

Lonmin Plc

Q1 2012 Production Report & Interim Management Statement

Lonmin Plc (“Lonmin” or the “Company”) today announces its production report for the quarter to 31 December 2011 (unaudited) and Interim Management Statement for the period from 1 October 2011 to today’s date.

Overview

Platinum metal in concentrate and refined Platinum production increased by 3.5% and 24.3% respectively on a year on year basis. These results benefited from a healthy opening ore stock position at the end of September 2011 and consistent metallurgical recovery rates. Our mining performance in the first quarter of 2012 was however severely impacted by the increase in the Section 54 safety stoppages from the Department of Mineral Resources (DMR) that were experienced industry wide. Whilst total tonnes mined reduced by 110,000 tonnes on an underlying year on year basis, the impact of the Section 54 stoppages resulted in 177,000 tonnes of lost production.

We regretfully report that Mr Albino Moises Cuna was fatally injured on 9 December at E2 Shaft while clearing a blocked ore chute. Until that date, Lonmin had been fatality free since 12 April, reflecting a 6 million fatality free shift period of 8 months. Our Lost Time Injury Frequency Rate (LTIFR) for the quarter was 4.67 incidents per million man hours versus 4.71 for Q4 2011 and 4.92 for Q1 2011.

Mining Division

Our underground operations at Marikana produced 2.7 million tonnes during the first quarter of the 2012 financial year, a decrease of 50,000 tonnes or 1.8% on Q1 2011. Our overall focus during the quarter was on safely improving our production and moving down the cost curve. Our efforts however have been significantly affected by the increased frequency and wide range of Section 54 safety reviews and stoppages that have been experienced across all our operations when compared to the prior year period. In addition the number of days it has taken to have a Section 54 lifted has increased from an average of 2 to 5 days. A summary of the direct impact on production of Section 54 stoppages is detailed below.

Division	Section 54 stoppage production impact
	tonnes
Karee	35 582
Westerns	40 662
Middelkraal	60 400
Easterns	13 132
Open cast and JV	27 297
Total	177 073

Looking specifically at how our four mining divisions contributed to the quarter’s total production over and above the impact of Section 54 stoppages set out above, total tonnes mined at Karee were up 104,000 tonnes, representing a 9.4% increase from the prior year period. This increase was however offset by a decrease in production at Westerns of 110,000 tonnes equivalent to 12.7% on the prior year as the planned decline at Newman continued. In addition production at Easterns decreased by 38,000 tonnes or 12.2% as a result of the fatality at E2, and illegal social unrest around the Easterns operations. Production at Middelkraal was broadly flat when compared to the prior year period as the influence of poor ground conditions on two sections of Saffy hampered the anticipated ramp up of production at Saffy. The total impact of the Section 54 shut downs was 177,000 tonnes in lost production across all the operations (including joint ventures) compared to the prior year period losses of 21,000 tonnes. An additional 30,000 tonnes of production was lost as a result of the Company’s support of the National Union of Mineworkers (NUM) industry safety

march on 4 October and the community and social labour unrest we experienced in December which continued into the new calendar year.

Production at our Merensky opencast operations in the period was 118,000 tonnes, a decrease of 75,000 tonnes when compared to Q1 2011. This reflects continued slowdown in production of higher cost tonnes in order to optimise the grade which has improved by 48% when compared to prior year period, whilst Pandora production increased by 15,000 tonnes to 54,000 tonnes in line with its expected ramp up.

Process Division

Total tonnes milled in the quarter were flat at 3.0 million from the prior year as the increase in underground tonnes milled of 132,000 tonnes or 4.7% was more than offset by a 157,000 tonnes reduction in opencast tonnes.

Underground milled head grade was 4.50 grammes per tonne (5PGE+Au), down 0.05 grammes per tonne or 1.2% compared to the prior year period, reflecting the continued gradual increase in Merensky at our operations. The overall milled head grade was 4.47 grammes per tonne, an improvement of 2.2% when compared to the prior year period. This was due to the combination of higher grade and lower proportion of opencast ore when compared to the prior year.

Underground and overall concentrator recoveries were both 85.3%, an improvement of 0.1 and 0.3 percentage points respectively when compared with the prior year period and reflects the effectiveness of the mining approach on opencast.

Platinum in concentrate from the Marikana operations was 178,131 saleable ounces, a 1.3% increase over the prior year period. In total the concentrators produced 186,725 saleable ounces of Platinum in the quarter, a 3.5% increase from the prior year period. This reflects the higher proportion of Merensky ore in the mix which contained a higher percentage of Platinum.

