

21 July 2011



**Lonmin Plc**

## **Third Quarter 2011 Production Report & Interim Management Statement**

Lonmin Plc, the world's third largest Platinum producer, today announces its production results for the three and nine months to 30 June 2011 and interim management statement (unaudited).

### **Overview**

During the third quarter, momentum of the business was impacted by two fatalities in April and the illegal industrial stoppage in May at the Karee operations. We have since made good progress in restoring production and expect to be back to normal operating levels by August. Considerable progress has been made with the safety initiatives we embarked on. We continue to intensify our focus on these initiatives and our LTIFR has fallen during the quarter from 5.4 at the half year to 5.1 as at 30 June 2011.

Year to date, our underground tonnage mined and milled is up on the comparable prior year period and our metals in concentrate has also increased.

### **Third Quarter Production**

#### **Mining**

Our underground operations at Marikana produced 2.4 million tonnes during the third quarter of the 2011 financial year, a decrease of 8.1% from the third quarter of the 2010 financial year. The decrease was across all the underground mining operations. The overall reduction at Karee of 7.2%, when compared to prior year quarter was due to the unprotected industrial action which resulted in a loss of 258,000 tonnes of production. Production at Westerns, Middelkraal and Easterns combined decreased by 8.5% against the prior year as challenging ground conditions and mechanical breakdowns at Saffy and Hossy persisted and the planned decline at Newman continued. The impact of Section 54 shut downs was 132,000 tonnes in lost production during the quarter, mainly at our K3 and E1 shafts where we experienced fatalities in April 2011. This compares to a loss in production during the same period last year of around 109,000 tonnes. Management induced safety stoppages, particularly following the fatalities in April resulted in 44,000 tonnes of lost production.

Production at our Merensky opencast operations increased by 53.1% from the prior year period as opencast production was ramping up at that time.

Overall, tonnes mined of 2.5 million for the quarter, reflected a decrease of 168,000 tonnes, equivalent to a 6.2% reduction against the prior year.

#### **Concentrators, Smelting and Refining**

Total tonnes milled in the quarter were flat year on year at 2.8 million with the contribution from opencast contributing an additional 50,000 tonnes offsetting the slightly reduced underground tonnes milled.

Underground milled head grade was down 0.13 grammes per tonne, or 2.7% to 4.48 grammes per tonne (5PGE+Au) when compared to 4.60 grammes per tonne in the prior year period. This reflects the continued increase in the proportion of Merensky ore in the underground ore mix and lower grade ore at our UG2 operations. The overall milled head grade was 4.37 grammes per tonne, a decline of 3.9% when compared to the prior year period as it includes the impact of increased contribution from the lower grade opencast ore.

Underground and overall concentrator recoveries were broadly flat when compared with the prior year period reflecting a high performing and stable operating environment at our concentrators. The opencast concentrator recoveries improved by 2.0 percentage points

Platinum in concentrate from the Marikana operations and overall total Platinum in concentrate was 158,490 and 164,212 ounces, respectively, a 3.0% and 3.2 % decrease over the prior year quarter.

Total refined production for the third quarter was up 81.4% at 166,832 Platinum ounces, when compared to the prior year period which was impacted by the down time of the Number One Furnace during the prior year quarter.

## Sales and Pricing

Platinum sales of 160,499 ounces were 74.5% higher than the prior year quarter, as a result of the lower production in the prior year, resulting from the Number One Furnace outage.

The US Dollar price basket, at US\$1,303, was 11.1% higher than the prior year quarter but 2.2 % lower than the second quarter. The corresponding Rand basket price was however 0.1% lower than the prior year and 5.2% weaker when compared to the second quarter.

## Nine Month Production

Total tonnes mined during the first nine months of the 2011 financial year were 8.4 million tonnes, an increase of 0.5 million tonnes or 6.3% from the prior year period. This is firstly due to a significant increase in production at the Karee operations in the first two quarters, which resulted in an increase of 7.2% when compared to the prior year period. Secondly, Easterns increased its production by 98,000 tonnes when compared against the prior year period and the opencast operations contributed an additional 0.4 million tonnes. These increases were partly offset by the fall in production at Westerns as Newman continues to decline, together with mechanical breakdown and ground condition challenges at Middelkraal's Hossy and Saffy shafts, which have impacted ramp up production. Section 54 shut downs during the nine month period resulted in a loss of around 201,000 tonnes. This compares to around 258,000 tonnes for the same period last year.

Total tonnes milled during the nine months of the 2011 financial year increased by 10.9% to 8.8 million tonnes when compared to the same period in the prior year as a result of milling opencast stockpiles and an increase in mining production. The total milled head grade however, fell by 6.4% to 4.35 grammes per tonne (5PGE+Au) when compared to the prior year period. This is as a result of the fall in underground head grade and the increase of lower grade Merensky ore, some of which is from opencast mining. Overall concentrator recoveries improved in the nine month period to 85.2% from 84.6% in the prior year period, with marked improvements in the opencast recoveries. The concentrators produced a total of 519,075 saleable ounces of Platinum in concentrate in the nine months, representing a 5.6% year on year increase.

