

Independent assurance provider's report to the Directors of Lonmin Plc Report on selected key performance statistics

We have undertaken an assurance engagement on selected key performance statistics, as described below and presented in the 2016 Sustainable Development Report for Lonmin plc (Lonmin) for the year ended 30 September 2016 (the Report). This engagement was conducted by a multi-disciplinary team of health, safety, social, environmental and assurance specialists with relevant experience in sustainability reporting.

Subject matter and related assurance

The subject matter of our engagement and related assurance is set out in the tables below:

Subject matter (a) and (b):

Selected performance data presented in compliance with Subject Matter 4 of the International Council on Mining and Metals' (ICMM) Sustainable Development Framework: Assurance Procedure (ICMM Assurance Procedure), and prepared in accordance with the Global Reporting Initiative (GRI) G4 Guidelines: (Key Performance Statistics Annexure on pages 122 to 123 of the Report)	Unit	Boundary
(a) Reasonable assurance (RA)		
Employee and contractor lost time injury frequency rate (LTIFR)	Ratio	Total mine
(b) Limited assurance (LA)		
Number of new cases of noise induced hearing loss (NIHL) diagnosed	No of cases	Total mine
Number of new cases of TB diagnosed and treated	No of cases	Total mine
Total fresh water consumption	m ³	Total mine
Direct and indirect energy	TJ	Total mine
Scope 1 and 2 Greenhouse Gas (GHG) emissions as per defined boundary	tCO ₂ e	Total mine

Subject matter (c):

Selected Mining Charter elements prepared in compliance with the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry (BBSEEC) (2002) and related Scorecard (2004) (Key Performance Statistics Annexure on pages 122 to 123 of the Report)	Unit	Boundary
(c) Limited assurance (LA)		
Number of infill apartments successfully constructed at Karee (bachelor units)	No of units	Total mine
Number of infill apartments successfully constructed at Karee (family units)	No of units	Total mine
Project spend in South African Rand against approved project budget (Health, Education, Social Infrastructure)	Rand value	WPL and EPL

Subject matter (d):

Selected Mining Charter elements prepared in compliance with the Amendment to the BBSEEC (2010) and related Scorecard (2010)	Unit	Boundary
(d) Limited assurance (LA)		
Total Percentage HDSA (excluding white females)		
<ul style="list-style-type: none"> • Exco • Senior management • Mid management • Junior management 	% HDSA	WPL and EPL
HRD expenditure as percentage of total annual payroll (excluding Mandatory Skills Development Levies)	% HRD spend	WPL and EPL/ Total Lonmin (% split applied)

Boundary key	
WPL and EPL	WPL and EPL information only presented separately as WPL and EPL
Total Lonmin	The information cannot be split between WPL and EPL, therefore the number reported is for total Lonmin
Total Lonmin (% split applied)	The information is recorded as total Lonmin and a percentage (%) split is applied in order to report for the WPL portion. This is calculated by the number of employees WPL contributes to the total employees at Lonmin
Total mine	Denotes consolidated data for Lonmin Plc, including WPL, EPL, Pandora JV, head office and Limpopo operations

Directors' responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected key performance statistics in accordance with the accompanying Lonmin reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal controls relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Our independence and quality control

We have complied with the independence and all other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Services (Proprietary) Limited applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express an assurance opinion and conclusion on the selected key performance statistics based on the work we have performed and the evidence we have obtained. We have conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our engagement to obtain reasonable or limited assurance about whether the selected key performance statistics are free from material misstatement.

