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REGULATORY RELEASE

14 May 2018

Second Quarter 2018 Production Report

Lonmin Plc (“Lonmin” or “the Company”), today announces its unaudited production results for the three months to 31 March 2018. Lonmin also publishes today, in a separate announcement, its Interim Results for the half year ended 31 March 2018.

Overview

- A third consecutive fatality free quarter, Lonmin now 10 months fatality free.
- The 12 month rolling LTIFR to 31 March improved by 3.5% to 4.13 from 4.28 at 31 December 2017.
- Tonnes lost due to Section 54 safety stoppages relatively insignificant at 7,000 tonnes versus 137,000 tonnes in prior year.
- Tonnes mined from Generation 2 shafts were 1.7 million tonnes, an increase of 1.5%.
- Production from Generation 1 shafts continued to decrease in line with our Business Plan to remove high-cost production. Overall total tonnes mined decreased by 4.6% to 2.2 million tonnes.
- Platinum production (Metals-in-Concentrate) was 143,374 ounces, an increase of 3.9% on the prior year period and PGM production (Metals-in-Concentrate) was 274,941 ounces, an increase of 3.5% on the prior year period.
- The Bulk Tailings Retreatment (“BTT”) project was successfully commissioned on 14 February, with 347,000 tonnes milled, producing 759 Platinum ounces and 1,440 PGM ounces. The project is in the process of ramping up to full throughput within H2 2018. Once at steady-state, the project is expected to deliver amongst the lowest cost ounces in the Lonmin portfolio, producing about 55,000 PGM ounces per year.
- Furnace Number One was recommissioned in February after an unplanned outage. The resultant lock-up of ounces is expected to be released within the second half of the year. Consequently:
 - Saleable refined Platinum production in the quarter of 122,649 ounces was down 25.3% on prior year period;
 - Platinum sales of 140,533 ounces were down 18.3% on the prior year period, including 7,525 Platinum ounces of BMR concentrate.
- The average full Rand basket price (including base metals) up 12.5% on Q2 2017, at R12,661 per PGM ounce.
- The average Rand to US Dollar exchange rate was 9.6% stronger at 11.95 compared to 13.22 in Q2 2017.
- Unit cost for the quarter was R13,308 per PGM ounce, 12.4% higher than the prior year period, primarily driven by the 8% wage increase, lock-up of metals, and higher variable costs. Unit costs are anticipated to improve during H2 2018 to within the upper end of guidance range.
- Section 189 process commenced, resulting in 1,993 employees and contractors being impacted during this year, of the 3,700 jobs we expect to be impacted in the current year, including through natural attrition, with a net reduction in headcount of 1,504.

Mining Operations

The Marikana mining operations including Pandora (100%) produced 2.2 million tonnes during the quarter, down 4.6% or 108,000 tonnes, on the prior year period. This decline is primarily the result of the planned removal of high-cost Generation 1 production (167,000 tonnes), in line with our rationalisation of high cost ounces.

Generation 2

Tonnes mined from our Generation 2 shafts were 1.7 million tonnes, an increase of 1.5% on the prior year period.

- K3, our biggest shaft, produced 644,000 tonnes, a pleasing increase of 10.5% or 61,000 tonnes on the prior year period.
- Saffy shaft produced 499,000 tonnes, marginally higher than the prior year period, demonstrating that the shaft is maintaining its steady state performance and is now focused on efficiency improvements.
- Rowland shaft produced 418,000 tonnes, a decrease of 7.6% on the prior year period, impacted by low immediately available ore reserves and the resultant limited mining flexibility, signifying the importance of the MK2 project.
- On completion of the Pandora acquisition, combined with the progress of 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 146,000 tonnes, a marginal decrease of 1.7% on the prior year period, as we rationalised the business.

Generation 1

The performance of the Generation 1 shafts is in line with our plan and we are executing successfully the strategy to reduce high cost production in a low-price environment. Tonnes mined from our Generation 1 shafts (4B, Hossy, W1 and E1) were 0.5 million tonnes, a decrease of 24.8%, in line with the planned decline in production. The decrease is also due to both Newman and E2, which produced in Q2 2017, now being placed on care and maintenance.

