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REGULATORY RELEASE

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Lonmin signs three-year wage agreement with AMCU

Lonmin Plc (“Lonmin” or “the Company”) announces the conclusion of negotiations with the Association of Mineworkers and Construction Union (“AMCU”) about wages and conditions of service. The agreement applies to all employees within the bargaining unit in job grades Paterson A4 to C4. The three-year agreement, which is effective from 1 July 2016 to 30 June 2019, provides employees with a realistic and competitive settlement and ensures the continued sustainability of Lonmin.

Commenting on the signing today Chief Executive Ben Magara said: “We are delighted to have achieved a multi-year agreement. We have all worked hard to engage each other honestly and respectfully since the long strike of 2014 and this agreement illustrates the emerging maturity of the relationship between the Company, employees and their union representatives. Testament to this level of maturity is the reorganisation process that took place last year which lowered our costs and took place without any labour disruption or work stoppages as well as the current wage negotiation process which has been concluded amicably. We must all now concentrate on improving productivity and reducing costs and ensuring a sustainable basis for future employment.”

The key points of the agreement are:

- Increases for Cat 4 to 9: R1,000 per year or 7% (whichever is greater) on basic salary
- Increases for Officials (B and C band): 7% on Total Cost to Company for each year of the agreement
- Living Out Allowance increases by R100 in each year of the agreement
- Allowances calculated off pensionable basic
- Rock Drill Operator allowance increases by 6% in each year
- Holiday Leave Allowance (HLA) calculated off Normal Basic from year 2 (1 July 2017)
- Medical contributions for Cat 4-9 employees will increase in January of each year. The medical aid contributions increase will be based on the medical aid inflation as determined by the Board of Trustees of the medical aid. The increase is estimated to be 13.5%.

At the end of this wage agreement, a Rock Drill Operator at Lonmin will earn R12 296 (basic salary) and a guaranteed package of R19 455.

The impact of the wage agreement for this bargaining unit is an increase of 7.8% in financial year one, 8.0% in financial year two and 7.1% in financial year three or an average of 7.6% over the three-year period.

Below is an example of the basic agreed guaranteed packages for Cat 4 – 9 employees. These figures exclude overtime and safe production bonuses which make up a significant part of employees’ wages.

LOWEST PAID ENTRY LEVEL UNDERGROUND EMPLOYEE			
Date	Basic Salary	Cash Remuneration	Guaranteed Package
Current	8 713	11 614	13 452
1 July 2016	9713	12768	14672
1 July 2017	10 713	14 126	16 199
1 July 2018	11 713	15 328	17 588

ROCK DRILL OPERATORS			
Date	Basic Salary	Cash Remuneration	Guaranteed Package
Current	9 296	13 152	15 085
1 July 2016	10 296	14 363	16 368
1 July 2017	11 296	15 770	17 950
1 July 2018	12 296	17 043	19 455

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 Igneous Complex in South Africa, where more than 70% of known global PGM resources are located.

The Company creates value through mining, refining and marketing PGMs and has a vertically integrated operational structure - from mine to market. 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>