

27 January 2011

## Lonmin Plc

### Q1 2011 Production Report & Interim Management Statement

Lonmin Plc ("Lonmin" or the "Company") today announces its production report for the quarter to 31 December 2010 (unaudited) and Interim Management Statement.

#### Overview

Our operational performance in the first quarter of 2011 demonstrates continued progress in mining as both tonnes mined and milled increased over the prior year period, together with further progress in production of metals in concentrate due to continuing improvements in the recovery rate. Although our refined production was affected by the scheduled rebuild of the Number One furnace, it was somewhat mitigated by toll refining.

#### Mining

Total tonnes mined in the first quarter of the 2011 financial year from our Marikana underground operations were 2.8 million, up 200,000 tonnes and representing a 7.8% increase from the prior year period. This increase can be attributed to a number of factors. Firstly, the Karee, Middelkraal and Easterns' mining units all increased their production from the prior year period. Karee's operations increased production by 196,000 tonnes, with a significant contribution from K3; Middelkraal's production also increased by 59,000 tonnes as production at Saffy continued to ramp up, whilst Easterns increased production by 57,000 tonnes, with a notable contribution from the E2 shaft. These increases were offset by a 113,000 tonnes fall in production at Westerns during the quarter due to the planned decline at Newman. The decrease in Section 54 safety shutdowns also contributed to the higher production in the quarter, when compared to the prior year period. Newman was the only shaft to have a Section 54 shutdown and lost 21,000 tonnes in production during the quarter, compared to the prior year losses by all operations of 84,000 tonnes.

Production at our opencast operations continued to ramp up in the quarter to 193,000 tonnes, whilst the production at Pandora increased marginally to 39,000 tonnes. Overall, total tonnes mined were 15% up at 3.0 million tonnes against the prior year period.

#### Concentrators

Total tonnes milled in the quarter increased over the prior year period by 17.4%, or 452,000 tonnes to 3.0 million tonnes, with underground tonnes milled increasing by 11% to 2.8 million tonnes when compared to the prior year period and an increase of 172,000 tonnes being milled from opencast, compared to 61,000 tonnes in the prior year period.

Underground milled head grade was 4.55 grammes per tonne (5PGE+Au) for the quarter, down 0.19 grammes per tonne from 4.74 grammes in the prior year period and down 0.08 grammes per tonne from 4.63 grammes in quarter four of our prior financial year respectively. This was due to poor ground conditions being encountered at K3. The opencast milled head grade was at 2.24 grammes per tonne, 14.3% higher than the prior year period as the opencast milled in the prior year period was from lower grade stock pile material.

Underground concentrator recoveries continued the positive trend and increased from 84.5% to 85.1% when compared to the prior year period, whilst the opencast recovery rate increased from 42.3% to 80.7% mainly as a result of the improved grade of the opencast material milled in the current period.

Platinum in concentrate from the Marikana operations was 175,769 saleable ounces, a 12.7% increase over the prior year period. In total the concentrators produced 180,433 saleable ounces of Platinum in the quarter, an 11.5% increase from prior year period.

Total Lonmin refined production of 81,982 ounces of Platinum was 26% less than the prior year period as a result of the scheduled rebuild and modification of the Number One furnace during the quarter which resulted in an increase in Platinum and PGM concentrate stock. This was partially offset by 9,700 Platinum ounces returned from toll refining such that total refined production was 91,682 ounces, 17.2% less than the prior year period. Total PGM production was at 240,366 ounces, down only 1.1% when compared to prior year. This is as a result of the Other Platinum Metals (OPMs) returned from toll refining in the quarter, for which the associated Platinum ounces were returned in September 2010.

## Sales & Pricing

Platinum sales at 66,426 ounces were 39.1% less than the prior year period, mainly because of the Number One furnace rebuild and also as a result of bad weather affecting customer deliveries over the Christmas period in the northern hemisphere. Total PGM sales decreased by 23.1% to 184,317 ounces.

The US dollar basket price improved considerably during the first quarter of the 2011 financial year with the basket price at \$1,175 per ounce being 15.6% higher than the prior year period. The increase in our South African Rand PGM basket price was more moderate, at 6.5% due to a much stronger South African Rand against the US dollar during the quarter when compared to the prior year period.

## Number One Furnace

The rebuild and modification of the Number One furnace, was successfully completed on schedule and the furnace was recommissioned in mid December 2010. The three pyromet furnaces have operated throughout the period.

