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20 Key Performance Indicators

Our Strategy

**A SUMMARY OF THE
CHANGING LANDSCAPE IN
WHICH WE OPERATE AND
HOW IT HAS SHAPED OUR
STRATEGY AND FINANCIAL
POSITION.**

Our Strategic Approach

Our strategy in the short to medium term is to continue to focus on operational performance and control costs while remaining cash neutral

Lonmin has experienced financial constraints for a number of years caused by a range of external factors such as a persistently low PGM pricing environment and the inflationary cost pressures of operating in the South African PGM mining industry, which have been further exacerbated by internal factors including operational, social and labour issues.

Since 2015, Lonmin's strategy has been to focus on factors within its control in order to maintain broadly flat unit costs and cash generation, with a particular focus on reducing fixed costs, removing high-cost production, reducing capital expenditure and continuing to improve relationships with key stakeholders. However, the adverse PGM pricing environment has continued to prevail and the inflationary cost pressures have remained, exacerbated by a strong R:US\$ exchange rate.

On completion of the rights issue in 2015, Lonmin had net cash of US\$69 million. It has managed to maintain this net debt-free position, with net cash of US\$103 million as at 30 September 2017 as a result of implementing its strategy. This includes the benefit of 31,682 platinum ounces released from the smelter clean-up.

Lonmin's actions were all part of seeking to build a sustainable business from the bottom up; driving efficiencies to obtain financial security for Lonmin, positioning for growth in the future, and safeguarding the welfare of our employees. Lonmin continued to be hamstrung by its capital structure and liquidity constraints, notwithstanding that Lonmin's gross cash since December 2015 and until September 2017 was around at least US\$200 million including the drawn term loan of US\$150 million.

On 15 May 2017, as part of its interim results for the period ended 31 March 2017, Lonmin announced that a material uncertainty in relation to the Group's ability to continue as a going concern had been identified. This was due to a non-cash impairment to the carrying value of the Lonmin Group's assets, and the possibility that a further impairment could result in Lonmin breaching its consolidated tangible net worth (TNW) financial covenants and thereby triggering the potential withdrawal of the Lonmin Group's debt facilities.

On 7 August 2017, Lonmin announced the initial conclusions of an ongoing operational review (the Operational Review) with the primary objective of preserving value for shareholders and safeguarding the long-term interests of employees and all key stakeholders.

On 6 October 2017, Lonmin announced that it had requested and obtained a pre-emptive waiver for its TNW financial covenants from its lenders until 30 March 2018 to provide sufficient time to reach a conclusion on its Operational Review.

On 3 November 2017, Lonmin announced that the publication of its audited financial statements for the financial year ended 30 September 2017 would be delayed pending potentially significant outcomes of the Operational Review. Lonmin noted that such outcomes (together with ongoing discussions with its existing and prospective lenders) could have a material bearing on the Lonmin Directors' assessment of the basis of preparation of the audited financial statements of Lonmin for the financial year ended 30 September 2017 as a going concern.

Post the 30 September 2017 year-end, the Operational Review was superseded by the recommended all share offer from Sibanye-Stillwater to acquire Lonmin, announced on 14 December 2017.

The Board of Lonmin has concluded that the acquisition of Lonmin by Sibanye-Stillwater represents a comprehensive and more certain solution to the challenges facing Lonmin than Lonmin could achieve by any alternative route. The Board of Lonmin believes that a combination of Sibanye-Stillwater and Lonmin creates a larger and more resilient company, with greater geographical and commodity diversification, that is better able to withstand short-term commodity price and foreign exchange volatility. The offer also allows Lonmin shareholders to participate in:

- The growth and value creation opportunities of the enlarged Sibanye-Stillwater group
- The benefits from the realisation of synergies from the combination of Sibanye-Stillwater and Lonmin
- Any long-term recovery in the fundamentals of the PGM sector

In addition, the Board of Lonmin believes that the offer delivers the best value for Lonmin shareholders.

During the offer period, our strategy continues to focus on operational performance in particular, and control of all costs remaining at least cash neutral and preserving cash.

Our people

The Company recognises the labour-intensive nature of our operations, and the important role that each of our employees plays in ensuring the achievement of our goals. To mitigate the impact of the challenging environment in which we operate, and its likely impact on employee motivation and engagement, the Company has continued to invest in initiatives to improve the effectiveness of its leaders' abilities to work effectively and motivate their employees.

Focus has also continued on initiatives to improve the general wellbeing of our employees, including housing and living conditions, financial and employees' wellness and assistance programmes. Employee development has been refocused on developing core skills and compliance-related requirements in line with revised budget and retention initiatives implemented for key skills and talent during this period. This will continue to receive attention in the future.

