

17 September 2012

Marikana Update

Sales Guidance for FY 2012

Lonmin announces that as a result of the ongoing illegal strike at its Marikana operations and following the updated guidance the Company gave in regulatory announcements on 16 and 21 August 2012, it now expects sales for the full year ending 30 September 2012 to be in the range of between 685,000 and 700,000 saleable ounces of Platinum. Unit costs will also be negatively impacted and as a result we expect the guidance of an 8.5% increase in unit costs for the full year to be exceeded.

This sales guidance reflects the Company's inability to mine in recent weeks because of the illegal strike and the serious and organised violence and intimidation aimed at blockading the Company's processing plants at the mine.

K4 Shaft

On 26 July 2012 the Company announced that in light of the weak pricing environment, some capital expenditure at the K4, Hossy and Saffy shafts was being deferred so as to reduce annual capital expenditure in the 2013 and 2014 financial years to \$250 million per annum. Lonmin further announces today that as part of that on-going capital expenditure review it will be moving its K4 shaft to care and maintenance. The Company has today, Monday, given notice to terminate its contract with Murray and Roberts the contractor which supplies approximately 1,200 staff at the K4 shaft with effect from 17 October 2012.

A further announcement on the broader implications of this decision will be made in due course.

Update on Marikana illegal strike

Mining activity at Marikana remains minimal, although all shafts are operational. Sadly, violence and intimidation have continued particularly in the last week and prevented many of our employees from returning to work during the period of the illegal strike.

The Company regrets to confirm that the body of one of our employees, a 51-year-old man, was discovered last week near the scene of protests at Marikana. The South African Police Service is investigating. Lonmin will provide financial assistance to the deceased's family in line with the commitments the Company has made to the families of employees who lost their lives as a result of the violence that has occurred since the illegal strike began on 10 August. This brings the number of people who have now died since the start of the illegal strike to 45.

Lonmin condemns violence and intimidation and is committed to finding a peaceful solution to the current illegal strike. The Company remains in constant dialogue with unions, government, investors, customers and our regulators as it seeks a solution which is sustainable, fair to all parties, and affordable to the Company, and on which so many jobs in the region rely.

On the night of Thursday 6 September 2012, Lonmin along with the unions, NUM, UASA and Solidarity signed a Peace Accord. This was an important step, setting a framework for further discussions and rejecting violence. Neither AMCU, nor those representing the striking workers who are not union represented, were willing to sign the document.

With the agreement of all Peace Accord signatories, Lonmin invited AMCU and the worker representatives to participate in agreeing on an addendum to the existing wage agreement. These discussions are being facilitated by the Commission for Conciliation, Mediation and Arbitration (CCMA).

Last week an initial offer was made which was rejected. Lonmin made clear publicly that it was disappointed by the rejection of the offer and the reluctance to review the R12,500 wage demand. Lonmin further stated that a peaceful settlement was only possible if all parties negotiated in good faith. The Company remains committed to a sustainable, agreed solution and looks forward to the resumption of talks today [Monday].

Lonmin wishes to thank the government of the Republic of South Africa, religious leaders, traditional leaders and the CCMA, along with the unions representing our employees, our investors, customers and peers, for the parts they have played in the talks thus far.

Simon Scott, Acting CEO, said "Our view is that negotiations are the best way to achieve a sustainable return to work. Clearly however, there will be consequences to jobs if there is a continuing delay in returning to production. The situation is delicate but we have limited options in terms of managing the trade-off between lost production, higher wages and business rationalisation, including a significant reduction in jobs. There are already jobs that are at risk because of the current economic climate. The unprotected strike has already added pressure to some of our higher cost shafts. A prolonged delay in production will only force further difficult management decisions."

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Notes to editors**About Lonmin:**

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>