

REGULATORY RELEASE

06 June 2013

Further Detail on Industrial Relations Issues

Lonmin Plc (the “Company”) today announces further details on issues surrounding industrial relations, union recognition and its pursuit of peace and security at its operations.

The Company remains in negotiations with all its stakeholders, including unions, and remains committed to seeking an outcome which is in the best interests of all stakeholders.

Lonmin is today releasing further detail, having previously updated the market at various times since 14 May on progress, timing, next steps and potential consequences. The announcement is being made to provide further clarity on the current situation.

Facts around union organisational and recognition agreement negotiations

The Association of Mineworkers and Construction Union (AMCU) is the majority union at Lonmin and represents about 70% of category 4-9 workers (which includes miners and rock drill operators).

Lonmin currently has two collective bargaining units, Collective Bargaining Forums (CBF) 1 and 2. Category 4-9 employees are in CBF 1. Employees in grades B-C (mostly skilled workers, supervisors and artisans) are in CBF 2. Three other unions, Solidarity, NUM and UASA, have current and binding recognition agreements with Lonmin to represent workers in CBF 2.

In December 2011 Lonmin signed a limited organisational rights agreement with AMCU which enabled AMCU to establish structures at its Karee Mine. In recognition of AMCU’s majority status, in January 2013 Lonmin extended the limited organisational rights agreement to all Marikana operations. The extension of the limited organisational rights agreement enabled the union to establish its shaft and branch structures across all Marikana operations and gave it access to offices and other facilities.

Lonmin is working towards concluding a new union recognition agreement with AMCU that gives it full organisational rights. The recent process at the Commission for Conciliation, Mediation and Arbitration (CCMA) did not yield an agreement (although AMCU was offered an agreement the same as the agreement that Lonmin previously had with the NUM), and the Company therefore requested that the matter be referred to arbitration. The CCMA has scheduled the arbitration for 26 June 2013.

What exactly is AMCU seeking and what has Lonmin offered?

AMCU wants:

- Union recognition thresholds of 35% for basic organisational rights, 45% for collective bargaining and 50%+1 for the majority union. This means:
 - 35% for basic organisational rights of access and deduction of union membership fees
 - 45% for basic organisational rights as above, and collective bargaining, full-time shop stewards, office facilities and transport.
 - 50%+1 for all rights as above, including rights to set thresholds with Lonmin.
- That there be a single bargaining structure for category 4-9 employees and those in grades B-C. This is problematic as three other unions, Solidarity, NUM and UASA, have binding recognition agreements with Lonmin to represent workers in CBF 2, as noted above. AMCU effectively demands the right to collectively bargain for all employees, including those in CBF 2 where AMCU does not enjoy significant support.
- To bring forward the implementation date of the next round of wage agreements from 1 October 2013 to 1 July 2013.

Lonmin's offer that was not accepted by AMCU was:

- To agree to the proposed thresholds of 35% for basic organisational rights, 45% for collective bargaining and 50%+1 to be applied to CBF 1.
- That the prescribed thresholds for CBF 2 remain as per the existing agreements at 20%.
- To agree to a change in the implementation date to 1 July, but effective 2015 to give all parties time to prepare for the change.

Process for termination of the National Union of Mine Workers (NUM) agreement

The NUM has previously acknowledged that it no longer has the support of the majority of workers and consequently has been meeting with Lonmin for many months to manage the de-recognition process.

On Thursday 16 May 2013, the Company decided to move the NUM's offices to a central location. The decision was taken in the context of escalating tensions on the mine during a two-day unprotected strike on 14 and 15 May 2013.

The NUM elected to dispute this decision in the Labour Court. On Wednesday 28 May the Court ordered that the recognition agreement between the NUM and Lonmin remain in force and gave NUM until 16 July 2013 to prove it had the support of the majority of workers. The court order therefore entitles NUM to access all the rights and privileges in line with its existing recognition agreement including the use of all its current offices.

Lonmin urged all parties to respect the court's ruling and promote peaceful negotiation. The court order does not preclude the Company and AMCU from continuing with arbitration proceedings. Any new recognition agreement could only be implemented after 16 July if the NUM is unable to prove that it is the representative union.

Alleged fraudulent union membership stop orders

Lonmin management has investigated approximately 150 reported cases of alleged fraudulent stop orders deducting union membership fees from workers. Lonmin has a zero tolerance policy towards fraudulent activities and a full investigation has resulted in the suspension of eight employees against whom disciplinary proceedings have been instituted.

Lonmin will provide a further update as appropriate.

- ENDS –

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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>