Total refined production in the nine months of the 2011 financial year was 483,665 Platinum ounces and 982,387 PGM ounces, an increase of 26.0% and 25.7% respectively when compared to the prior year period. The increase reflects the impact of the Number One Furnace incidents in the prior year period.

Final metal sales for the nine months were 478,804 ounces of Platinum and 973,695 ounces of PGMs, an increase of 24.7% and 23.9% respectively, year on year.

## Outlook

Since the resumption of normal operations at Karee we have made steady progress giving us confidence that absent further safety stoppages and external strike actions impacting our operations, we will achieve our adjusted full year guidance of sales of around 720,000 Platinum ounces for the current financial year. As described in our Guidance Update on 10 June 2011, unit costs were negatively impacted by the Karee disruption. We are now able to clarify the impact of the resultant reduced production on our unit costs and are consequently increasing our guidance from an annual increase of around 8% to around an 11% increase in unit costs for the full year.

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				3 months to 30 June 2011	3 months to 30 June 2010	9 months to 30 June 2011	9 months to 30 June 2010
<b>Tonnes mined</b>	Marikana	Karee <sup>1</sup>	kt	901	971	3,115	2,907
		Westerns <sup>1</sup>	kt	794	852	2,519	2,696
		Middelkraal <sup>1</sup>	kt	436	496	1,355	1,362
		Easterns <sup>1</sup>	kt	246	265	860	762
		Underground	kt	2,376	2,584	7,849	7,726
		Opencast	kt	129	84	465	91
		<b>Total</b>	<b>kt</b>	<b>2,505</b>	<b>2,668</b>	<b>8,314</b>	<b>7,817</b>
	Pandora attributable <sup>2</sup>	Underground	kt	38	43	121	120
	<b>Lonmin Platinum</b>	<b>Underground</b>	<b>kt</b>	<b>2,414</b>	<b>2,626</b>	<b>7,970</b>	<b>7,846</b>
		<b>Opencast</b>	<b>kt</b>	<b>129</b>	<b>84</b>	<b>465</b>	<b>91</b>
	<b>Total</b>	<b>kt</b>	<b>2,543</b>	<b>2,711</b>	<b>8,434</b>	<b>7,937</b>	
	<i>% UG2</i>	<i>%</i>	<i>74.1%</i>	<i>76.0%</i>	<i>72.9%</i>	<i>77.0%</i>	

<b>Tonnes milled<sup>3</sup></b>	Marikana	Underground	kt	2,560	2,614	7,835	7,513
		Opencast	kt	118	68	668	129
		<b>Total</b>	<b>kt</b>	<b>2,678</b>	<b>2,682</b>	<b>8,503</b>	<b>7,642</b>
	Pandora <sup>4</sup>	Underground	kt	92	99	268	265
	<b>Lonmin Platinum</b>	<b>Underground</b>	<b>kt</b>	<b>2,652</b>	<b>2,712</b>	<b>8,103</b>	<b>7,779</b>
		<i>Head grade<sup>5</sup></i>	<i>g/t</i>	<i>4.48</i>	<i>4.60</i>	<i>4.53</i>	<i>4.69</i>
		<i>Recovery rate<sup>6</sup></i>	<i>%</i>	<i>85.0%</i>	<i>85.1%</i>	<i>85.4%</i>	<i>84.7%</i>
		<b>Opencast</b>	<b>kt</b>	<b>118</b>	<b>68</b>	<b>668</b>	<b>129</b>
		<i>Head grade<sup>5</sup></i>	<i>g/t</i>	<i>2.07</i>	<i>2.51</i>	<i>2.17</i>	<i>2.25</i>
		<i>Recovery rate<sup>6</sup></i>	<i>%</i>	<i>80.9%</i>	<i>78.9%</i>	<i>81.6%</i>	<i>63.8%</i>
		<b>Total</b>	<b>kt</b>	<b>2,770</b>	<b>2,780</b>	<b>8,771</b>	<b>7,908</b>
		<i>Head grade<sup>5</sup></i>	<i>g/t</i>	<i>4.37</i>	<i>4.55</i>	<i>4.35</i>	<i>4.65</i>
		<i>Recovery rate<sup>6</sup></i>	<i>%</i>	<i>84.9%</i>	<i>85.0%</i>	<i>85.2%</i>	<i>84.6%</i>