Total refined production for the quarter was 113,950 ounces of saleable Platinum, an increase from the prior year of 24.3%. The significant increase in saleable Platinum against the prior year reflects the normalisation of the operations following the rebuild and modification of the Number One furnace which occurred in the prior year period. Total Platinum Group Metals (PGMs) production for the quarter was 245,950 ounces of PGMs, an increase of 2.3% from the prior year respectively.

Sales & Pricing

Platinum sales at 92,863 ounces were 39.8% higher than the prior year period as a result of increased production and stock movement in the quarter. In addition bad weather affected customer deliveries and impacted sales in the prior year period. Total PGMs sales increased by 2.9% to 189,590 ounces.

Chrome sales have more than doubled when compared to the prior year period as production at the chrome plants gains momentum.

The US dollar basket price at \$1,136 during the first quarter was 3.3% less than the prior year quarter. The corresponding Rand basket price was 14.4% higher than the prior year period.

Wage Settlements

As announced on 5 December 2011, we reached a two year wage agreement with our unions which resulted in an overall aggregated wage increase of around 8.5 % for each of year 1 and year 2. The increase is effective from 1 October 2011 and is in line with industry wage settlements.

Joint Venture Earn In

In December 2011, Lonmin achieved its sole funded exploration 'earn-in' milestone of \$32 million on the Vale Joint Venture (JV), giving Lonmin the exclusive right to a 50% interest in any PGM deposit on a JV property on which a development decision is made. Vale and Lonmin will now jointly fund the agreed 2012 PGM exploration programme on an equal basis, including the Denison open pit feasibility studies.

Outlook

Safety remains our priority and we continue to work cooperatively with the DMR and our Union representative bodies in this area. During the first quarter of our financial year our industry has been subject to an uncharacteristically high level of safety inspections from the DMR, with a resultant increase in Section 54 notices. This has had an adverse effect on production and in our opinion increases safety risk as operating momentum is interrupted. However, we have highlighted to the DMR the need to work together to establish a more appropriate mechanism that enables safety improvement without increasing the risk to safe and sustainable operations.

Our production performance to date still supports our sales guidance for the current year of 750,000 ounces of Platinum. We also maintain our guidance for unit costs to increase by the aggregate wage settlement of 8.5% agreed with our unions. However Platinum sales and unit costs will be adversely impacted should the current trend of production losses from safety persist.

- ENDS -

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				3 months to 31 Dec 2011	3 months to 31 Dec 2010
LTIFR				4.67	4.92
Tonnes mined	Marikana	Karee ¹	kt	1 211	1 107
		Westerns ¹	kt	761	872
		Middelkraal ¹	kt	476	482
		Easterns ¹	kt	272	310
		Total	kt	2 838	2 963
	Pandora attributable ²	Underground	kt	54	39
	Lonmin Platinum	Underground	kt	2 774	2 809
		Opencast	kt	118	193
		Total	kt	2 892	3 002
		% UG2	%	70.7%	72.2%

Tonnes milled³	Marikana	Underground	kt	2 820	2 740
		Opencast	kt	77	234
		Total	kt	2 897	2 973
	Pandora ⁴	Underground	kt	126	75
	Lonmin Platinum	Underground	kt	2 946	2 815
		<i>Head grade⁵</i>	<i>g/t</i>	<i>4.50</i>	<i>4.55</i>
		<i>Recovery rate⁶</i>	<i>%</i>	<i>85.3%</i>	<i>85.1%</i>
		Opencast	kt	77	234
		<i>Head grade⁵</i>	<i>g/t</i>	<i>3.33</i>	<i>2.24</i>
		<i>Recovery rate⁶</i>	<i>%</i>	<i>85.7%</i>	<i>80.7%</i>
Total		kt	3 023	3 048	
<i>Head grade⁵</i>		<i>g/t</i>	<i>4.47</i>	<i>4.38</i>	
<i>Recovery rate⁶</i>	<i>%</i>	<i>85.3%</i>	<i>85.0%</i>		