Our strategic approach (continued)

Safety

Lonmin views safety as a proxy for good performance and our commitment to Zero Harm aims to ensure that the necessary controls and procedures are in place to support the safety and health of our workforce and the environment.

Our strategy for safety is built around the belief that we can operate without accidents, and maintaining high safety standards is an integral part of demonstrating our commitment to Zero Harm. Our goal is for every person in the business to have a personal understanding of, and respect for, the importance of safety in the workplace through entrenching safety principles in the organisation and increasing visibility on safety matters.

Our Safety Strategy takes a proactive approach to safety management with a focus on injury prevention and aims to entrench an operational culture that positively influences safety behaviour. This is entrenched via three objectives:

- Fatality prevention
- Injury prevention
- A safe high-performance operational culture

Health

The services provided by Lonmin's Health Department under Lonmin's Safety, Health and Environmental Strategy provide comprehensive healthcare services and a continuum of care to improve the health status and quality of life of our employees and their families. Health services are available to employees, their dependants and community members through three clinics and a hospital at our Marikana operations, and a clinic each at the PMR and Limpopo operations.

Community members are treated on a fee-for-service basis. Community members are assisted in emergency situations through our emergency care programme. Community health issues are managed through the Community Development Department.

Union relations

Lonmin respects and supports our employees' rights to freedom of association and representation, as well as the right of every employee to be heard. Lonmin interacts with unions at different levels within the Company on an ongoing basis.

Engagement takes place through the various union structures and management interactions with union representatives, and critically directly with employees. Monthly and quarterly meetings are held to share information on Lonmin's performance and evolving situation. The Company also provides training to shop stewards on legislative matters, business skills and the requirements of their roles, responsibilities and obligations.

The Association of Mineworkers and Construction Union (AMCU) is the majority union, representing 81.9% of full-time employees as at 30 September 2017.

Black economic empowerment (BEE)

Our BEE equity ownership is at least 26% in line with the requirements of the Mining Charter.

Once-empowered-always-empowered principle

The Chamber of Mines and the Department of Mineral Resources (DMR) argued the applicability of the once-empowered-always-empowered principle by way of a court application in November 2017. Mining Charter review application is set down for February 2018.

The Mining Charter

The 2010 Mining Charter contained targets until 2014. An attempt by the DMR to implement the provisions of a new Mining Charter gazetted in 2017 was challenged on an urgent basis by the Chamber of Mines. This led to an unsuccessful attempt by the DMR to impose a moratorium on new mineral right applications and ultimately to the DMR agreeing not to impose the provisions of the Reviewed Mining Charter pending the outcome of the Mining Charter review. In the interim, the targets contained in the 2010 Mining Charter continue to apply.

Transformation

Lonmin embraces transformation as a business imperative and continues to make progress in this regard. We are committed to playing our part in addressing historic inequalities and creating conditions in which current and future generations can succeed in creating a shared purpose. The Mining Charter requires a focus on increasing the number of Historically Disadvantaged South Africans (HDSAs) in management and the number of women in mining.

Transformation is monitored and overseen at Board level by the Social, Ethics and Transformation Committee. Transformation considerations are incorporated into recruitment, succession, skills development and talent management functions to develop an internal pipeline of HDSAs, including women. Lonmin's bursary and graduate development programmes prioritise HDSAs in order to build the future supply of appropriate candidates. Targets relating to transformation are included in the corporate balanced scorecard that is used to measure performance for the incentive scheme.

Social Labour Plans (SLPs)

Our commitment to our people and stakeholders defines our duty to contribute to the wellbeing and development of the communities that host, and are affected by, our operations. This duty is formalised in the SLP obligations under the terms of our mining rights. Investing in the long-term social, economic and infrastructural development of our host communities translates into an investment in our current and future employee base, and ultimately is a direct investment in the sustainability of our operations themselves.

Stakeholder engagement

Our business begins and ends with relationships, and the quality of those relationships are central to our success and that of our stakeholders.

We have made significant progress in this area, having consolidated departmental structures under a Stakeholder Engagement and Regulatory Affairs Executive Vice-President; segmented and prioritised stakeholder groups and individuals; and formalised engagement policies and procedures for each group, allowing for consistent and constructive engagement to be monitored and tracked.

The objective of having a rigorous stakeholder engagement strategy and process is to:

- Ensure that there is sufficient buy-in for community projects
- Build a partnership model for community projects that ensures sustainability, ownership and exit strategies
- Align with government development goals
- Create jobs and support local business development to align and manage expectations
- Create shared value and purpose

Sustainability

Acknowledging all the social and labour challenges of the past, Lonmin strives to conduct its business in a sustainable, socially and environmentally responsible manner, openly and transparently going beyond compliance, to address the spirit of the Mining Charter.