W1 and E1 are shafts at the end of their reserve lives and are mining remnant pillars. Contractors have continued to run these shafts and are responsible for all the costs associated with these shafts, enabling us to retain the flexibility to cease production if and when profitable. Lonmin pays a predetermined rate per tonne, which has been reduced in line with Lonmin's cost cutting measures.

Hossy shaft was scheduled to be placed on care and maintenance, but continues to demonstrate potential to contribute to the business. Based on this and the available IAOR, we intend to continue to operate Hossy for the duration of FY 2018.

We continually review each shaft on its merits and as reported, in light of 4B shaft's remaining life and lacklustre performance, its short life of mine relative to the other Generation 2 shafts, and our capital constraints, 4B has been reclassified as a Generation 1 shaft and comparatives adjusted accordingly. 4B produced 291,000 tonnes, a decrease of 16.0% on the prior year period, as the bad geological conditions persist, signifying the end of economically minable reserves.

Production Losses

Tonnes lost due to Section 54 safety stoppages at 7,000 tonnes were greatly reduced to 7,000 tonnes compared to the prior year period of 137,000 tonnes. This emphasised our improving safety statistics and continued proactive engagement with all stakeholders including various unions, employees and the DMR Inspectorate.

We are encouraged by the fact that the number and duration of Section 54 stoppages has continued to improve, for the last four years quarter on quarter.

	Q2 2018 Tonnes	Q2 2017 Tonnes	Q2 2016 Tonnes	Q2 2015 Tonnes
Section 54 safety stoppages	7,000	137,000	234,000	229,000
Management induced safety stoppages	13,000	40,000	7,000	56,000
Total tonnes lost	20,000	177,000	241,000	285,000

Processing Operations

Platinum production (Metals-in-Concentrate) was 143,374 ounces, which was 3.9% higher than the prior year period and PGM production (Metals-in-Concentrate) was 274,941 ounces, which was 3.5% higher than the prior year period.

Concentrator production - Mining

Total tonnes milled from mining operations in the period under review were 2.2 million tonnes, in line with the prior year period.

Underground milled head grade was 4.51 grammes per tonne, lower than the 4.56 grammes per tonne from prior year period but within our acceptable range. Underground concentrator recoveries for the half year remained excellent at 86.8%, exceeding the 86.5% achieved in the prior year period.

Concentrator production - Bulk Tailings Retreatment (BTT)

The BTT project is progressing within cost, scope and time and was successfully hot commissioned on 14 February. The project is expected to ramp up and reach full throughput during 2018. Once at steady-state, the project is expected to deliver amongst the lowest cost ounces in the Lonmin portfolio, producing about 29,000 ounces of Platinum per year or some 55,000 ounces of PGMs. The project is expected to be mined over a seven-year period, and further tailings dams are being explored for life extension. The feed from the BTT project will have relatively low milled head grade and recovery rates when compared to underground ore. We expect the current levels to improve as the project continues to ramp up and for milled head grade and recovery rates to average 1.4 grammes per tonne and 31% respectively, over the life of the project.

Since commissioning in February, 347,000 tonnes were remined and milled by the BTT project, producing to 759 Platinum ounces and 1,440 PGM ounces in concentrate.

Smelting and Refining

Total saleable refined Platinum production of 122,649 ounces in the current quarter, was 25.3% lower than the prior year period and total saleable refined PGMs produced were 234,552 ounces, a decrease of 23.2% on the prior year period, due to the lock-up of 47,000 PGM ounces, arising from the run out of Furnace Number One on 2 December 2017 as reported in Q1. Furnace Number One was recommissioned in February, and we expect the lock-up of ounces to unwind within the second half of the financial year.

There was no release of Platinum ounces from the smelter clean-up project during this quarter due to the smelter unplanned outage, compared to the 10,295 Platinum ounces released in Q2 2017. The smelter clean-up project is expected to deliver around 13,000 PGM ounces, equivalent to around \$13 million of cash inflows in H2 2018.

