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First Quarter 2019 Production Report and Business Update

Lonmin Plc ("Lonmin" or "the Company"), one of the world's largest primary platinum producers, today announces its unaudited Quarter 1 2019 production results for the three months to 31 December 2018 and provides an operational update.

The first quarter of the financial year is historically a period of lowest production in our annual production cycle, due to the December holiday season and the impact of annual stocktaking. In addition, performance for Q1 2019 was also impacted by a fatality which occurred on 5 December, and the fatality which occurred at the end of Q4 2018 on 30 September 2018. These incidents followed a 15-month fatality free period.

Overview

- The twelve-month rolling LTIFR to 31 December 2018 increased by 1.8% to 4.07 per million man hours.
- Mining production was down 166,000 tonnes or 7.0% on Q1 2018 at 2.2 million tonnes.
- Total tonnes lost due to Section 54 stoppages were 95,000 tonnes, up from 8,000 tonnes in Q1 2018.
- Refined Platinum production of 144,651 ounces was 10.4% lower than Q1 2018 on the back of reduced mining tonnes, lower grades and recoveries.
- Platinum sales were 4.6% lower and PGM sales 12.7% lower than Q1 2018 at 140,488 ounces and 255,152 ounces respectively.
- The US Dollar basket price (including base metal revenue) of $1,076 per ounce was up 11.2% on Q1 2018, while the corresponding Rand basket price of R15,389 per ounce was up 17.0% on Q1 2018.
- The average Rand to US Dollar exchange rate was 5.0% weaker at 14.29 compared to Q1 2018.
- Unaudited total cost of production increase contained to 6.4%, from R3.7 billion to R3.9 billion. Unit costs were R14,795 per PGM ounce (6E basis), an increase of 16.5% on Q1 2018, on the back of the lower production.
- Improved liquidity and debt maturity profile was achieved through the new $200 million forward metal sale facility and the early settlement of the pre-existing term loan of $150 million which was due to expire in May 2019.
- Liquidity or gross cash at 31 December 2018 was $230 million, compared to $215 million at 31 December 2017 and $264 million at 30 September 2018. At 31 December 2018, the balance due on the forward metal sale facility was $190 million.

Ben Magara, Chief Executive Officer, said: "The loss of our colleague is deeply regretted and we extend our deepest condolences to his family and friends. Our first quarter's production is always our most disturbed and challenging period. I am encouraged by the increase in the PGM basket price driven by Palladium and Rhodium. Going forward into the second quarter, the Lonmin team continues to focus on safe mining production. We are therefore maintaining our sales, costs and capex guidance for 2019. The challenges of this quarter and the volatility of the exchange rate underscore the vulnerability of our business and the importance of a sustainable solution for the company."

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.

- Regrettably one of our colleagues, Mr Tjea, was fatally injured on 5 December 2018. We extend our deepest condolences to his family and friends. This fatality sadly occurred soon after the fatality in Q4 2018 on 30 September 2018, following a 15-month fatality free period.
- The twelve-month rolling Lost Time Injury Frequency Rate ("LTIFR") to 31 December 2018 was 4.07 per million man hours, an increase of 1.8% on September 2018 at 4.00.
- The twelve-month rolling Total Injury Frequency Rate ("TIFR") to 31 December 2018 was 10.08 per million man hours, an improvement of 0.6% on September 2018 at 10.14.

Production Losses

Section 54 safety stoppages for the fatality in this quarter and the one on the last day of Q4 2018, occurred in the period under review. Consequently, the total tonnes lost in the quarter due to all safety related stoppages increased to 116,000 tonnes, compared to 57,000 tonnes lost in Q1 2018.

	Q1 2019 Tonnes	Q1 2018 Tonnes
Section 54 safety stoppages	95,000	8,000
Management induced safety stoppages	21,000	49,000
Total tonnes lost	**116,000**	**57,000**

Mining Operations

The Marikana mining operations produced 2.2 million tonnes during the quarter, a decrease of 166,000 tonnes or 7.0% on Q1 2018 primarily due to the impact of the two fatalities; one at K3 in Q4 2018 and the other at Rowland shaft and associated Section 54 safety stoppages and the negative impact on morale, following a 15 month period of fatality free mining.