				3 months to 31 Dec 2011	3 months to 31 Dec 2010
Metals in concentrate⁷	Marikana	Platinum	OZ	178 131	175 769
		Palladium	OZ	81 041	82 759
		Gold	OZ	4 664	4 459
		Rhodium	OZ	22 463	23 352
		Ruthenium	OZ	35 349	36 357
		Iridium	OZ	7 739	7 997
		Total PGMs	OZ	329 387	330 694
		Nickel ⁸	MT	966	884
		Copper ⁸	MT	624	570
	Pandora ⁴	Platinum	OZ	8 595	4 665
		Palladium	OZ	3 993	2 177
		Gold	OZ	65	32
		Rhodium	OZ	1 310	714
		Ruthenium	OZ	2 012	1 114
		Iridium	OZ	345	183
		Total PGMs	OZ	16 321	8 886
		Nickel ⁸	MT	13	8
		Copper ⁸	MT	7	4
	Lonmin Platinum	Platinum	OZ	186 725	180 433
		Palladium	OZ	85 035	84 936
		Gold	OZ	4 730	4 491
		Rhodium	OZ	23 773	24 066
		Ruthenium	OZ	37 361	37 472
		Iridium	OZ	8 084	8 180
Total PGMs		OZ	345 708	339 579	
Nickel ⁸		MT	978	892	
Copper ⁸		MT	631	574	

				3 months to 31 Dec 2011	3 months to 31 Dec 2010
Refined production	Lonmin refined metal production	Platinum	OZ	112 220	81 982
		Palladium	OZ	58 818	42 744
		Gold	OZ	3 663	2 545
		Rhodium	OZ	20 037	14 279
		Ruthenium	OZ	31 965	20 877
		Iridium	OZ	9 320	4 643
		Total PGMs	OZ	236 022	167 070
	Toll refined metal production	Platinum	OZ	1 730	9 700
		Palladium	OZ	4 124	35 545
		Gold	OZ	202	2 028
		Rhodium	OZ	1 580	10 179
		Ruthenium	OZ	1 704	13 064
		Iridium	OZ	588	2 780
		Total PGMs	OZ	9 928	73 295
	Total refined PGMs	Platinum	OZ	113 950	91 682
		Palladium	OZ	62 942	78 289
		Gold	OZ	3 865	4 573
		Rhodium	OZ	21 616	24 459
		Ruthenium	OZ	33 668	33 941
		Iridium	OZ	9 908	7 424
		Total PGMs	OZ	245 950	240 366
	Base metals	Nickel ⁹	MT	730	923
Copper ⁹		MT	366	488	

				3 months to 31 Dec 2011	3 months to 31 Dec 2010
Sales	Refined metal sales	Platinum	oz	92 863	66 426
		Palladium	oz	39 492	58 205
		Gold	oz	3 618	3 276
		Rhodium	oz	18 235	21 395
		Ruthenium	oz	24 684	30 163
		Iridium	oz	10 698	4 853
		Total PGMs	oz	189 590	184 317
	Nickel ⁹	MT	791	893	
	Copper ⁹	MT	321	389	
	Chrome ⁹	MT	261 205	113 108	
Average prices	Platinum		\$/oz	1 532	1 750
	Palladium		\$/oz	627	683
	Gold		\$/oz	1 668	1 080
	Rhodium		\$/oz	1 549	2 276
	Ruthenium		\$/oz	121	163
	Iridium		\$/oz	1 041	732
	\$ basket price excl. by-product revenue ¹¹		\$/oz	1 136	1 175
	R basket price excl. by-product revenue ¹¹		R/oz	9 204	8 046
	R basket price incl. by-product revenue ¹²		R/oz	9 935	9 008
	Nickel ⁹		\$/MT	15 287	20 750
Copper ⁹		\$/MT	6 874	7 983	
Chrome ⁹		\$/MT	19	26	
Exchange Rates	Average rate for period ¹³		R/\$	8.09	6.88
	Closing rate		R/\$	8.07	6.61

Notes:

- Karee includes the shafts K3, 1B and 4B and K4. Westerns comprises Rowland, Newman and ore purchases from W1. Middelkraal represents Hossy and Saffy. Easterns includes E1, E2 and E3.
- Pandora attributable tonnes mined includes Lonmin's share (42.5%) of the total tonnes mined on the Pandora joint venture.
- Tonnes milled exclude slag milling.
- Lonmin purchases 100% of the ore produced by the Pandora joint venture for onward processing which is included in downstream operating statistics.
- 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 include metal derived from slag processing and have been calculated at industry standard downstream processing losses to present produced saleable ounces.
- Corresponds to contained base metals in concentrate.
- 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.
- Concentrate and other sales have been adjusted to a saleable ounce basis using industry standard recovery rates.
- 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 11 but including revenue from base metals.
- Exchange rates are calculated using the market average daily closing rate over the course of the period.