

REGULATORY RELEASE

24 June 2014

Lonmin signs multi-year wage agreement with AMCU

Lonmin Plc (“Lonmin” or “the Company”) announces the settlement of the negotiations with the Association of Mineworkers and Construction Union (“AMCU”) about wages and conditions of service. Employees are expected to return to work on Wednesday 25 June.

The three-year agreement, which is effective from 1 October 2013 to 30 June 2016, will end the five-month strike, which has crippled the South African platinum industry.

Commenting on the signing today Chief Executive Ben Magara said: “The signing of today’s agreement brings to an end the extreme hardship suffered by all stakeholders, the country, our communities, suppliers and in particular our employees, over the last five months. We believe that signing this agreement with our majority union is the only way forward in re-building our business.”

Below is an example of the agreed guaranteed packages, excluding overtime and safe production bonuses which can be as much as R5000 per month:

LOWEST PAID ENTRY LEVEL UNDERGROUND EMPLOYEE			
DATE	BASIC SALARY	CASH REMUNERATION	GUARANTEED PACKAGE
Current	5 713	8 359	9 790
1 October 2013	6 713	9 531	11 110
1 July 2014	7 713	10 580	12 260
1 July 2015	8 713	11 632	13 422

ROCK DRILL OPERATORS (UNDERGROUND)			
DATE	BASIC SALARY	CASH REMUNERATION	GUARANTEED PACKAGE
Current	6 296	9 763	11 281
1 October 2013	7 296	10 980	12 646
1 July 2014	8 296	12 081	13 852
1 July 2015	9 296	13 188	15 075

The key points of the agreement are:

- Overall, the lowest underground basic salary will increase by R1,000 per month for each year;
- Employees in C-band will receive increases of 8% in year 1 and 7.5% for years 2 and 3;
- The living-out allowance will increase from R1,950 to R2,000 per month in year 1 and be kept constant thereafter for the period of the agreement;
- As is normal in backdated agreements, all employees will receive, within 7 working days of their return to work, the back pay due to them from their 2013 increase date until 22 January 2014, the day prior to the start of the strike; and
- Going forward, the Company has agreed to alter the anniversary date of its annual wage increases for all non-management employees to 1 July from 1 October in order to align with industry peers.

Lonmin's immediate focus is on a safe and efficient ramp up. Our priorities for achieving this will be:

- Assessing and improving the health and wellbeing of employees, and undertaking the necessary operational and safety training;
- Ensuring mining areas are safe as conditions may have deteriorated during the lengthy period these have not been in operation;
- Re-building relationships and trust; and
- Assisting employees in stabilising their wellness and financial wellbeing, which includes a return to work assistance programme and addressing high levels of indebtedness that have accrued during the period of the strike.

Commenting, Ben Magara, Chief Executive said: "Our processing facilities were re-started in May, however there is much to be done to achieve a safe and efficient ramp up across our mining operations. We have demonstrated our ability to achieve timely, safe and orderly ramp ups in the past and during the five months of strike action we have taken steps to ensure that we are now able to achieve an effective ramp up. We are cognisant however that this unprecedented strike has taken five months compared with the six weeks in 2012 and thus expect achieving steady state will take longer than it did in 2012/13."

Although Lonmin pipeline stocks have not been depleted to the same extent as in FY12, some refilling of the production pipeline will need to take place.

Lonmin would like to reiterate its gratitude to the Former Deputy President Mr Kgalema Motlanthe, Minister of Mineral Resources, Advocate Ngoako Ramatlhodi, the Deputy Minister, Mr Godfrey Oliphant, members of the Inter-Governmental Technical Task Team, Judge Hillary Rabkin-Naicker of the Labour Court and the commissioners of the Council for Conciliation Mediation and Arbitration.

"I would, in particular, like to thank our loyal employees who have kept the business going during this very trying and difficult time – sadly there are no winners. Now is a time for peace and tolerance and working together as we re-build trust and secure a shared future," Mr Magara concluded.

Given AMCU's prolonged strike and the continuing low PGM prices, restructuring of our business has become inevitable to ensure sustainability. Restructuring and productivity improvements are essential to curb these cost inflation pressures.

Lonmin will update the market in due course.

- ENDS -

ENQUIRIES

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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 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>