

## REGULATORY RELEASE

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21 January 2014

### Joint Statement from Platinum Chief Executives

Lonmin Plc (“the Company”) would like to update the market on a statement made earlier today by Chief Executive Officer Ben Magara, in conjunction with the CEOs of Impala Platinum and Anglo American Platinum concerning a threat of strike action in South Africa’s “platinum belt”.

The statement, jointly released by all three companies, read:

#### **Platinum CEOs hold firm: Industry cannot afford unrealistic wage demands**

*“A strike will not benefit workers”*

**Johannesburg, 21 January 2014:** We note with dismay and regret the threatened strike action called by the Association of Mineworkers and Construction Union (AMCU) at our operations following the deadlock reached last year in wage negotiations. We received yesterday formal notification from AMCU of the proposed strike which is expected to start with effect from Thursday, 23 January 2014.

The offers on the table by the three platinum companies currently in collective bargaining processes with AMCU range from:

- 8 to 8.5% for employees in the A and B-band bargaining unit (category 4 to 8 employees).
- 7.5% for C level employees (miners, artisans and officials).
- Accommodation and other allowances will also be increased.

These offers compare favourably with increases in other sectors and are above the current inflation rate of 5.3%. It is important to note that the platinum industry has also extended wage increases substantially above the inflation rate in preceding years, and currently pays amongst the highest entry level wages in the country.

AMCU’s current wage increases are unaffordable and unrealistic. It is of great concern to the platinum companies that employees are being made promises by AMCU that cannot be delivered upon. Strike action will not only hurt the platinum industry but will be to the detriment of employees and their families, to communities, and to the country as a whole.

In 2012 and 2013, our companies lost a combined 879,400 ounces of production as a result of strike action. This translates into revenue losses of around R12.54 billion. We estimate that employees were forced to forego wages of around R1.18 billion, excluding bonuses and other benefits which

they were then not able to earn. Furthermore the platinum price has plunged by 19% over the past three years, while costs continue to rise.

Unfortunately these factors led to a reduction in the combined industry workforce from more than 145,000 to less than 134,000 in the two years from December 2011 to December 2013. This is a time when the industry can ill afford further losses of production and jobs due to strike action.

We remain committed to further engagement and are resolute in our efforts to find a solution that will secure the sustainability of the industry as a whole and preserve jobs as far as possible. Importantly, we do not believe that a strike will benefit workers.

The platinum industry's imperative is to ensure that peace, order and stability is maintained at all times.

**Issued by:**

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- ENDS -

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**Notes to editors**

This regulatory release was issued on the London Stock Exchange at 18:24 hrs on 21 January 2014, after the Johannesburg Stock Exchange closed. As a result, the opening sentence of this document reflects the fact that the statement by Chief Executive Officer Ben Magara, in conjunction with the CEOs of Impala Platinum and Anglo American Platinum, was made "last night", not "today".

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 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>