An assurance engagement in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of Lonmin's use of its reporting criteria, as a basis of preparation for the selected key performance statistics and performing procedures to obtain evidence about the quantification of the selected key performance statistics and related disclosures. The nature, timing and extent of procedures selected depend on the practitioner's judgement, including the assessment of

the risks of material misstatement, whether due to fraud or error. In making those risk assessments we considered internal controls relevant to Lonmin's preparation of the selected key performance statistics. The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the selected key performance statistics set out in section (a) of the subject matter and related assurance paragraph on the previous page.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. Given the circumstances of our limited assurance engagement on the selected key performance statistics set out in section (b), (c) and (d) of the subject matter and related assurance paragraph above, in performing the procedures listed above we:

- interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- inspected documentation to corroborate the statements of management and senior executives in our interviews;
- tested the processes and systems to generate, collate, aggregate, monitor and report the selected key performance statistics;
- performed a controls walkthrough;
- inspected supporting documentation and performing analytical procedures on a sample basis to evaluate the data generation and reporting processes against the reporting criteria;
- undertook site visits to Lonmin's Marikana operations (which represents the most material contribution to the selected key performance statistics); and
- evaluated whether the selected key performance statistics presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Lonmin.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the selected key performance statistics set out in section (b), (c) and (d) of the subject matter and related assurance paragraph on page 118 have been prepared, in all material respects, in accordance with the relevant criteria.

Reasonable assurance opinion and limited assurance conclusion

In relation to the Report for the year ended 30 September 2016:

(a) For the selected key performance statistic on which we are required to express reasonable assurance

In our opinion, the selected key performance statistic set out in section (a) of the subject matter and related assurance paragraph is prepared, in all material respects, in accordance with the accompanying Lonmin reporting criteria.

(b) For the selected key performance statistics on which we are required to express limited assurance

Based on our work performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected key performance statistics set out in section (b), (c) and (d) of the subject matter and related assurance paragraph are not prepared, in all material respects, in accordance with the accompanying Lonmin reporting criteria.

Report on the ICMM Assurance Procedure

We are required to report our findings on the International Council on Mining and Metals' (ICMM) Sustainable Development (SD) Framework: Assurance Procedure (ICMM Assurance Procedure) in respect of:

1. the alignment of Lonmin's sustainability policies to the ICMM 10 SD Principles and any mandatory requirements set out in ICMM Position Statements (ICMM Subject Matter 1);
2. the reporting of Lonmin's material sustainable development risks and opportunities based on a review of its business and the views and expectations of its stakeholders (ICMM Subject Matter 2); and
3. the implementation of systems and approaches that Lonmin is using to manage its material safety risks and opportunities (ICMM Subject Matter 3).

Directors' responsibilities

The Directors are responsible for:

- the alignment of Lonmin's sustainability policies to the ICMM 10 SD Principles and any mandatory requirements set out in the ICMM Position Statements;
- the reporting of Lonmin's material sustainable development risks and opportunities based on a review of its business and the views and expectations of its stakeholders; and

- the implementation of systems and approaches that Lonmin is using to manage its material safety risks and opportunities.

Our responsibility

Our engagement included reporting on the ICMM Assurance Procedure in respect of 1, 2 and 3 above based on the knowledge obtained in our evidence gathering procedures in our assurance engagement on the subject matters in (a) and (b) set out in our report on selected key performance statistics on the previous page.

Findings

Based on our evidence gathering procedures in our assurance engagement for the year ended 30 September 2016 on the subject matter in (a) and (b) set out in our report on selected key performance statistics, nothing has come to our attention that causes us to believe that:

1. Lonmin's sustainability policies are not aligned with the ICMM 10 SD Principles and any mandatory requirements set out in ICMM Position Statements;
2. Lonmin has not reported material sustainable development risks and opportunities based on a review of its business and the views and expectations of its stakeholders; and
3. Lonmin has not implemented systems and approaches to manage its material safety risks and opportunities.

Other matters

The maintenance and integrity of the Lonmin website is the responsibility of Lonmin management. Our procedures did not involve consideration of these matters and accordingly, we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the Lonmin website.

Restriction of liability

Our work has been undertaken to enable us to express the opinion and conclusion on the subject matters in (a) and (b) in our report on selected key performance statistics together with findings on 1, 2 and 3 in our report on the ICMM Assurance Procedure to the Directors of Lonmin in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Lonmin, for our work, for this Report, or for the conclusions we have reached.



KPMG Services Proprietary Limited

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Johannesburg
25 January 2017

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