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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

07 August 2017

Lonmin is taking further decisive action to ensure a sustainable business in a continuing adverse macroeconomic environment

On 17 July 2017, Lonmin Plc ("Lonmin" or the "Company") announced its third quarter production results and business update, which reported improved mining performance, reduced unit costs and increased net cash.

Despite this pleasing performance, Lonmin continues to be concerned by the persistent adverse macroeconomic conditions and the inflationary cost pressures confronting the platinum mining industry in South Africa. Therefore, despite having already taken significant measures to reduce costs, Lonmin is announcing further measures to ensure that its operations generate sufficient cash to support a sustainable business.

In addition to continuing to remove high cost production, Lonmin is today announcing the initial conclusions resulting from an on-going review of its operations (the "Operational Review"), which has the primary objective of preserving value for shareholders and safeguarding the long-term interests of employees and all key stakeholders. The Operational Review is focused on optimizing the cash produced by the business, both from its operations and through releasing capital from those activities where the Company is currently bearing the cost of excess capacity and unrealized development potential. The review is also designed to position the Company to benefit from any future improvement in the PGM pricing environment.

The immediate results of the Operational Review include initiatives to generate cash through the monetization of select Lonmin assets and to preserve cash by reducing fixed costs. Subject to receiving the necessary consents and approvals, Lonmin plans to implement the following:

- Pursue all options to maximize cash from Lonmin's high quality downstream processing operations. It is currently intended to implement this through the sale of excess processing capacity of up to 500,000 platinum ounces per annum. This would have the benefit not only of releasing capital for Lonmin, but would also allow other South African PGM producers who currently operate on a sale of concentrate basis to access the profit margin benefits of an integrated beneficiation model.

- A review of the Company's major development capital requirements over the next few years. In this regard, Lonmin will consider selling for cash or introducing joint venture partners into Limpopo and Akanani together with exploring options to introduce funding partners into K4.

- Despite consistent strong performance from Rowland, Lonmin's current capital position makes it challenging to fund the MK2 project which is necessary to extend Rowland's economic life. Lonmin believes that the MK2 project will be value accretive and the Company will explore options to introduce funding partners and preserve approximately five thousand jobs.

- The reduction in annual overhead costs by a minimum of ZAR500 million by the end of the year ending 30 September 2018. The substantial majority of overhead reductions will come from non-production central functions as the Company seeks to right-size its overheads to its operations. In addition, Lonmin will continue to identify further overhead and cost savings.

It is too early to define the ultimate effect of the Operational Review on the Company, but the overall aim remains for the business to be cash positive after capital investment. Further announcements will be made as and when appropriate and Lonmin will engage with all appropriate stakeholders in relation to these initiatives.

Lonmin is also pleased to announce today the approval by the DMR of its S11 application to acquire the Pandora JV from Anglo Platinum which will defer R2.6 billion of capital expenditure and contribute to the sustainability of the business by potentially preserving jobs at E3 shaft. Lonmin has already received approval from the competition tribunal and is in the process of obtaining lender consent.

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Notes to editors

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

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

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

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