Generation 2 Shafts

Tonnes mined from our Generation 2 shafts were 1.6 million tonnes, a decrease of 170,000 tonnes or 9.4% on Q1 2018, as a consequence of safety stoppages and the consequential effects of the two fatalities on the morale of the workforce.

- K3, our biggest shaft, produced 566,000 tonnes, a decrease of 129,000 tonnes on the prior year period, as the fatality on 30 September 2018 at this shaft severely impacted morale and October 2018 production.
- Rowland shaft produced 403,000 tonnes, a decrease of 45,000 tonnes on the prior year period, impacted by the fatality.
- Saffy shaft produced 496,000 tonnes, a decrease of 25,000 tonnes on the prior year period, as a result of geological complexity which resulted in challenging adverse ground conditions. Crews are being moved to other areas, utilizing Saffy's ore reserve flexibility, to improve productivity and mining efficiencies.

- The combined E3 shaft and Pandora area produced 176,000 tonnes, an increase of 29,000 tonnes on the prior year period, a good performance overall.

Generation 1 Shafts
The performance of our Generation 1 shafts is in line with our plan to reduce high cost production in a low price environment. Tonnes mined from our Generation 1 shafts (4B, Hossy, W1 and E1) were 0.6 million tonnes, a decrease of 3.9%, or 23,000 tonnes on the prior year period. 4B produced 313,000 tonnes, an increase of 8,000 tonnes on Q1 2018, despite its geological challenges. Hossy shaft produced 155,000 tonnes, an increase of 11,000 tonnes on the prior year period, as we maximised sweepings of old workings, to maximise cash harvesting before final placement on care and maintenance.

We continually review each shaft on its merits and, with the contractor model, retain the flexibility to cease production if and when these shafts become unprofitable. Due to the improved market conditions, some shafts that had been earmarked to go on care and maintenance have been kept open for longer. In this regard, the loss of approximately 12,600 jobs announced in 2017 is likely to occur over a longer period than the original three years to 2020. Hossy, which was due to go on care maintenance at the end of 2018, is now expected to be put on care and maintenance by the end of the financial year.

W1 and E1 are now rapidly reaching the end of their resource lives with mining occurring in remnant areas only. As such, E1 shaft and W1 shaft are currently scheduled for closure by the end of the financial year. Contractors operate these shafts and are responsible for all associated costs, with Lonmin paying a predetermined rate per tonne of ore produced.

Processing Operations

Concentrator production
Total tonnes milled from underground mining operations in the quarter were 2.4 million tonnes, which was more than the 2.2 million tonnes mined during the quarter, with the additional tonnes milled coming from the stockpile. Tonnes milled decreased by 3.8% on the prior period, reflecting the reduced mining tonnes.

The different concentrators are optimized to take feed from either UG2 or Merensky ore. The feed contained a higher ratio of Merensky ore than UG2 during this quarter as a result of the inclusion of the stockpile in the ore mix, which together with an element of dilution in the tonnes produced during the quarter, adversely impacted the mill grade and concentrator recoveries. Consequently, underground mill head grade at 4.26 grammes per tonne (5PGE+Au) decreased by 7.9% compared to the 4.63 grammes per tonne achieved in the prior year period, and concentrator recoveries from underground mining for the quarter at 85.5% decreased by 2.6% points compared to 88.1% achieved in the prior year period. This had an adverse impact on the unit cost achieved in the quarter. As the normal mining rhythm picks up from the second quarter, we expect to revert to the optimal ore feed mix, with an associated increase in recoveries.

The combination of reduction in production, grade and recoveries resulted in Platinum production (metals-in-concentrate) of 150,217 ounces, a decrease of 8.7% compared to the prior year period, whilst total PGMs production (metals-in-concentrate) was 288,588 ounces, a decrease of 8.5% compared to the prior year period.

Bulk Tailings re-Treatment Project ("BTT")
The BTT project, commissioned in February 2018, produced a total of 938,000 tonnes milled for the quarter, with a head grade of 1.13 grammes per tonne and a recovery rate of 25.0%, producing metals-in-concentrate of 4,173 Platinum ounces and 8,157 PGM ounces. Having reached designed throughput, we are now focusing on improving recoveries.

