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REGULATORY RELEASE

This announcement contains inside information

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First Quarter 2018 Production Report and Business Update

"Another solid operational performance quarter"

Lonmin Plc ("Lonmin" or "the Company"), one of the world's largest primary platinum producers, today announces its unaudited Quarter 1 2018 production results for the three months to 31 December 2017 and provides an operational update.

Lonmin also publishes today, in a separate announcement, its results for the financial year ended 30 September 2017.

Overview

- Fatality free first quarter with the twelve-month rolling LTIFR to 31 December 2017 improving by 5.3% to 4.28 per million man hours.
- Mining performance improvement has been sustained from March 2017. Tonnes mined by our Generation 2 shafts increased by 11.4% to 1.8 million tonnes compared with the first quarter of 2017. Total tonnes mined increased by 2.4% to 2.4 million tonnes compared with the first quarter of 2017.
- E3/Pandora classified as Generation 2 whilst 4B has been reclassified as Generation 1.
- Refined production of 161,363 Platinum ounces increased by 17.7% against the first quarter of 2017.
- Sales of 147,216 Platinum ounces increased by 9.1% compared with the first quarter of 2017.
- Average Rand full basket price for the first quarter of R13,153 increased 26.8% on the first quarter of 2017.
- Our unit costs for the first quarter were R12,703 per PGM ounce (6E basis), an increase of 3.3% on the first quarter of 2017, but below the consumer price inflation (CPI) of around 5%. We are maintaining our unit cost guidance of between R12,000 and R12,500 per PGM ounce.
- Net Cash at 31 December 2017 of $63 million, reflecting reduction in the historical first quarter cash burn rate, as a result of improved production, prices and working capital management.

Ben Magara, Chief Executive Officer, said: "Another fatality free all-round operational performance, from mining, to processing through to sales, demonstrating the strength of our mine-to-market business. I am pleased that we have maintained the mining performance improvement since March 2017. The higher sales volume from good production, focus on working capital management, combined with better Palladium and Rhodium prices which boosted Dollar basket revenues, resulted in a historically reduced quarter one cash burn and a positive net cash position, however we still have much work to reduce costs."

Safety

Our safety strategy is centred on the belief that Zero Harm is achievable and important contributions are required from all stakeholders to achieve it. Lonmin remains fatality free since July to December 2017.

- We achieved significant milestones in the journey towards Zero Harm at the following operations:
  - Precious Metal Refinery achieved 2 years LTI free in December 2017.
  - EPL Concentrator achieved 1 year LTI free in October 2017.
  - Marikana Mining Operations achieved 5 Million Fall of Ground Fatality Free Shifts in November 2017 and were on 3 Million Fatality Free Shifts at the end of Q1.
- The twelve month rolling LTIFR to 31 December 2017 was 4.28 per million man hours, an improvement of 5.3% on September 2017 at 4.52.

Mining Operations

It is pleasing to note that our focused effort in our core shafts is bearing fruit. The Marikana mining operations, including Pandora produced 2.4 million tonnes during the quarter, up 2.4% on the comparative period, driven by an 11.4% increase in production from our Generation 2 shafts.

Generation 2

Tonnes mined from our Generation 2 shafts were 1.8 million tonnes, an increase of 11.4%, or 0.2 million tonnes against the comparative period.

- K3, our biggest shaft, produced 695,000 tonnes, an increase of 17.9% on the prior period, demonstrating the shaft's recovery in performance from the challenges it faced in the prior year period.
- Rowland shaft produced 448,000 tonnes, an increase of 5.7% on the prior year period.
- Saffy shaft produced 521,000 tonnes, an increase of 5.6% on the prior year period.
- On completion of the Pandora acquisition, combined with the progress made pursuant to our recovery plans, the E3 shaft and Pandora production has been combined and reclassified as a Generation 2 shaft, with comparatives adjusted accordingly. The combined area produced 147,000 tonnes, an increase of 23.8% on the prior year period.
- Immediately available ore reserves for the Generation 2 shafts has been maintained at around 20 months.

Generation 1

The performance of the Generation 1 shafts is in line with our plan and we continue to reduce high cost production in a low price environment. Tonnes mined from our Generation 1 shafts (4B, Hossy, W1, E1 and E2) were 0.6 million tonnes, a decrease of 14.0%, or 0.1 million tonnes on the prior year period, reflecting the planned decline in production. The decrease is also due to both Newman and E2, which produced in Q1 2017, now being on care and maintenance.