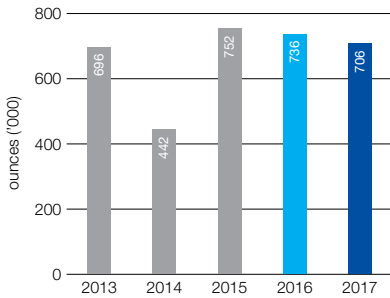
Key Performance Indicators (KPIs)

We use the following key performance indicators (KPIs) to measure our performance

Financial sustainability

Sales

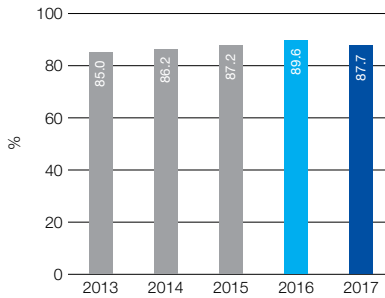
Platinum ounces sold (oz)



For more detail on (Market Review), see page 30 of the Annual Report and Account.

Processing recoveries

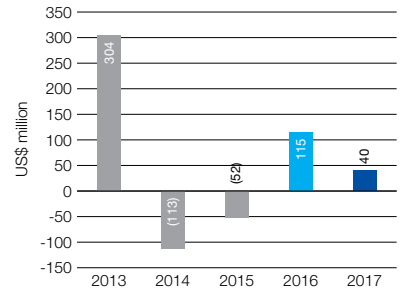
PGM instantaneous recovery rate (%)



For more detail on (Performance/Processing), see page 31 of the Annual Report and Account.

Operating profit before depreciation, amortisation and impairment (EBITDA)

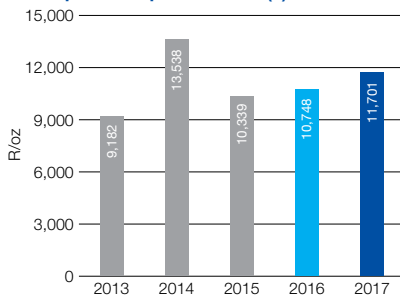
Before depreciation (US\$ million)



For more detail on (Performance/Finance), see page 31 of the Annual Report and Account.

Unit costs

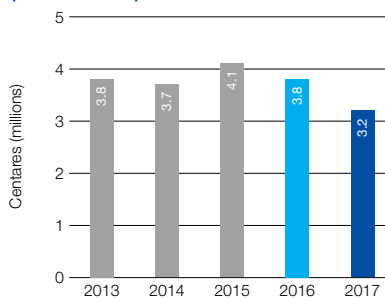
Cost of production per PGM ounce (R)



For more detail on (Performance/Finance), see page 30 of the Annual Report and Account.

Development

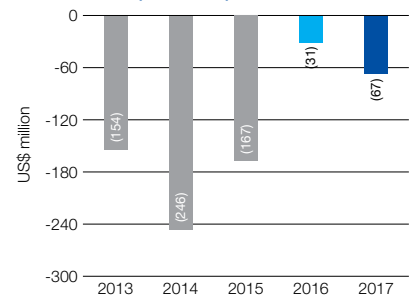
Immediately available ore reserves (million centares)



For more detail on (Performance/Mining), see page 30 of the Annual Report and Account.

Free cash flow

Free cash flow (US\$ million)



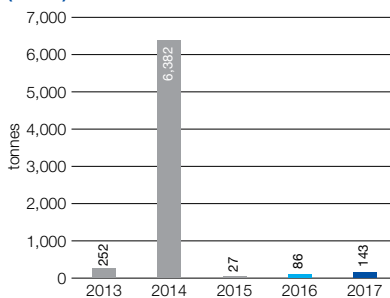
For more detail on (Performance/Finance), see page 31 of the Annual Report and Account.

Social sustainability

Employee relationships

Employee relations

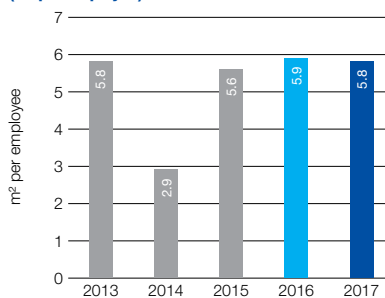
Tonnes of production missed due to disruptions (tonnes)



For more detail on (Performance/People), see page 43 and page 31 of the Annual Report and Account.