Processing

Refined Platinum production of 144,651 ounces in the first quarter was 10.4% lower than the prior year period on the back of reduced mining tonnes, lower grades and recoveries. Total PGMs production of 267,999 ounces was 13.2% lower than the prior year period, for the same reasons.

Sales and Pricing

Platinum sales for the quarter were 140,488 ounces, 4.6% lower than the prior year period. PGM sales were 255,152 ounces, 12.7% lower than the prior year period; Rhodium sales decreased by 33.8% and Ruthenium sales decreased by 35.0%, due to the other precious metal production falling outside the selling window in December which is traditionally severely curtailed due to public holidays and vault closures over this time. The increased stock will be monetised in Q2 2019.

The US Dollar basket price (including base metal revenue) at $1,076 per ounce during the quarter was up 11.2% on the prior year period, while the corresponding Rand basket price of R15,389 per ounce was 17.0% higher than the prior year.

The average Rand to US Dollar exchange rate was 5.0% weaker at 14.29 compared to 13.61 in the prior year period.

Business and Operating Environment Update

Cost of Production

Our unaudited total cost of production increased by 6.4% from R3.7 billion to R3.9 billion, in line with our overall cost containment, notwithstanding wage increases in excess of 7% being granted in July 2018. Our unit costs were R14,795 per PGM ounce (6E basis), an increase of 16.5% on Q1 2018, as a result of the safety stoppages, lower production, grade and recoveries in this quarter.

Balance Sheet and Liquidity

As announced on 22 October 2018, Lonmin entered into a new $200 million forward metal sale facility with Pangaea Investment Management Limited (PIM) to be amortized over three years to October 2021. The pre-existing term loan of $150 million which was due to expire in May 2019 was settled and cancelled. The net improvement in liquidity, after fees of $8 million and a further $8 million to collateralise guarantees, was $34 million. Repayments of capital and interest on the PIM and BTT facilities amounted to $17 million in Q1 2019.

Liquidity or gross cash at 31 December 2018 was $230 million, compared to $215 million at 31 December 2017 and some $34 million lower than the 30 September 2018 balance of $264 million. The PIM refinancing, rand basket price revenue increase, and the proceeds from the disposal of Wallbridge and Petrozim assets partly offset the increase in first quarter working capital requirements.

The historical first quarter cash burn is due to the working capital impact, which is typically greater in the first quarter of our financial year due to the December holidays, the impact of stocktaking and the nature of our sales profile, which is weighted towards the second half of our financial year.

All-share offer by Sibanye Stillwater ("the Offer")

As already reported on 25 January 2019, together with Sibanye-Stillwater, we announced that the Competition Appeal Court of South Africa (the "CACSA") has set down 2 April 2019 as the date for the hearing of the appeal filed with the CACSA by the Association of Mineworkers and Construction Union ("AMCU"). The appeal is against the South African Competition Tribunal's decision of 21 November 2018, to approve the Offer subject to certain specific conditions. Sibanye-Stillwater and Lonmin remain fully committed to the Offer. Lonmin continues to believe that the Offer represents a comprehensive, sustainable solution to the challenges facing Lonmin and offers Lonmin and its stakeholders a more certain future than Lonmin could achieve by any alternative route. The combination of Sibanye-Stillwater and Lonmin will create a larger, more resilient company, with greater geographical and commodity diversification, which is better able to withstand short-term commodity price and foreign exchange volatility.

The refinancing undertaken in October 2018 has enhanced the Company's liquidity position and, importantly, it also removed the restrictive previous lender conditions (notably the Tangible Net Worth covenant). This is expected to help support the business until the successful completion of the Offer. In light of the appeal before the CACSA, Sibanye-Stillwater and Lonmin announced on 15 January 2019 that they had agreed, with the consent of the Panel, to extend the Longstop Date for the Scheme to become unconditional and effective from 28 February 2019 to 30 June 2019.

The Offer remains subject to the satisfaction or (where applicable) waiver of the conditions set out in the announcement of the Transaction by Lonmin and Sibanye-Stillwater on 14 December 2017. Such conditions include, amongst others, the approvals of Lonmin and Sibanye-Stillwater shareholders and the courts of England and Wales.