We continually review each shaft on its merits and as reported, in light of 4B shaft's lacklustre performance, its short life of mine relative to the other Generation 2 shafts, and our capital constrains, 4B has been reclassified as a Generation 1 shaft and comparatives adjusted accordingly. 4B produced 306,000 tonnes, a decrease of 9.0% on the prior year period, as the bad geological conditions persist.

W1, E1 and E2 are shafts at the end of their resource lives. E2 shaft was put on care and maintenance in November 2017. Contractors have continued to run W1 and E1, and are responsible for all the costs associated with such shafts, and we thus retain the flexibility to cease production if required.

Hossy shaft was scheduled to be put on care and maintenance, but it continues to contribute to the business. Based on its relative contribution and the available IAOR, which stood at 11 months at FY 2017, we will continue to operate Hossy for the duration of FY 2018.

Production Losses

Overall total tonnes lost in the quarter reduced to 57,000 tonnes, compared to 147,000 tonnes lost in the first quarter of 2017. We have been encouraged that the number and duration of Section 54 stoppages has continued to improve, as experienced during the FY2017.

	Q1 2018 Tonnes	Q1 2017 Tonnes
Section 54 safety stoppages	8,000	58,000
Management induced safety stoppages and other	48,000	89,000
Total tonnes lost	**57,000**	**147,000**

Processing Operations

Underground milling production in the quarter of 2.5 million tonnes was 3.0% higher than in the prior year period.

Underground milled head grade at 4.63 grammes per tonne (5PGE+Au) increased by 1.5% when compared to the 4.56 grammes per tonne achieved in the prior year period and the overall milled head grade was also 4.63 grammes per tonne, up 1.5% on the prior year period, due to improved quality of mining.

Concentrator recoveries in the quarter remained excellent at 88.0%, up 1.2% from 87.0% in the prior year period.

Platinum production (Metals-in-Concentrate) was 164,488 ounces, which was 7.6% higher than the prior year period and total PGMs production (Metals-in-Concentrate) was 315,316 ounces, which was 7.7% higher than the prior year period.

Refined Platinum production of 161,363 ounces in the first quarter, was 17.7% higher than the prior year period, with the smelter clean-up project not contributing any Platinum ounces as expected, (no contribution in Q1 2017). We expect minimal ounces from the smelter clean-up project in the 2018 financial year as the ounces are depleting. Total PGMs produced were 308,774 ounces, an increase of 17.3% on the prior year period.

Number One furnace had a run out on 2 December 2017, necessitating it’s planned shutdown scheduled for the end of 2018 to be brought forward. We expect some lock up of ounces in the second quarter, which will unwind within the financial year. As such overall output is not expected to be affected owing to capacity at other furnaces, as we will be running the number two furnace and the three pyromets.

Sales and Pricing

Platinum sales for the quarter were 147,216 ounces, 9.1% higher than the prior year period sales of 134,954 ounces. PGM sales were 292,335 ounces, marginally higher (0.8%) on the prior year period sales of 289,962 ounces; Ruthenium sales decreased by 33.7%, as the Ruthenium to other metal sales ratio was brought in line with the normal production ratio in this quarter, converse to Q1 2017 when there was a release of built up stocks of Ruthenium, which reduced the impact of the increase of the other PGM metals sales.

The US Dollar basket price (including base metal revenue) at $968 per ounce during the quarter was up 30.9% on Q1 2017, while the corresponding Rand basket price of R13,153 per ounce was 26.8% higher than the Q1 2017, with the stronger Rand diluting the increase.

The average Rand to US Dollar exchange rate was 2.1% stronger at 13.61 compared to 13.90 in Q1 2017.

Business and Operating Environment Update

The operating environment has remained challenging as the Company strives to balance the economic, social and environmental imperatives. Management continues to participate in strategic multi-stakeholder engagements to address these challenges.

As part of our Operational Review, we identified cost reduction initiatives, to reduce annual overhead costs by a minimum of ZAR500 million by the end of 30 September 2018. These initiatives are ongoing. We expect the substantial majority of overhead reductions to come from non-production central functions and high cost production areas as their production comes to an end. As highlighted in the 2017 Financial Results announcement released separately today, a section 189 process commenced in October 2017 and is ongoing, with over 600 employees already having left the business.

