

REGULATORY RELEASE

30 July 2014

Acquisition and Proposed Issue of Equity

Lonmin Plc (“Lonmin” or “the Company”) announces that it has today entered into binding agreements with the Bapo ba Mogale Traditional Community (“the Bapo”) in relation to a series of transactions which will enable relevant Lonmin group companies to meet South African government requirements regarding Black Economic Empowerment (“BEE”) targets. Under the arrangements:

- (a) the Bapo will waive their current statutory right to receive royalties from Lonmin’s operating companies Eastern Platinum Limited (“EPL”) and Western Platinum Limited (“WPL”) (together “Lonplats”) in exchange for:
- (i) a lump sum cash royalty payment, payable by Lonplats, that will be used by the Bapo to subscribe for shares in Lonmin; and
 - (ii) a deferred royalty payment of R20 million per annum payable by Lonplats in each of the five years following completion of the transaction, that will be used by the Bapo to pay the administrative costs of running, controlling and directing the affairs of the Bapo;
- (b) EPL will acquire 100% of the shares in Bapo ba Mogale Mining Company (Proprietary) Limited (“BMC”) from the Bapo. BMC holds the Bapo’s 7.5% participation interest in the unincorporated joint venture in respect of the Pandora mine operated by EPL (the “Pandora JV”). This interest in the Pandora JV is BMC’s sole asset. EPL already holds a 42.5% interest in the Pandora JV which holds mining rights over an area to the east and north of Lonmin’s Marikana operations. Part of this area is already mined by Lonmin from its existing shaft infrastructure; and
- (c) the Bapo will utilise the lump sum cash royalty payment and the consideration payable for 100% of the shares in BMC to subscribe for new ordinary shares in Lonmin to the value of R564 million (the “Placing Shares”). Lonmin will allot and issue the Placing Shares to a special purpose vehicle which is a wholly-owned subsidiary of Bapo Ba Mogale Investments NPC (“Bapo NPC”), a non-profit company for the benefit of members of the Bapo community, by way of a non pre-emptive placing. The number of Placing Shares to be issued has been calculated using the 30 day Volume Weighted Average Price (“VWAP”) of Lonmin’s shares listed on the JSE up to and including 29 July 2014. To preserve the BEE credentials this confers on Lonplats, the Placing Shares will be subject to a lock-in period of ten years from the effective date of these transactions, which will occur seven business days after satisfaction of all conditions precedent (“Completion”). Completion is currently expected in the final quarter of the 2014 calendar year. During the lock-in period the Placing Shares may not be sold or encumbered by the Bapo. The R564 million payable under (a) and (b) above includes a premium of R149 million in recognition of the benefit to Lonmin of the ten year lock-in period.

It is intended that the deferred royalty payment of R20 million per annum payable by Lonplats in each of the five years following completion of the transaction will be funded from the existing cash resources and/or debt facilities available to the Group.

Based on the 30 day VWAP of R42.97 on 29 July 2014, the issue of Placing Shares will necessitate the issue of 13.13 million shares, equating to 2.25% of the post-issue equity share capital of Lonmin.

It has been further agreed between the parties that:

- (d) the Placing Shares will be issued on the date of Completion;
- (e) Lonmin will provide an opportunity for the Bapo ba Mogale community to participate in the procurement and business value chain activities of Lonplats to a minimum revenue value of R200 million within eighteen months from Completion. This will be achieved by granting the Bapo NPC preferential status when tendering for the supply of goods and services to Lonplats; and
- (f) Lonmin and the Bapo will jointly create a developmental trust for members of the Bapo community, to be known as the Bapo Community Local Economic Development Trust ("Bapo Trust"). It is intended that 0.9% of the issued share capital of EPL and 0.9% of the issued share capital of WPL will be transferred from Lonmin's subsidiary LSA (U.K.) Limited into the legal and beneficial ownership of the Bapo Trust on a vendor funding basis. The aims of the Bapo Trust will be to promote, amongst other things, educational initiatives and healthcare improvement as well as address the developmental needs of the Bapo.

Items (a) to (e) together are referred to in this announcement as the "Bapo Transaction". Item (f) is referred to as the "Bapo Trust Transaction".

Completion of the Bapo Transaction is subject to customary conditions precedent including but not limited to the waiver of rights of first refusal by other participants in the Pandora JV, South African Ministerial approval to the transfer of the ownership of the shares in BMC to EPL, South African Competition Commission approval to the extent it is necessary, execution of a new notarial lease and certain approvals to be granted by Lonmin shareholders. It is intended that a General Meeting of the Company will be convened later in the year to seek the necessary shareholder approvals.

The Lonmin directors believe from discussions with the South African Department of Mineral Resources, that the Bapo Transaction, will increase the BEE equity status of Lonplats by 2.4% from the waiver of the Bapo's statutory royalty rights and the purchase of their interest in the Pandora JV and by a further 0.9% from the Bapo Trust transaction, increasing the BEE equity status of Lonplats by 3.3%. As flagged to shareholders in the 2012 Rights Issue Prospectus and in the Interim Report for the six months ended 31 March 2014, Lonmin also intends to implement an Employee Share Ownership Plan ("ESOP") and a Community Share Ownership Trust ("CSOT") (for the benefit of the local communities on the western portion of our Marikana operations) which trusts will collectively hold the 4.7% balance of the additional 8% equity empowerment which EPL and WPL require to achieve the 26% effective BEE equity ownership target by 31 December 2014. At this stage, the Company expects that completion of all of these arrangements should be achieved in the final quarter of the 2014 calendar year.

The Bapo is a stakeholder of great importance to Lonmin. The Board of Lonmin believes that the Bapo Transaction will help build a new and stronger relationship with the Bapo and will, together with the ESOP and CSOT, secure the BEE equity status of the Lonmin group of companies in South Africa.

Kgosi Bob Mogale said: "I believe this agreement represents the most sustainable and fair way forward, and I hope that as well as bringing financial benefits to our people it helps to build stronger bonds between the Bapo and Lonmin."

Brian Beamish, Chairman of Lonmin, said: "On behalf of the Board I would like to welcome the Bapo community as an important shareholder in our Company. We look forward to building a strong relationship with them over the years to come."

Ben Magara, Chief Executive Officer of Lonmin, added: "It is Lonmin's first priority to work in the interests of all our stakeholders. We are pleased to have reached an agreement as this is testimony to developing a constructive relationship with the Bapo ba Mogale."

Further updates will follow in due course.

- ENDS -

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Financial Adviser and Transaction Sponsor to Lonmin

The Standard Bank of South Africa Limited

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 producing assets are situated in the Bushveld 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. Lonmin's mining operations extract ore from which the Process Division produces refined PGMs for delivery to customers. 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>