

1 August 2016



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Memorandum to Lonmin from Amnesty International – Strictly Private and Confidential

We thank you for forwarding the above document to Lonmin.

Many of the issues raised in your document were interrogated at the Farlam Commission of Inquiry. We do not intend to duplicate what was a most thorough process and our failure to do so should not be construed as an admission of liability.

We would like to focus on what has been achieved by Lonmin subsequent to 2012. We believe that this is a more constructive way of addressing the complex issue of Human Settlement and hope that you choose to engage with us in a similarly constructive manner. Should you wish to meet with us we would be most open to further discussions with you and, in particular, would be open to your suggestions as to the best models to apply in providing housing to the circa 13 500 Lonmin employees who are still in need of formal accommodation.

Since 2012, Lonmin has achieved the following in the area of Human Settlements:

1. Committed to provide R100 million per annum for Human Settlement purposes.
2. Completed the conversion of all hostels, namely 776 family hostels and 1 908 single apartments. The total cost of conversion was R378 million.
3. Donated 50 hectares of land at Marikana Extension II to the North West Provincial Govt in 2013. This donation was made following the announcement of the Special Presidential Package Initiative and the land is to be used for the development of 2,658 accommodation units of various typologies. Phase 1 comprising 292 BNG and 252 CRU units has been completed and the Dept of Human Settlement has undertaken to make a specified percentage of the units available for Lonmin employees.
4. Initiated an infill-apartment project to supplement accommodation in and around the available open spaces at the hostels. Existing services used at the hostels are utilised for the infill-apartments as well and the project includes social amenities, landscaping, paving, security and access control to attract employees to a secure and attractive environment. Phase 1 at our Karee Housing Estate was completed in 2015 and comprises 100 family units and 225 bachelor units. The 2016 Phase is now being implemented.

Directors: B R Beamish* (Chairman), B Magara (Chief Executive Officer), B J van der Merwe (Chief Financial Officer), B Moolman (Chief Operating Officer),

Dr D Konar, K G Bungane, V Shine*, J C A Leslie* and J H Sutcliffe*

Company Secretary: Seema Kamboj* (*British)

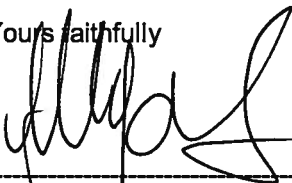
Branch Committee Members: B Magara; P McElligott; S J Scott; B Moolman and G Maud **Branch Secretary:** P McElligott
Lonmin Plc trading as Lonmin Management Services (Reg. No. 1969/000015/10)

5. Continued to encourage employees to purchase stand-alone houses built at Marikana Extension 1 between 1999 and 2000. These houses are part of a rent-to-buy scheme and the purchase price has remained at R62 426 since inception.
6. Identified Marikana Extension 5 (134 hectares) as a potential site for the development of 6000 units of various typologies together with social amenities to form a sustainable development. Site readiness for the town planning and site development is in progress. The site development framework is being designed to make optimal use of the resource but the availability of bulk services remains a challenge.
7. We are planning to consolidate and rezone 25 hectares of urban land at Mooinooi to develop apartments for our Cat C band employees and the development of 1500 to 2000 apartments is being targeted. Bulk services are available, albeit it subject to consistent service delivery challenges by the Madibeng Local Municipality.
8. Indebtedness remains arguably the most debilitating burden suffered among our employee base and in the mining sector in general. It is certainly an obstacle to home ownership being achieved. Over many years, the comparatively high wages of mineworkers have been regarded as easy pickings for loan-sharks. We have sought to help our employees manage this burden by utilising external experts to challenge excessive rates of interest and to negotiate lower interest rates for our employees. We have also challenged and set aside improperly obtained garnishee orders. To date this proactive approach at Lonmin has resulted in employees recovering more than R5.2 million per year in improper charges against wages. We have also embarked on a voluntary comprehensive financial education program for our employees to assist them in managing their money affairs more effectively.
9. We continue to investigate further improvement of local living conditions with government, including the Department of Human Settlements, and the continuous improvement of collaborative projects such as the Special Presidential Package and are working more closely with the Brits and Rustenburg municipalities, and other stakeholders, to improve infrastructure and service provision.

The provision of housing for our entire workforce will of course take time and will involve the co-operation of all relevant stakeholders, particularly given current economic constraints (in this regard, we recently indicate that the provision of R100 million per annum for Housing may have to be reconsidered in conjunction with our regulator). Our initiatives will continue to focus on partnering with property developers, providers of capital, lending institutions, local and provincial municipalities and national government with a view to housing our entire workforce in due course.

Once again, we are open to meeting with you at a convenient time to discuss the above in greater detail and to hear your ideas on the way forward.

Yours faithfully



Lerato Molebatsi

Executive Vice President: Public Affairs and Communications