Unit Costs
Unit costs of R12,703 per PGM ounce were 3.3% higher on the prior year period. Whilst this increase is below the CPI of around 5%, the increase highlights the need for us to remain vigilant in working to reduce our operating costs and we maintain our unit cost guidance in the range of R12,000 to R12,500 per PGM ounce for the full 2018 financial year.

Balance Sheet and Liquidity
Net cash at 31 December 2017 was $63 million, after working capital and capital expenditure investment during the quarter. The higher production and metal prices in the quarter and management of working capital initiatives resulted in the historical quarter 1 cash burn of around $120 million being contained to only $40 million.

Outlook and Guidance

Sales guidance for the full year is maintained at between 650,000 and 680,000 Platinum ounces. We are maintaining unit cost guidance of between R12,000 and R12,500 per PGM ounce produced. Our capital expenditure guidance for the year of between R1.4 billion and R1.5 billion is maintained.

- **ENDS** -

ENQUIRIES

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Notes to editors

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

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

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

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

				3 months to 31 Dec 2017	3 months to 31 Dec 2016
Tonnes mined[1]	Marikana	K3 Shaft	kt	695	590
		Rowland Shaft	kt	448	424
		Saffy Shaft	kt	521	493
		East 3 Shaft Combined	kt	147	119
		East 3 Shaft	*kt*	*46*	*17*
		Pandora (100%)[2]	*kt*	*101*	*102*
		Generation 2	**kt**	**1 812**	**1 626**
		4B Shaft	kt	306	336
		Hossy Shaft	kt	144	171
		Newman Shaft	kt		23
		W1 Shaft	kt	44	39
		East 1 Shaft	kt	47	31
		East 2 Shaft	kt	32	67
		Generation 1	**kt**	**573**	**666**
		Underground	kt	2 385	2 292
		Opencast	kt		38
	Lonmin (100%)	**Total Tonnes Mined (100%)**	**kt**	**2 385**	**2 330**
		% tonnes mined from UG2 reef (100%)	%	72.4%	74.9%
	Lonmin (attributable)	**Underground & Opencast**	**kt**	**2 334**	**2 279**
Ounces Mined[3]	Lonmin excluding Pandora	Pt Ounces	oz	147 208	141 476
	Pandora (100%)	Pt Ounces	oz	7 557	7 112
	Lonmin	**Pt Ounces**	**oz**	**154 765**	**148 588**
	Lonmin excluding Pandora	PGM Ounces	oz	282 818	270 638
	Pandora (100%)	PGM Ounces	oz	14 962	14 067
	Lonmin	**PGM Ounces**	**oz**	**297 780**	**284 705**
Tonnes milled[4]	Marikana	Underground	kt	2 348	2 277
		Opencast	kt	7	11
		Total	kt	2 355	2 288
	Pandora[5]	Underground	kt	101	102
	Lonmin Platinum	Underground	kt	2 449	2 378
		Milled head grade[6]	g/t	4.63	4.56
		Recovery rate[7]	%	88.1%	87.1%
		Opencast	kt	7	11
		Milled head grade[6]	g/t	4.97	4.47
		Recovery rate[7]	%	67.3%	62.5%
		Milled head grade[6]	g/t	-	-
		Recovery rate[7]	%	0.0%	0.0%
		Total	kt	2 456	2 390
		Milled head grade[6]	g/t	4.63	4.56
		Recovery rate[7]	%	88.0%	87.0%

				3 months to 31 Dec 2017	3 months to 31 Dec 2016
Metals-in-concentrate[8]	Marikana	Platinum	oz	152 648	145 211
		Palladium	oz	70 857	66 662
		Gold	oz	3 722	3 695
		Rhodium	oz	21 745	20 477
		Ruthenium	oz	36 600	34 567
		Iridium	oz	7 465	7 098
		Total PGMs	oz	293 036	277 709
		Nickel[9]	MT	745	739
		Copper[9]	MT	481	461
	Pandora	Platinum	oz	7 557	7 112
		Palladium	oz	3 573	3 358
		Gold	oz	52	50
		Rhodium	oz	1 261	1 196
		Ruthenium	oz	2 105	1 947
		Iridium	oz	414	404
		Total PGMs	oz	14 962	14 067
		Nickel[9]	MT	11	14
		Copper[9]	MT	6	6
	Concentrate purchases	Platinum	oz	4 283	603
		Palladium	oz	1 354	164
		Gold	oz	15	2
		Rhodium	oz	571	58
		Ruthenium	oz	858	99
		Iridium	oz	237	24
		Total PGMs	oz	7 317	950
		Nickel[9]	MT	6	0
		Copper[9]	MT	3	0
	Lonmin Platinum	Platinum	oz	164 488	152 925
		Palladium	oz	75 784	70 184
		Gold	oz	3 789	3 746
		Rhodium	oz	23 576	21 731
		Ruthenium	oz	39 563	36 613
		Iridium	oz	8 117	7 526
		Total PGMs	oz	315 316	292 726
		Nickel[9]	MT	761	753
		Copper[9]	MT	491	467