Furnace Number Two has been on scheduled maintenance since April 2018, and as such overall output is not expected to be affected owing to capacity at other furnaces, as we are also running the three pyromets.

Sales and Pricing

Platinum sales for the quarter were 140,533 ounces, 18.3% lower than the prior year period sales of 172,042 ounces as a result of the lock-up of ounces, including 7,525 Platinum ounces of BMR concentrate. PGM sales were 262,302 ounces, down 18.0% on the prior year period sales of 319,896, in line with the outages.

The US Dollar basket price (including base metal revenue) at \$1,058 per ounce during the quarter was up 24.5% on Q2 2017 while the corresponding Rand basket price of R12,661 per ounce was 12.5% higher than Q2 2017.

The average Rand to US Dollar exchange rate was 9.6% stronger at 11.95 compared to 13.22 in Q2 2017.

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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 seeks to create 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 Mar 2018 - Act	3 months to 31 Mar 2017 - Act	
Tonnes mined ¹	Marikana	K3 Shaft	kt	644	583	
		Rowland Shaft	kt	418	452	
		Saffy Shaft	kt	499	498	
		East 3 Shaft Combined ²	kt	146	149	
		<i>East 3 Shaft</i>	<i>kt</i>	<i>146</i>	<i>22</i>	
		<i>Pandora (100%)</i>	<i>kt</i>	<i>127</i>		
		Generation 2	kt	1 707	1 682	
		4B Shaft	kt	291	346	
		Hossy Shaft	kt	128	159	
		Newman Shaft	kt		27	
		W1 Shaft	kt	46	33	
		East 1 Shaft	kt	43	44	
		East 2 Shaft	kt		65	
		Generation 1	kt	508	675	
		Underground	kt	2 214	2 356	
Opencast	kt	34				
Total Marikana	Marikana Operations	kt	2 248	2 356		
Lonmin (100%)	Total Tonnes Mined (100%)	kt	2 248	2 356		
	% Tonnes mined from UG2 reef (100%)	%	71.8%	73.4%		
Lonmin (attributable)	Underground & Opencast	kt	2 248	2 293		
Ounces Mined ³	Lonmin excluding Pandora	Pt Ounces	140 434	139 269		
	BTT	Pt Ounces	759			
	Lonmin excl Pandora incl BTT	Pt Ounces	141 194	139 269		
	Pandora (100%)	Pt Ounces		8 581		
	Lonmin incl Pandora & BTT	Pt Ounces	282 387	287 119		
	Lonmin excluding Pandora	PGM Ounces	270 885	267 498		
	BTT	PGM Ounces	1 440	0		
	Lonmin excl Pandora incl BTT	PGM Ounces	272 326	267 498		
	Pandora (100%)	PGM Ounces		16 980		
	Lonmin incl Pandora & BTT	PGM Ounces	544 652	551 976		
Tonnes milled ⁴	Marikana	Underground	kt	2 193	2 034	
		Opencast	kt	5	38	
		Total	kt	2 198	2 071	
	Pandora 100% ⁵	Underground	kt		127	
		Total	kt	2 198	2 198	
	Before BTT Plant	Total	kt	347		
	BTT Plant ⁶	Total	kt			
	Lonmin Platinum	Underground		kt	2 193	2 161
			<i>Milled head grade</i> ⁷	<i>g/t</i>	<i>4.51</i>	<i>4.56</i>
			<i>Recovery rate</i> ⁸	<i>%</i>	<i>86.8%</i>	<i>86.5%</i>
		Opencast		kt	5	38
			<i>Milled head grade</i> ⁷	<i>g/t</i>	<i>3.62</i>	<i>4.41</i>
			<i>Recovery rate</i> ⁸	<i>%</i>	<i>63.4%</i>	<i>70.1%</i>
		BTT Plant ⁶		kt	347	0
			<i>Milled head grade</i> ⁷	<i>g/t</i>	<i>1.13</i>	<i>-</i>
			<i>Recovery rate</i> ⁸	<i>%</i>	<i>12.0%</i>	<i>0.0%</i>
		Total		kt	2 545	2 198
		<i>Milled head grade</i> ⁷	<i>g/t</i>	<i>4.05</i>	<i>4.55</i>	
	<i>Recovery rate</i> ⁸	<i>%</i>	<i>83.9%</i>	<i>86.2%</i>		