## Wage Settlements

As announced on 13 January 2011, we reached agreement with the National Union of Mineworkers (NUM) in terms of which employees will receive an 8% wage increase backdated to 1 October 2010, as well as a once off payment of R850. We have now concluded all of our wage negotiations.

## Outlook

Our production performance during the first quarter of 2011 represents a solid start to the year and supports our sales guidance of 750,000 ounces of Platinum. We also maintain our capital expenditure guidance of around \$380 million and expect Rand unit costs to increase by less than the 8% wage settlement agreed with the NUM.

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				3 months to 31 Dec 2010	3 months to 31 Dec 2009
<b>Tonnes mined</b>	Marikana	Karee <sup>1</sup>	kt	1,107	911
		Westerns <sup>1</sup>	kt	872	985
		Middelkraal <sup>1</sup>	kt	482	422
		Easterns <sup>1</sup>	kt	310	253
		Underground	kt	2,770	2,571
		Opencast	kt	193	-
		<b>Total</b>	<b>kt</b>	<b>2,963</b>	<b>2,571</b>
	Pandora attributable <sup>2</sup>	Underground	kt	39	38
		Opencast	kt	-	-
		<b>Total</b>	<b>kt</b>	<b>39</b>	<b>38</b>
	Lonmin Platinum	Underground	kt	2,809	2,609
		Opencast	kt	193	-
<b>Total</b>		<b>kt</b>	<b>3,002</b>	<b>2,609</b>	

<b>Tonnes milled<sup>3</sup></b>	Marikana	Underground	kt	2,740	2,447	
		Opencast	kt	234	61	
		<b>Total</b>	<b>kt</b>	<b>2,973</b>	<b>2,508</b>	
	Pandora <sup>4</sup>	Underground	kt	75	89	
		Opencast	kt	-	-	
		<b>Total</b>	<b>kt</b>	<b>75</b>	<b>89</b>	
	Lonmin Platinum	Underground	<b>Total</b>	<b>kt</b>	<b>2,815</b>	<b>2,535</b>
			<i>Head grade<sup>5</sup></i>	<i>g/t</i>	<i>4.55</i>	<i>4.74</i>
			<i>Recovery rate<sup>6</sup></i>	<i>%</i>	<i>85.1%</i>	<i>84.5%</i>
		Opencast	<b>Total</b>	<b>kt</b>	<b>234</b>	<b>61</b>
			<i>Head grade<sup>5</sup></i>	<i>g/t</i>	<i>2.24</i>	<i>1.96</i>
			<i>Recovery rate<sup>6</sup></i>	<i>%</i>	<i>80.7%</i>	<i>42.3%</i>
		<b>Total</b>	<b>Total</b>	<b>kt</b>	<b>3,048</b>	<b>2,596</b>
			<i>Head grade<sup>5</sup></i>	<i>g/t</i>	<i>4.38</i>	<i>4.68</i>
			<i>Recovery rate<sup>6</sup></i>	<i>%</i>	<i>85.0%</i>	<i>84.0%</i>

				3 months to 31 Dec 2010	3 months to 31 Dec 2009
<b>Metals in concentrate<sup>7</sup></b>	Marikana	Platinum	OZ	175,769	156,025
		Palladium	OZ	82,759	72,596
		Gold	OZ	4,459	3,361
		Rhodium	OZ	23,352	21,678
		Ruthenium	OZ	36,357	33,350
		Iridium	OZ	7,997	7,281
		<b>Total PGMs</b>	<b>OZ</b>	<b>330,694</b>	<b>294,291</b>
		Nickel <sup>8</sup>	MT	884	661
		Copper <sup>8</sup>	MT	570	417
	Pandora <sup>3</sup>	Platinum	OZ	4,665	5,820
		Palladium	OZ	2,177	2,745
		Gold	OZ	32	40
		Rhodium	OZ	714	911
		Ruthenium	OZ	1,114	1,403
		Iridium	OZ	183	231
		<b>Total PGMs</b>	<b>OZ</b>	<b>8,886</b>	<b>11,151</b>
		Nickel <sup>8</sup>	MT	8	9
		Copper <sup>8</sup>	MT	4	5
	Lonmin Platinum	Platinum	OZ	180,433	161,845
		Palladium	OZ	84,936	75,341
		Gold	OZ	4,491	3,401
		Rhodium	OZ	24,066	22,589
		Ruthenium	OZ	37,472	34,754
		Iridium	OZ	8,180	7,512
		<b>Total PGMs</b>	<b>OZ</b>	<b>339,579</b>	<b>305,442</b>
		Nickel <sup>8</sup>	MT	892	669
		Copper <sup>8</sup>	MT	574	422

