



**Lonmin Plc**  
4 Grosvenor Place  
London SW1X 7YL  
United Kingdom  
T: +44 (0)20 7201 6000  
F: +44 (0)20 7201 6100  
[www.lonmin.com](http://www.lonmin.com)

## REGULATORY RELEASE

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### **Lonmin in Discussions on Reducing Costs**

Lonmin Plc (“Lonmin” or “the Company”) is in consultations with unions and employees over efforts to reduce costs. These reductions are aimed at protecting the Company and its employees against persistent low Platinum Group Metal (“PGM”) prices.

Lonmin hopes to be able to complete this process without needing to make forced retrenchments, which it regards as a last resort. Proposals under discussion would lead to c.10% reduction in labour cost and equates to around 3,500 people. This reduction should hopefully be achieved through a voluntary process.

Chief Executive Officer, Ben Magara, said: “The mining industry is going through another challenging economic cycle and we need to make difficult decisions to maintain the resilience of our business and protect employment. Our cost controls so far have been encouraging but the price of our metals is beyond our control and we need to make further savings, including seeking voluntary reductions in our labour force which represents around 60% of our total costs.”

Mr Magara added: “These are tough conversations but I am encouraged by our employees’ appreciation of the situation. That is a reflection of the huge effort all parties have made to understand one another better in recent months and we are all seeing the benefit of that now.”

The efficiencies and savings needed are being implemented from top to bottom such that the Executive Committee headcount has been reduced by 22%.

Ben Magara concluded: “Nobody wants this, but we all have to protect the future of the business for as many employees as possible. I hope that we can do this together, for the benefit of the majority. Better times are ahead, but we need to get from here to there.”

A further update will be provided with the Company’s Interim Results announcement on Monday, 11 May 2015.

- ENDS -

## ENQUIRIES

### Investors / Analysts:

Lonmin

Tanya Chikanza (Head of Investor Relations) +44 20 7201 6007 / +27 83 391 2859

### Media:

Cardew Group

Anthony Cardew / James Clark +44 (0)20 7930 0777

Sue Vey +27 60 523 7953

### Notes to editors

Lonmin, which is listed on both the London Stock Exchange and the Johannesburg Stock Exchange, is one of the world's largest primary producers of PGMs. These metals are essential for many industrial applications, especially catalytic converters for internal combustion engine emissions, as well as their widespread use in jewellery.

Lonmin's operations are situated in the Bushveld Igneous Complex in South Africa, where nearly 80% of known global PGM resources are found.

The Company creates value for shareholders through mining, refining and marketing PGMs and has a vertically integrated operational structure - from mine to market. Underpinning the operations is the Shared Services function which provides high quality levels of support and infrastructure across the operations.

For further information please visit our website: <http://www.lonmin.com>