Productivity

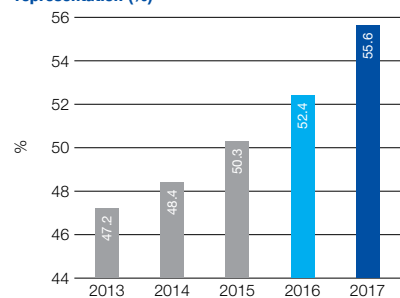
Generation 2 mining operations (m² per employee)



For more detail on (Performance/People), see page 30 of the Annual Report and Account.

Transformation

HDSA (including white women) management representation (%)



For more detail on (Performance/People), see page 47 and page 31 of the Annual Report and Account.

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Our Sustainability Approach and Material Matters

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Leadership Overview

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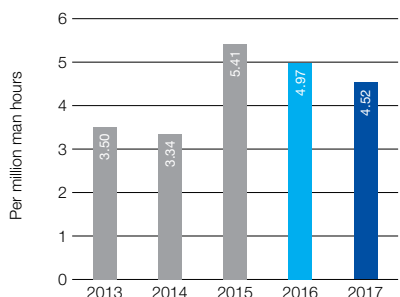
Reporting According to Our Material Focus Areas

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Employee Relationships

Safety and health

Lost-time injury frequency rate (LTIFR) LTIFR (per million man hours)

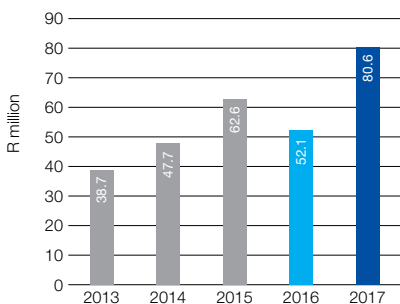


- Section 54 stoppages: **42**
- Voluntary counselling and testing (VCT) conducted: **23,820**
- Patients on anti-retroviral treatment: **4,843**

For more information on (safety and health), see pages 54 to 63 and page 30 of the Annual Report and Account.

Community relationships and investment

Social and Labour Plan (SLP) spend WPL and EPL SLP spend (R million)



- Procurement value through Bapo contracts: **R325.3 million**
- Community members who received portable skills training: **165**

For more information on (safety and health), see pages 54 to 63.



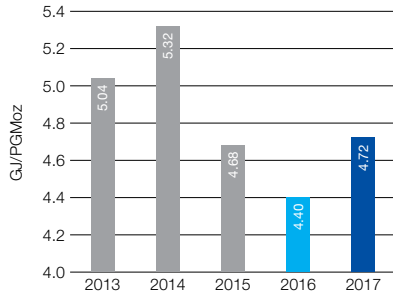
Thlapi Morue Primary School in Wonderkop

Key performance indicators (KPIs) (continued)

Managing environmental impacts and opportunities

Energy efficiency

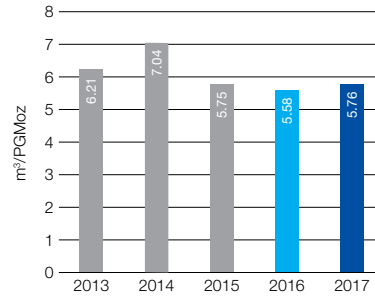
Energy consumption per ounce of PGMs produced (GJ/PGMoz)



For more detail on Performance/Our environment, see page 82 of the Annual Report and Account.

Freshwater efficiency¹

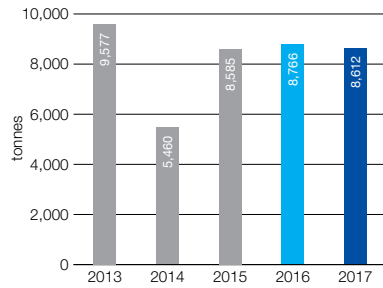
Water efficiency (m³/PGMoz)



For more detail on Performance/Our environment, see page 80.

General waste to landfill

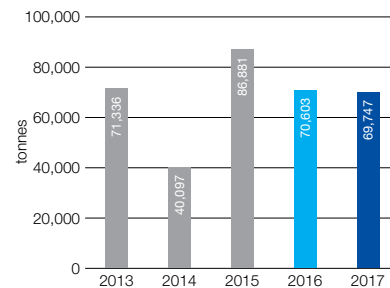
General waste to landfill (tonnes)



For more detail on Performance/Our environment, see page 89.

Hazardous waste to landfill

Hazardous waste to landfill (tonnes)



For more detail on Performance/Our environment, see page 89.



Underground mining operations

¹ Freshwater efficiency, indicating consumption of freshwater utilised for both potable and industrial use from Rand Water, Ekurhuleni Municipality, Limpopo Wellfields and Bufferspoort Dam per PGMoz produced (m³ per PGMoz).