				3 months to 31 Dec 2010	3 months to 31 Dec 2009
<b>Refined production</b>	Lonmin refined metal production <sup>13</sup>	Platinum	OZ	81,982	110,786
		Palladium	OZ	42,744	70,967
		Gold	OZ	2,545	3,408
		Rhodium	OZ	14,279	21,564
		Ruthenium	OZ	20,877	25,632
		Iridium	OZ	4,643	9,921
		<b>Total PGMs</b>	<b>OZ</b>	<b>167,070</b>	<b>242,278</b>
	Toll refined metal production	Platinum	OZ	9,700	-
		Palladium	OZ	35,545	-
		Gold	OZ	2,028	-
		Rhodium	OZ	10,179	324
		Ruthenium	OZ	13,064	512
		Iridium	OZ	2,780	-
		<b>Total PGMs</b>	<b>OZ</b>	<b>73,295</b>	<b>835</b>
	<b>Total refined PGMs</b>	<b>Platinum</b>	<b>OZ</b>	<b>91,682</b>	<b>110,786</b>
		<b>Palladium</b>	<b>OZ</b>	<b>78,289</b>	<b>70,967</b>
		<b>Gold</b>	<b>OZ</b>	<b>4,573</b>	<b>3,408</b>
		<b>Rhodium</b>	<b>OZ</b>	<b>24,459</b>	<b>21,888</b>
		<b>Ruthenium</b>	<b>OZ</b>	<b>33,941</b>	<b>26,144</b>
		<b>Iridium</b>	<b>OZ</b>	<b>7,424</b>	<b>9,921</b>
<b>Total PGMs</b>		<b>OZ</b>	<b>240,366</b>	<b>243,114</b>	
<b>Base metals</b>	<b>Nickel<sup>9</sup></b>	<b>MT</b>	<b>923</b>	<b>668</b>	
	<b>Copper<sup>9</sup></b>	<b>MT</b>	<b>488</b>	<b>378</b>	

				3 months to 31 Dec 2010	3 months to 31 Dec 2009
<b>Sales</b>	<b>Lonmin Platinum</b>	<b>Platinum</b>	<b>oz</b>	<b>66,426</b>	<b>109,044</b>
		<b>Palladium</b>	<b>oz</b>	<b>58,205</b>	<b>68,572</b>
		<b>Gold</b>	<b>oz</b>	<b>3,276</b>	<b>2,020</b>
		<b>Rhodium</b>	<b>oz</b>	<b>21,395</b>	<b>25,262</b>
		<b>Ruthenium</b>	<b>oz</b>	<b>30,163</b>	<b>25,511</b>
		<b>Iridium</b>	<b>oz</b>	<b>4,853</b>	<b>9,277</b>
		<b>Total PGMs</b>	<b>oz</b>	<b>184,317</b>	<b>239,685</b>
		<b>Nickel<sup>9</sup></b>	<b>MT</b>	<b>893</b>	<b>572</b>
		<b>Copper<sup>9</sup></b>	<b>MT</b>	<b>389</b>	<b>483</b>
		<b>Chrome<sup>9</sup></b>	<b>MT</b>	<b>113,108</b>	<b>184,035</b>

<b>Average prices</b>	Platinum	\$/oz	1,750	1,411
	Palladium	\$/oz	683	363
	Gold	\$/oz	1,080	1,163
	Rhodium	\$/oz	2,276	2,214
	Ruthenium	\$/oz	163	118
	Iridium	\$/oz	732	386
	Dollar basket price excl. by-product revenue <sup>11</sup>	\$/oz	1,175	1,017
	Rand basket price excl. by-product revenue <sup>11</sup>	R/oz	8,046	7,552
	Rand basket price incl. by-product revenue <sup>12</sup>	R/oz	9,008	7,973
	Nickel <sup>9</sup>	\$/MT	20,750	16,606
	Copper <sup>9</sup>	\$/MT	7,983	6,431
Chrome <sup>9</sup>	\$/MT	26	2	

<b>Exchange Rates</b>	Average rate for period <sup>13</sup>	R/\$	6.88	7.46
	Closing rate	R/\$	6.61	7.37

Notes:

- 1 During 2010 we revised the management structure in mining into four business units and we will report against these from now onwards. 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 others 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.