Outlook and Guidance

The Platinum market remains under pressure but the basket is supported by the significant growth in demand for palladium and rhodium as the automotive industry readies itself for the tighter controls and risk of penalties associated with further real driving emission regulations.

Sales guidance for the full year is maintained at between 640,000 and 670,000 Platinum ounces. We are maintaining unit cost guidance of between R12,900 and R13,400 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 2018	3 months to 31 Dec 2017
Tonnes mined[1]	Marikana	K3 Shaft	kt	566	695
		Rowland Shaft	kt	403	448
		Saffy Shaft	kt	496	521
		East 3 Shaft Combined[2]	kt	176	147
		Generation 2	**kt**	**1 641**	**1 812**
		4B Shaft	kt	313	306
		Hossy Shaft	kt	155	144
		W1 Shaft	kt	38	44
		East 1 Shaft	kt	44	47
		East 2 Shaft	kt		32
		Generation 1	**kt**	**551**	**573**
		Underground	kt	2 192	2 385
		Opencast	kt	27	
	Lonmin (100%)	**Total Tonnes Mined (100%)**	**kt**	**2 219**	**2 385**
		% tonnes mined from UG2 reef (100%)	%	71.3%	72.4%
	Lonmin (attributable)	**Underground & Opencast**	**kt**	**2 219**	**2 334**
Ounces Mined[3]	Lonmin excluding Pandora	Platinum Ounces	oz	130 718	147 208
	BTT[4]	Platinum Ounces	oz	4 173	0
	Lonmin excl Pandora incl BTT	**Platinum Ounces**	**oz**	**134 892**	**147 208**
	Pandora (100%)	Platinum Ounces	oz		7 557
	Lonmin incl Pandora & BTT	**Platinum Ounces**	**oz**	**134 892**	**154 765**
	Lonmin excluding Pandora	PGM Ounces	oz	252 668	282 818
	BTT[4]	PGM Ounces	oz	8 157	
	Lonmin excl Pandora incl BTT	**PGM Ounces**	**oz**	**260 825**	**282 818**
	Pandora (100%)	PGM Ounces	oz		14 962
	Lonmin incl Pandora & BTT	**PGM Ounces**	**oz**	**260 825**	**297 780**
Tonnes milled[5]	Marikana	Underground	kt	2 355	2 348
		Opencast	kt	38	7
		Total	kt	2 393	2 355
	Pandora 100%[6]	Underground	kt		101
	Lonmin Platinum	Underground mining	kt	2 355	2 449
		Milled head grade[7]	g/t	4.26	4.63
		Recovery rate[8]	%	85.5%	88.1%
		Opencast mining	kt	38	7
		Milled head grade[7]	g/t	4.55	4.97
		Recovery rate[8]	%	82.6%	67.3%
		Total mining	kt	2 393	2 456
		Milled head grade[7]	g/t	4.27	4.63
		Recovery rate[8]	%	85.5%	88.0%
		BTT Plant[4]	kt	938	
		Milled head grade[7]	g/t	1.13	
		Recovery rate[8]	%	25.0%	

				3 months to 31 Dec 2018	3 months to 31 Dec 2017
Metals-in- concentrate[9]	Marikana	Platinum	Oz	139 817	152 648
		Palladium	Oz	65 731	70 857
		Gold	Oz	3 708	3 722
		Rhodium	Oz	19 947	21 745
		Ruthenium	Oz	33 395	36 600
		Iridium	Oz	6 975	7 465
		Total PGMs	**Oz**	**269 572**	**293 036**
		Nickel[10]	MT	798	745
		Copper[10]	MT	505	481
	Pandora	Platinum	Oz		7 557
		Palladium	Oz		3 573
		Gold	Oz		52
		Rhodium	Oz		1 261
		Ruthenium	Oz		2 105
		Iridium	Oz		414
		Total PGMs	Oz		14 962
		Nickel[10]	MT		11
		Copper[10]	MT		6
	BTT Plant[4]	Platinum	Oz	4 173	
		Palladium	Oz	1 730	
		Gold	Oz	38	
		Rhodium	Oz	616	
		Ruthenium	Oz	1 331	
		Iridium	Oz	269	
		Total PGMs	**Oz**	**8 157**	
		Nickel[10]	MT	5	
		Copper[10]	MT	6	
	Concentrate purchases	Platinum	Oz	6 227	4 283
		Palladium	Oz	2 128	1 354
		Gold	Oz	25	15
		Rhodium	Oz	874	571
		Ruthenium	Oz	1 317	858
		Iridium	Oz	288	237
		Total PGMs	Oz	10 859	7 317
		Nickel[10]	MT	7	6
		Copper[10]	MT	4	3
	Lonmin Platinum	Platinum	Oz	150 217	164 488
		Palladium	Oz	69 589	75 784
		Gold	Oz	3 771	3 789
		Rhodium	Oz	21 437	23 576
		Ruthenium	Oz	36 043	39 563
		Iridium	Oz	7 531	8 117
		Total PGMs	Oz	288 588	315 316
		Nickel[10]	MT	810	761
		Copper[10]	MT	516	491