				3 months to 31 Mar 2018 - Act	3 months to 31 Mar 2017 - Act
Metals-in-concentrate ⁹	Marikana	Platinum	oz	137 368	129 460
		Palladium	oz	64 106	60 206
		Gold	oz	3 471	3 220
		Rhodium	oz	19 483	18 456
		Ruthenium	oz	33 119	30 786
		Iridium	oz	6 931	6 437
		Total PGMs	oz	264 477	248 566
		Nickel ¹⁰	MT	693	666
		Copper ¹⁰	MT	450	419
	Pandora	Platinum	oz		8 581
		Palladium	oz		4 037
		Gold	oz		61
		Rhodium	oz		1 436
		Ruthenium	oz		2 373
		Iridium	oz		492
		Total PGMs	oz	0	16 980
		Nickel ¹⁰	MT		19
		Copper ¹⁰	MT		8
	BTT Plant ⁶	Platinum	oz	759	
		Palladium	oz	306	
		Gold	oz	8	
		Rhodium	oz	95	
		Ruthenium	oz	219	
		Iridium	oz	53	
		Total PGMs	oz	1 440	0
		Nickel ¹⁰	MT	1	
		Copper ¹⁰	MT	1	
	Concentrate purchases	Platinum	oz	5 248	
		Palladium	oz	1 703	
		Gold	oz	19	
		Rhodium	oz	708	
		Ruthenium	oz	1 090	
		Iridium	oz	256	
		Total PGMs	oz	9 023	0
		Nickel ¹⁰	MT	6	
		Copper ¹⁰	MT	3	
Lonmin Platinum	Platinum	oz	143 374	138 041	
	Palladium	oz	66 116	64 243	
	Gold	oz	3 497	3 281	
	Rhodium	oz	20 286	19 892	
	Ruthenium	oz	34 427	33 158	
	Iridium	oz	7 240	6 930	
	Total PGMs	oz	274 941	265 546	
	Nickel ¹⁰	MT	700	684	
	Copper ¹⁰	MT	454	427	

				3 months to 31 Mar 2018 - Act	3 months to 31 Mar 2017 - Act
Refined Production	Lonmin refined Metal Production	Platinum	OZ	114 731	164 136
		Palladium	OZ	54 618	71 409
		Gold	OZ	3 211	4 488
		Rhodium	OZ	16 290	20 947
		Ruthenium	OZ	25 894	36 833
		Iridium	OZ	5 066	7 484
		Total PGMs	OZ	219 810	305 297
	Toll refined metal production	Platinum	OZ	393	2
		Palladium	OZ	134	6
		Gold	OZ	7	1
		Rhodium	OZ	4	9
		Ruthenium	OZ	9	2
		Iridium	OZ	3	13
		Total PGMs	OZ	550	33
	Total refined PGMs	Platinum	OZ	115 124	164 138
		Palladium	OZ	54 752	71 416
		Gold	OZ	3 218	4 489
		Rhodium	OZ	16 293	20 956
		Ruthenium	OZ	25 904	36 835
		Iridium	OZ	5 069	7 498
		Total PGMs	OZ	220 360	305 331
BMR Concentrate Sales (Saleable Refined production)	Platinum	OZ	7 525		
	Palladium	OZ	3 211		
	Gold	OZ	178		
	Rhodium	OZ	1 093		
	Ruthenium	OZ	1 815		
	Iridium	OZ	369		
	Total PGMs	OZ	14 192		
Total saleable refined PGMs ¹¹	Platinum	OZ	122 649	164 138	
	Palladium	OZ	57 963	71 416	
	Gold	OZ	3 396	4 489	
	Rhodium	OZ	17 386	20 956	
	Ruthenium	OZ	27 719	36 835	
	Iridium	OZ	5 438	7 498	
	Total PGMs	OZ	234 552	305 331	
Base metals	Nickel ¹²	MT	668	761	
	Copper ¹²	MT	414	492	

