
24 August 2012

Lonmin Seeks Sustainable Peace at Marikana

The week of national mourning and the moving memorial events at Marikana on Thursday, have been vital in bringing calm, and a time for reflection and remembrance.

It has also created the space for unity. All stakeholders agreed in ceremonies this week that it is time to move forward and begin the gradual journey back to normality.

Lonmin's management is committed to this process and its absolute focus in the coming days will be to reach a peace accord, under the auspices of the Department of Labour, which allows for a peaceful return to work and an environment in which the concerns of all stakeholders can be addressed.

Simon Scott, Acting CEO, said: "We welcome the Department of Labour's efforts in facilitating the peace accord and we congratulate the Department and all participants in this regard. It is clear that everyone involved wants to move forward. We are dealing with tragic and challenging issues, and will be for a long time to come, but for the sake of the Company, its many thousands of employees and the industry which supports them we need to find a sustainable peace accord which allows people to return to a working business. That we are committed to doing in the coming days."

The Company has always said, and maintains, that it will discuss the strikers' demands in the normal way, through their unions within the agreements which the Company and all unions involved have signed up to, but that requires the unprotected action to end. It has never refused to consider their demands.

The week of mourning which began on Monday, announced by the President of the Republic of South Africa, and the memorial events of yesterday (Thursday) have been an opportunity for calm, reflection and remembrance. Lonmin agrees with union leaders who spoke at yesterday's memorial events that next week marks an opportunity to begin the journey back to normality which is vital for the Company's 28,000 employees, and for the country, and is grateful for their call for the Company to be supported, for the sake of their members. Clearly, achieving normality will be a long journey given the terrible events of the last two weeks, but without a return to work that journey cannot start.

Lonmin, alongside the Unions, will continue to communicate to its wider workforce over the weekend, asking employees to report for work as normal on Monday.

The Company has also been asked to provide clarity on wages after a number of conflicting reports.

In order to ensure that Lonmin wages are market related, the Company undertook research to assess the wage level in the industry. Based on these findings, Lonmin took a decision to implement a drilling allowance of R750 per month for the RDOs, a practice which occurs in the mining industry. This brings the RDO guaranteed wage to just shy of R10,000 per month and is in line with other industry participants. In addition, the RDOs can earn performance bonuses. The average bonus earned is R1,500, but some are in the order of R6,000.

In the five years from 2007 to 2011, the RDOs were granted a cumulative pay rise of 62%. This compares with a cumulative 45% for level D managers and 34% for level E managers over the same period. A complete salary breakdown is shown in Table 1.

Table 1: Complete RDO salary breakdown

	Basic	Pension (14.83%)	Medical	Housing	Holiday Leave Allowance	RDO Allowance	TOTAL
RDO	R 5,405.00	R 801.56	R 556.00	R 1,850.00	R 450.42	R750.00	R 9,812.98

The Company also wishes to reiterate its long-standing and total commitment to achieving the targets set for it within South Africa's updated Mining Charter.

The Mining Charter is a huge undertaking, and the sector still has a long way to go, but we have said repeatedly that our performance in this area is part of our licence to operate, not only legally but also morally. As a Company, Lonmin is proud of its achievements to date.

• Housing

We estimate that approximately 50% of people living in a fifteen kilometre radius of our operations are housed in informal dwellings with little or no access to basic services, and suspect that this will include a significant number of our employees who choose not to spend their housing allowance on accommodation provided by the Company but to live elsewhere.

The Lonmin human settlement strategy consists of three elements: hostel conversion, the existing Marikana Housing and the long term housing programme. To date, Lonmin has invested R250 million on upgrading mining accommodation and converting old-style hostels into new-style single and family units, including the present FY2012.

We are committed to converting and upgrading our four hostels to achieve the occupancy rate of one person per room as well as converting and upgrading some into family units and we plan to have converted our hostel space into a cumulative total of 2,790 units (824 family and 1,966 single) by 2014.

In 2011 we met our target, converting 26 hostel blocks into 542 bachelor and 104 family units and saw 179 employees become owners of homes which were sold through the Marikana Housing Development Company.

We have completed 1,728 properties to date. The provision of mass affordable housing however will remain a major challenge, but one we are committed to meeting.

•Black Economic Empowerment

The Charter also provides targets for both Black Economic Empowerment (BEE) and for Historically Disadvantaged South Africans (HDSAs).

Shanduka, our BEE partner, has an 18% equity interest in Western Platinum Ltd and Eastern Platinum Ltd. We are committed to achieving 26% ownership by the Charter's requirement of 2015.

• Human Resource Development

In 2011 we spent \$29 million on human resources development programmes, including adult basic education training and equipping young people living in the areas around our mines with the skills to work for us. The Lonmin Artisan College is a key part of this.

Our recruitment policy gives preference to HDSA candidates and amongst permanent employees 46.5% of management is categorised as HDSA, including white women.

• Water supply

Lonmin has provided water reticulation in Oustad, which has enabled yard connections for 407 households.

As we move towards calm and stability, Lonmin expresses its appreciation for the support and encouragement that we have received following the tragic events which occurred at Marikana.

- ENDS -

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Notes to editors

About Lonmin:

1. 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 Platinum Group Metals (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 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>