				3 months to 30 June 2011	3 months to 30 June 2010	9 months to 30 June 2011	9 months to 30 June 2010
<b>Metals in concentrate</b> <sup>7</sup>	Marikana	Platinum	OZ	158,490	163,311	502,279	473,914
		Palladium	OZ	73,553	76,922	234,971	222,097
		Gold	OZ	3,875	4,067	13,008	10,557
		Rhodium	OZ	20,940	22,350	65,923	66,152
		Ruthenium	OZ	33,164	35,259	104,255	102,152
		Iridium	OZ	7,088	7,683	22,652	22,318
		<b>Total PGMs</b>	<b>OZ</b>	<b>297,110</b>	<b>309,592</b>	<b>943,088</b>	<b>897,190</b>
		Nickel <sup>8</sup>	MT	762	809	2,567	2,085
		Copper <sup>8</sup>	MT	479	493	1,626	1,288
	Pandora <sup>4</sup>	Platinum	OZ	5,722	6,303	16,796	17,564
		Palladium	OZ	2,683	2,991	7,862	8,267
		Gold	OZ	39	44	115	121
		Rhodium	OZ	868	987	2,557	2,769
		Ruthenium	OZ	1,386	1,533	4,040	4,225
		Iridium	OZ	226	257	664	712
		<b>Total PGMs</b>	<b>OZ</b>	<b>10,924</b>	<b>12,113</b>	<b>32,035</b>	<b>33,658</b>
		Nickel <sup>8</sup>	MT	9	10	27	27
		Copper <sup>8</sup>	MT	5	6	15	15
	Lonmin Platinum	<b>Platinum</b>	<b>OZ</b>	<b>164,212</b>	<b>169,614</b>	<b>519,075</b>	<b>491,478</b>
		<b>Palladium</b>	<b>OZ</b>	<b>76,236</b>	<b>79,913</b>	<b>242,833</b>	<b>230,364</b>
		<b>Gold</b>	<b>OZ</b>	<b>3,913</b>	<b>4,110</b>	<b>13,123</b>	<b>10,678</b>
		<b>Rhodium</b>	<b>OZ</b>	<b>21,808</b>	<b>23,336</b>	<b>68,480</b>	<b>68,920</b>
		<b>Ruthenium</b>	<b>OZ</b>	<b>34,551</b>	<b>36,792</b>	<b>108,295</b>	<b>106,377</b>
		<b>Iridium</b>	<b>OZ</b>	<b>7,314</b>	<b>7,941</b>	<b>23,316</b>	<b>23,030</b>
		<b>Total PGMs</b>	<b>OZ</b>	<b>308,034</b>	<b>321,706</b>	<b>975,123</b>	<b>930,848</b>
		<b>Nickel<sup>8</sup></b>	<b>MT</b>	<b>771</b>	<b>819</b>	<b>2,594</b>	<b>2,111</b>
		<b>Copper<sup>8</sup></b>	<b>MT</b>	<b>485</b>	<b>499</b>	<b>1,641</b>	<b>1,303</b>