				3 months to 31 Mar 2018 - Act	3 months to 31 Mar 2017 - Act	
Sales	Refined Metal Sales	Platinum	oz	133 007	172 042	
		Palladium	oz	64 157	72 455	
		Gold	oz	3 496	4 456	
		Rhodium	oz	18 280	24 867	
		Ruthenium	oz	23 748	38 659	
		Iridium	oz	5 422	7 417	
		Total PGMs	oz	248 110	319 896	
		Nickel ¹²	MT	685	801	
		Copper ¹²	MT	696		
		Chrome ¹²	MT	292 663	266 159	
		BMR Concentrate Sales ¹³	Platinum	oz	7 525	
			Palladium	oz	3 211	
			Gold	oz	178	
	Rhodium		oz	1 093		
	Ruthenium		oz	1 815		
	Iridium		oz	369		
	Lonmin Platinum	Total PGMs	oz	14 192		
		Platinum	oz	140 533	172 042	
		Palladium	oz	67 368	72 455	
		Gold	oz	3 675	4 456	
		Rhodium	oz	19 373	24 867	
		Ruthenium	oz	25 563	38 659	
		Iridium	oz	5 791	7 417	
		Total PGMs	oz	262 302	319 896	
		Nickel ¹²	MT	685	801	
		Copper ¹²	MT	696	0	
		Chrome ¹²	MT	292 663	266 159	
				3 months to 31 Mar 2018 - Act	3 months to 31 Mar 2017 - Act	
Average prices	Platinum	\$/oz	973	972		
	Palladium	\$/oz	1 017	759		
	Gold	\$/oz	1 332	1 242		
	Rhodium	\$/oz	1 797	875		
	\$ basket excl. by-product revenue ¹⁴	\$/oz	974	801		
	\$ basket incl. by-product revenue ¹⁵	\$/oz	1 058	850		
	R basket excl. by-product revenue ¹⁴	R/oz	11 652	10 587		
	R basket incl. by-product revenue ¹⁵	R/oz	12 661	11 250		
	Nickel ¹²	\$/MT	10 115	8 241		
	Copper ¹²	\$/MT	6 422			
Unit Costs	Cost of Production per PGM ounce	ZAR/oz	13 308	11 836		
Exchange Rates	Average rate for period ¹⁶	R/\$	11.95	13.22		
	Closing rate	R/\$	11.83	13.42		

Notes

- Reporting of shafts are in line with our operating strategy for Generation 1 and Generation 2 shafts.
- E3 Shaft and Pandora underground tonnes mined will be reported as E3 Shaft Combined from 1 December 2017 when Lonmin required 100% of Pandora.
- Ounces mined have been calculated at achieved concentrator recoveries and with Lonmin standard downstream processing recoveries to present produced saleable ounces.
- Tonnes milled excludes slag milling.
- As from 1 December 2017 Lonmin owns 100% of Pandora joint venture and there will be no ore purchases thereafter.
- The BTT (Bulk Tailings Treatment) project was commissioned in February 2018.
- 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).
- Recovery rate in the concentrators is the total content produced divided by the total content milled (excluding slag).
- Metals-in-concentrate have been calculated at Lonmin standard downstream processing recoveries to present produced saleable ounces.
- Corresponds to contained base metals in concentrate.
- Saleable refined production includes production associated with BMR concentrate sales.
- 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.
- Chrome is produced in the form of chromite concentrate and volumes shown are in the form of chromite.
- Includes saleable refined production associated with BMR concentrate sales.
- 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.
- As per note 14 but including revenue from base metals.
- Exchange rates are calculated using the market average daily closing rate over the course of the period.