				3 months to 31 Dec 2017	3 months to 31 Dec 2016
Refined Production	Lonmin refined Metal Production	Platinum	oz	161 026	136 102
		Palladium	oz	75 271	61 721
		Gold	oz	4 191	3 190
		Rhodium	oz	24 217	21 646
		Ruthenium	oz	35 365	31 892
		Iridium	oz	8 041	7 199
		Total PGMs	oz	308 111	261 751
	Toll refined metal production	Platinum	oz	337	1 021
		Palladium	oz	123	189
		Gold	oz	5	7
		Rhodium	oz	43	68
		Ruthenium	oz	132	234
		Iridium	oz	22	14
		Total PGMs	oz	663	1 532
	Total refined PGMs	Platinum	oz	161 363	137 123
		Palladium	oz	75 395	61 910
		Gold	oz	4 196	3 197
		Rhodium	oz	24 260	21 714
		Ruthenium	oz	35 498	32 126
		Iridium	oz	8 063	7 212
		Total PGMs	oz	308 774	263 283
	Base metals	Nickel[10]	MT	868	715
		Copper[10]	MT	436	354

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Sales	Refined Metal Sales	Platinum	oz	147 216	134 954
		Palladium	oz	67 699	60 060
		Gold	oz	4 523	2 889
		Rhodium	oz	25 268	26 130
		Ruthenium	oz	39 099	59 016
		Iridium	oz	8 529	6 913
		Total PGMs	oz	292 335	289 962
		Nickel[10]	MT	852	928
		Copper[10]	MT	400	215
		Chrome[10]	MT	352 360	385 496
Average prices	Platinum		$/oz	922	945
	Palladium		$/oz	1 001	687
	Gold		$/oz	1 257	1 154
	Rhodium		$/oz	1 465	730
	$ basket excl. by-product revenue[11]		$/oz	888	683
	$ basket incl. by-product revenue[12]		$/oz	968	739
	R basket excl. by-product revenue[11]		R/oz	12 013	9 624
	R basket incl. by-product revenue[12]		R/oz	13 153	10 372
	Nickel[10]		$/MT	9 424	8 989
	Copper[10]		$/MT	6 823	5 411
Unit Costs	Cost of Production per PGM ounce		ZAR/oz	12 703	12 296

Exchange Rates	Average rate for period[13]	R/$	13.61	13.90
	Closing rate	R/$	12.36	13.73

Notes

1. Reporting of shafts are in line with our operating strategy for Generation 1 and Generation 2 shafts.
2. E3 Shaft and Pandora underground tonnes mined will be reported as E3 Shaft Combined from 1 December 2017 when Lonmin acquired 100% of Pandora.
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 excludes slag milling.
5. As from 1 December 2017, Lonmin owns 100% of Pandora joint venture and there will be no ore purchases thereafter.
6. Head Grade is the grammes per tonne (5PGE + Au) value contained in the tonnes milled and fed into the concentrator from the mines (excludes slag milled).
7. Recovery rate in the concentrators is the total content produced divided by the total content milled (excluding slag).
8. Metals-in-concentrate have been calculated at Lonmin standard downstream processing recoveries to present produced saleable ounces.
9. Corresponds to contained base metals in concentrate.
10. Nickel is produced and sold as nickel sulphate crystals or solution and the volumes shown correspond to contained metal. Copper is produced as refined product but typically at LME grade C. Chrome is produced in the form of chromite concentrate and volumes shown are in the form of chromite.
11. Basket price of PGMs is based on the revenue generated in Rand and Dollar from the actual PGMs (5PGE + Au) sold in the period based on the appropriate Rand / Dollar exchange rate applicable for each sales transaction.
12. As per note 11 but including revenue from base metals.
13. Exchange rates are calculated using the market average daily closing rate over the course of the period.