				3 months to 30 June 2011 - Act	3 months to 30 June 2010 - Act	9 months to 30 June 2011 - Act	9 months to 30 June 2010 - Act
<b>Refined production</b>	Lonmin refined metal production	Platinum	oz	166,021	91,928	446,999	383,670
		Palladium	oz	76,086	57,230	214,473	207,522
		Gold	oz	4,291	3,080	10,955	10,517
		Rhodium	oz	14,560	16,823	53,084	59,769
		Ruthenium	oz	37,183	19,621	109,589	92,370
		Iridium	oz	1,641	3,899	15,052	24,321
		<b>Total PGMs</b>	<b>oz</b>	<b>299,782</b>	<b>192,581</b>	<b>850,153</b>	<b>778,169</b>
	Toll refined metal production	Platinum	oz	812	25	36,665	204
		Palladium	oz	449	26	49,084	89
		Gold	oz	13	-	2,879	-
		Rhodium	oz	130	1	14,022	810
		Ruthenium	oz	408	1,242	24,408	1,754
		Iridium	oz	86	360	5,177	360
		<b>Total PGMs</b>	<b>oz</b>	<b>1,898</b>	<b>1,654</b>	<b>132,235</b>	<b>3,216</b>
	<b>Total refined PGMs</b>	<b>Platinum</b>	<b>oz</b>	<b>166,832</b>	<b>91,952</b>	<b>483,665</b>	<b>383,873</b>
		<b>Palladium</b>	<b>oz</b>	<b>76,535</b>	<b>57,256</b>	<b>263,557</b>	<b>207,611</b>
		<b>Gold</b>	<b>oz</b>	<b>4,303</b>	<b>3,080</b>	<b>13,833</b>	<b>10,517</b>
		<b>Rhodium</b>	<b>oz</b>	<b>14,690</b>	<b>16,824</b>	<b>67,106</b>	<b>60,578</b>
		<b>Ruthenium</b>	<b>oz</b>	<b>37,591</b>	<b>20,864</b>	<b>133,997</b>	<b>94,124</b>
		<b>Iridium</b>	<b>oz</b>	<b>1,727</b>	<b>4,259</b>	<b>20,229</b>	<b>24,681</b>
<b>Total PGMs</b>		<b>oz</b>	<b>301,679</b>	<b>194,234</b>	<b>982,387</b>	<b>781,385</b>	
<b>Base metals</b>	<b>Nickel<sup>9</sup></b>	<b>MT</b>	<b>914</b>	<b>560</b>	<b>3,027</b>	<b>2,110</b>	
	<b>Copper<sup>9</sup></b>	<b>MT</b>	<b>560</b>	<b>274</b>	<b>1,775</b>	<b>1,178</b>	
<b>Sales</b>	<b>Lonmin Platinum</b>	<b>Platinum</b>	<b>oz</b>	<b>160,499</b>	<b>91,952</b>	<b>478,804</b>	<b>383,874</b>
		<b>Palladium</b>	<b>oz</b>	<b>64,573</b>	<b>54,113</b>	<b>254,104</b>	<b>204,468</b>
		<b>Gold</b>	<b>oz</b>	<b>3,812</b>	<b>2,718</b>	<b>12,449</b>	<b>10,131</b>
		<b>Rhodium</b>	<b>oz</b>	<b>14,547</b>	<b>16,146</b>	<b>69,353</b>	<b>63,447</b>
		<b>Ruthenium</b>	<b>oz</b>	<b>43,008</b>	<b>22,348</b>	<b>134,781</b>	<b>98,219</b>
		<b>Iridium</b>	<b>oz</b>	<b>7,700</b>	<b>5,231</b>	<b>24,203</b>	<b>25,898</b>
		<b>Total PGMs</b>	<b>oz</b>	<b>294,138</b>	<b>192,507</b>	<b>973,695</b>	<b>786,036</b>
	<b>Nickel<sup>9</sup></b>	<b>MT</b>	<b>890</b>	<b>410</b>	<b>3,001</b>	<b>1,795</b>	
	<b>Copper<sup>9</sup></b>	<b>MT</b>	<b>486</b>	<b>282</b>	<b>1,563</b>	<b>1,288</b>	
	<b>Chrome<sup>9</sup></b>	<b>MT</b>	<b>173,608</b>	<b>166,697</b>	<b>415,354</b>	<b>506,224</b>	

			3 months to 30 June 2011 - Act	3 months to 30 June 2010 - Act	9 months to 30 June 2011 - Act	9 months to 30 June 2010 - Act
<b>Average prices</b>	Platinum	\$/oz	1,764	1,595	1,772	1,514
	Palladium	\$/oz	754	481	755	422
	Gold	\$/oz	1,524	1,136	1,247	1,128
	Rhodium	\$/oz	2,082	2,592	2,290	2,398
	Ruthenium	\$/oz	172	214	170	168
	Iridium	\$/oz	1,023	614	898	460
	\$ basket excl. by-product revenue <sup>11</sup>	\$/oz	1,303	1,172	1,294	1,093
	R basket excl. by-product revenue <sup>11</sup>	R/oz	8,872	8,884	8,954	8,203
	R basket incl. by-product revenue <sup>12</sup>	R/oz	9,533	9,328	9,593	8,594
	Nickel <sup>9</sup>	\$/MT	21,677	22,002	22,074	17,249
	Copper <sup>9</sup>	\$/MT	8,927	7,244	8,784	6,598
	Chrome <sup>9</sup>	\$/MT	36	2	30	2
<b>Exchange Rates</b>	Average rate for period <sup>13</sup>	R/\$	6.77	7.53	6.85	7.49
	Closing rate	R/\$	6.76	7.66	6.76	7.66

Notes:

- 1 The management structure in mining is comprised of four business units. Karee includes the shafts K3, 1B and 4B and will also include K4 once production commences. Westerns comprises Rowland, Newman and ore purchases from W1. Middelkraal represents Hossy and Saffy. Easterns includes E1, E2 and E3.
- 2 Pandora attributable tonnes mined includes Lonmin's share (42.5%) of the total tonnes mined on the Pandora joint venture.
- 3 Tonnes milled excludes slag milling.
- 4 Lonmin purchases 100% of the ore produced by the Pandora joint venture for onward processing which is included in downstream operating statistics.
- 5 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).
- 6 Recovery rate in the concentrators is the total content produced divided by the total content milled (excluding slag).
- 7 Metals in concentrate include metal derived from slag processing and have been calculated at industry standard downstream processing losses to present produced saleable ounces.
- 8 Corresponds to contained base metals in concentrate.
- 9 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.
- 10 Concentrate and other sales have been adjusted to a saleable ounce basis using industry standard recovery rates.
- 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.