within the business forecast and management's approach to determine appropriate values in use are set out below:

10 Impairment of non-financial assets (continued)

Key Assumption	Management Approach
PGM prices	Projections are determined through a combination of the views of the Directors, market estimates and forecasts and other sector information. The Platinum price is projected to be in the range of $968 to $1,549 per ounce in real terms over the life of the mine. Palladium and rhodium prices are expected to range between $740 to $1,355 and $783 to $1,426 respectively per ounce in real terms over the same period.
Production volume	Projections are based on the capacity and expected operational capabilities of the mines, the grade of the ore and the efficiencies of processing and refining operations.
Production costs	Projections are based on current cost adjusted for expected cost changes as well as giving consideration to specific issues such as the difficulty in mining particular sections of the reef and the mining method employed.
Capital expenditure requirements	Projections are based on the operational plan, which sets out the long-term plan of the business and is approved by the Board and includes capital expenditure to access reported reserves from existing mining operations as well as maintenance expenditure.
Foreign currency exchange rates	Spot rates as at the end of the reporting period are applied.
Reserves and resources of the CGU	Projections are determined through surveys performed by Competent Persons and the views of the Directors of the Company.
Discount rate	The discount rate is based on a Weighted Average Cost of Capital (WACC) calculation using the Capital Asset Pricing Model grossed up to a pre-tax rate. The Group uses external consultants to calculate an appropriate WACC.

For impairment testing, management projects cash flows over the life of the relevant mining operations which is significantly greater than five years. For the Marikana CGU a life of mine spanning until 2070 was applied. Whilst the majority of mining licences are currently valid until 2037 the Director's expect the licences will be renewed until beyond 2070.

The risk-adjusted pre-tax discount rate applied for impairment testing of the Marikana CGU for 31 March 2017 was 15.6% real (30 September 2016 – 15.6% real).

The Akanani asset was fully impaired at 30 September 2015. There have been no significant changes since that date to lead us to believe that the valuation of this asset is different. Therefore expenditure capitalised since 30 September 2015 has been fully impaired.

The non-financial assets of the Limpopo CGU were also fully impaired at 30 September 2015. No full assessment has been performed at 31 March 2017 as we do not expect a reversal of impairment at this stage.

Notes to the Accounts (continued)

10 Impairment of non-financial assets (continued)

For the six months to 31 March 2017, the Group's non-financial assets were impaired by $146 million (12 months to September 2016 - $335 million) primarily due to the increase in our outlook on unit costs and the strengthening of the Rand against the US Dollar since our Final results in September 2016. Whilst we have made a downward revision to our Platinum price outlook this was more than offset by an upward revision on price for the other PGMs and base metals, especially Palladium. The net impact of the change in these assumptions led to the value in use declining below the carrying amount of the non-financial assets of the operations.

The impairment charge was allocated as follows:

	6 months to 31 March			Year ended 30 September
			2017	2016
	Marikana CGU	**Akanani CGU**	**Total**	Marikana CGU
	$m	**$m**	**$m**	$m
Carrying amount pre-impairment				
Other intangibles	**72**	**3**	**75**	91
Property, plant and equipment	**1,167**	**-**	**1,167**	1,473
Equity accounted investment	**21**	**-**	**21**	24
Royalty prepayment	**37**	**-**	**37**	37
Total	**1,297**	**3**	**1,300**	1,625
Recoverable amount				
Other intangibles	**63**	**-**	**63**	72
Property, plant and equipment	**1,033**	**-**	**1,033**	1,157
Equity accounted investment	**21**	**-**	**21**	24
Royalty prepayment	**37**	**-**	**37**	37
Total	**1,154**	**-**	**1,154**	1,290
Impairment				
Other intangibles	**9**	**3**	**12**	19
Property, plant and equipment	**134**	**-**	**134**	316
Equity accounted investment	**-**	**-**	**-**	-
Royalty prepayment	**-**	**-**	**-**	-
Total	**143**	**3**	**146**	335

Notes to the Accounts (continued)

10 Impairment of non-financial assets (continued)

For the Marikana CGU, the impairment charge was allocated pro-rata to intangibles and property, plant and equipment, but limited to the assets' recoverable amounts.

In preparing the financial statements, management has considered whether a reasonably possible change in the key assumptions on which management has based its determination of the recoverable amounts of the CGUs would cause the units' carrying amounts to exceed their recoverable amounts. A reasonably possible change in any of the assumptions used to value the Marikana CGU will lead to a reduction or increase in the impairment charge as follows:

Assumption	Movement in assumption	Reversal in impairment / (further impairment)
Metal prices [i]	+/-5%	$407m / ($418m)
ZAR:USD exchange rate [ii]	-/+5%	$318m / ($361m)
Discount rate [ii]	-/+100 basis points	$173m / ($147m)
Production [i]	+/-5%	$352m / ($341m)

Footnotes:

i Over the period of the discounted cash flow model.

ii As at the reporting date.

11 Events after the financial reporting period

The Group has entered into an agreement to acquire Mvelaphanda Resources Proprietary Limited's (Mvelaphanda) 7.5% of the Pandora Joint Venture (Pandora JV) for a cash payment of R45.565 million. In addition, Lonmin will refund the value of any cash calls paid by Mvelaphanda to the Pandora JV during the period from 1 January 2017 to completion of the transaction. The Company's current expectation is that the aggregate cash calls payable to Mvelaphanda will be around R6-8 million. Lonmin is in the process of finalising its acquisition of Anglo American Platinum's 42.5% of the Pandora JV. The two transactions combined will result in Lonmin increasing its ownership in Pandora to 100%.

The acquisition 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 is contiguous with our existing EPL operations, relies on Lonmin's mining and processing infrastructure and is operated by EPL.

The transaction remains subject to certain conditions precedent and all necessary consents being obtained from the Department of Mineral Resources of South Africa, and section 11 approval for the transfer of the mining rights. The transaction is also subject to approval by Lonmin's lending banks. The transaction is expected to become unconditional during 2017 following the fulfilment of all conditions precedent.