				3 months to 31 Dec 2018	3 months to 31 Dec 2017
Refined Production	Lonmin refined Metal Production	Platinum	Oz	144 648	161 026
		Palladium	Oz	64 231	75 271
		Gold	Oz	3 701	4 191
		Rhodium	Oz	19 993	24 217
		Ruthenium	Oz	28 210	35 365
		Iridium	Oz	7 128	8 041
		Total PGMs	**Oz**	**267 912**	**308 111**
	Toll refined metal production	Platinum	Oz	3	337
		Palladium	Oz	0	123
		Gold	Oz	1	5
		Rhodium	Oz	0	43
		Ruthenium	Oz	84	132
		Iridium	Oz	(1)	22
		Total PGMs	**Oz**	**87**	**663**
	Total Saleable Refined PGMs	Platinum	oz	144 651	161 363
		Palladium	oz	64 231	75 395
		Gold	oz	3 702	4 196
		Rhodium	oz	19 994	24 260
		Ruthenium	oz	28 294	35 498
		Iridium	oz	7 127	8 063
		Total PGMs	**oz**	**267 999**	**308 774**
	Base metals	Nickel[11]	MT	811	868
		Copper[11]	MT	499	436
Sales	Refined Metal Sales	Platinum	oz	140 488	147 216
		Palladium	oz	60 388	67 699
		Gold	oz	3 938	4 523
		Rhodium	oz	16 724	25 268
		Ruthenium	oz	25 409	39 099
		Iridium	oz	8 206	8 529
		Total PGMs	**oz**	**255 152**	**292 335**
	Base Metals	Nickel[11]	MT	734	852
		Copper[11]	MT	427	400
		Chrome[11]	MT	489 198	352 360
Average prices	Platinum		$/oz	819	922
	Palladium		$/oz	1 182	1 001
	Gold		$/oz	1 238	1 257
	Rhodium		$/oz	2 499	1 465
	$ basket excl. by-product revenue[12]		$/oz	987	888
	$ basket incl. by-product revenue[13]		$/oz	1 076	968
	R basket excl. by-product revenue[12]		R/oz	14 118	12 013
	R basket incl. by-product revenue[13]		R/oz	15 389	13 153
	Nickel[11]		$/MT	9 169	9 424
	Copper[11]		$/MT	6 089	6 823
Exchange Rates	Average rate for period[14]		R/$	14.29	13.61
	Closing rate		R/$	14.35	12.36

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 are reported as E3 Shaft Combined since 1 December 2017 when Lonmin required 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. The BTT (Bulk Tailings Treatment) project was commissioned in February 2018.
5. Tonnes milled excludes slag milling.
6. As from 1 December 2017 Lonmin owns 100% of Pandora joint venture and there will be no ore purchases thereafter.
7. 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).
8. Recovery rate in the concentrators is the total content produced divided by the total content milled (excluding slag).
9. Metals-in-concentrate are calculated at Lonmin standard downstream processing recoveries to present produced saleable ounces.
10. Corresponds to contained base metals in concentrate.
11. 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.
12. 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.
13. As per note 12 but including revenue from base metals.
14. Exchange rates are calculated using the market average daily closing rate over the course of the period.