KUMBA IRON ORE LIMITED
NOTICE OF ANNUAL GENERAL MEETING
11 MAY 2018

BUILDING ON FIRM FOUNDATIONS DELIVERING A SUSTAINABLE FUTURE
ENHANCING PARTNERSHIPS

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given in terms of section 62(1) of the Companies Act No 71 of 2008, as amended (the Companies Act) that the twelfth annual general meeting (AGM) of shareholders of Kumba Iron Ore Limited (Kumba or the Company) will be held at the Kumba Corporate Office, Centurion Gate, Building 2B, 124 Akkerboom Road, Centurion at 09:00 am (CAT) on Friday, 11 May 2018, to (i) consider, and if deemed fit, to pass the following ordinary and special resolutions with or without modification/s; and (ii) deal with such other business as may be dealt with at the AGM. The Board of directors of the Company has determined, in accordance with section 59 of the Companies Act, that the record date for the purposes of determining which shareholders of the Company are entitled to receive a notice of AGM is Thursday, 29 March 2018 and the record date for purposes of determining which shareholders are entitled to attend, participate in and vote at the AGM is Friday, 4 May 2018. Accordingly, the last day to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the AGM is Monday, 30 April 2018.

1. PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

To present the audited annual financial statements of the Company and the group for the year ended 31 December 2017, including the directors' report, the Audit Committee report and the report of the independent auditors, in terms of section 30(3) of the Companies Act. The Company's annual financial statements 2017 are available on the Company's website at www.angloamericankumba.com and a summarised version of the Company's annual financial statements 2017 accompanies this notice.

2. PRESENTATION OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

To present the report of the Social, Ethics and Transformation Committee of the Company and the group for the year ended 31 December 2017, in terms of Regulation 43 of the Companies Regulations 2011 (the Regulations). The report is available on the Company's website at www.angloamericankumba.com.

ORDINARY BUSINESS

Percentage of voting rights – ordinary resolutions

Ordinary resolutions numbered 1 to 5, and ordinary resolution number 7 contained in this notice of AGM, require the approval of a minimum of 50% plus 1 vote of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM in order for the resolutions to be adopted.

3. ORDINARY RESOLUTION NUMBER 1

Re-appointment of independent external auditors

To re-appoint Deloitte & Touche (Deloitte) as independent external auditors of the Company, and that Mrs Nita Ranchod be appointed as the individual designated auditor (the audit partner representing Deloitte and who has been recommended as an audit partner by Deloitte) to hold office until the conclusion of the next AGM in terms of section 90(1) of the Companies Act. The Audit Committee has evaluated the independence, experience and effectiveness of both Deloitte and Mrs Ranchod and has concluded that both the firm and the individual designated auditor are independent of the Company in accordance with section 94(8) of the Companies Act. In compliance with the JSE Listings Requirements (paragraph 3.84(h)(iii)) the Audit Committee obtained and considered all information listed in paragraph 22.15(h) of the Listings Requirements of the JSE in its assessment of the suitability of Deloitte, as well as Mrs Nita Ranchod, for re-appointment and appointment respectively.

The Audit Committee concluded that, based on the outcome of the inspection by the Independent Regulatory Board of Auditors (IRBA) of Deloitte and Mrs Ranchod, no matters were raised that negatively impacted the suitability of Deloitte or Mrs Ranchod for re-appointment and appointment as external auditors and designated auditor, respectively, of the Company.

There are no current pending or finalised legal or disciplinary processes which affect the suitability of Deloitte or Mrs Ranchod for appointment as the Company's external auditors and individual designated auditor, respectively. Further information on the execution of the duties of the Audit Committee is set out in the Audit Committee report, contained in the annual financial statements.

NOTICE OF ANNUAL GENERAL MEETING

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Ordinary resolution number 1

"**RESOLVED** that Deloitte & Touche and Mrs Nita Ranchod be hereby re-appointed and appointed as independent external auditors and individual designated auditor, respectively, of the Company, to hold office until the conclusion of the next AGM in terms of section 90(1) of the Companies Act."

4. ORDINARY RESOLUTION NUMBER 2

(Comprising separate ordinary resolutions numbered 2.1 to 2.5)

Rotation of directors

To re-elect, by way of separate resolutions, the following non-executive directors, each of whom retire in terms of the provisions of the Memorandum of Incorporation (MoI) of the Company, and, each being eligible, offer themselves for re-election:

2.1 Mrs Dolly Mokgatle*
2.2 Mr Sango Ntsaluba**
2.3 Dr Mandla Gantsho**
2.4 Mrs Nomalizo (Ntombi) Langa-Royds**
2.5 Mrs Mary Bomela**

* This director is standing for re-election due to tenure exceeding nine years. Shareholders are advised that a rigorous evaluation of the director's independence has been conducted and the Board hereby recommends her re-election without reservation.

** These directors were appointed by the Board after the eleventh AGM of the shareholders of the Company on 11 May 2017 and are required, in terms of clause 25.8 of the MoI to cease to hold office at the termination of this AGM unless re-elected.

Accordingly, shareholders are requested to consider and, if deemed fit, to re-elect these retiring directors as members of the Board of the Company by way of passing the separate ordinary resolutions set out below. Brief résumés in respect of each director offering themselves for re-election as directors of the Company are attached hereto as **ANNEXURE 1**.

Ordinary resolution number 2.1

"**RESOLVED** that Mrs Dolly Mokgatle be and is hereby re-elected as a director of the Company with effect from 11 May 2018."

Ordinary resolution number 2.2

"**RESOLVED** that Mr Sango Ntsaluba be and is hereby re-elected as a director of the Company with effect from 11 May 2018."

Ordinary resolution number 2.3

"**RESOLVED** that Dr Mandla Gantsho be and is hereby re-elected as a director of the Company with effect from 11 May 2018."

Ordinary resolution number 2.4

"**RESOLVED** that Mrs Ntombi Langa-Royds be and is hereby re-elected as a director of the Company with effect from 11 May 2018."

Ordinary resolution number 2.5

"**RESOLVED** that Mrs Mary Bomela be and is hereby re-elected as a director of the Company with effect from 11 May 2018."

5. ORDINARY RESOLUTION NUMBER 3

(Comprising separate ordinary resolutions numbered 3.1 to 3.4)

Election of Audit Committee members

To elect, by way of separate ordinary resolutions, the Audit Committee consisting of independent non-executive directors in terms of section 94(4) of the Companies Act and appointed in terms of section 94(2) of the Companies Act to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and other duties described in the Audit Committee's terms of reference which are available on the Company's website, www.angloamericankumba.com. In terms of Regulation 42 of the Act, at least one-third of the members of the Company's Audit Committee must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The Board has determined that each of the members standing for election is independent, and that they possess the required qualifications, skills and experience as contemplated in Regulation 42 of the Act and collectively, they have the sufficient qualifications and experience to fulfil their duties as contemplated in section 94(7) of the Companies Act. The following independent non-executive directors, each being eligible, offer themselves for election/re-election:

3.1 Mrs Dolly Mokgatle*
3.2 Mr Terence Goodlace
3.3 Mr Sango Ntsaluba*
3.4 Mrs Mary Bomela*

* Subject to re-election as a director pursuant to ordinary resolutions numbered 2.1, 2.2 and 2.5 respectively.

The resolutions pertaining to the re-election of the members of the Audit Committee are to be voted on individually. Brief résumés in respect of each independent non-executive director offering themselves for election as members of the Audit Committee are attached hereto as **ANNEXURE 1**.

Ordinary resolution number 3.1

"**RESOLVED** that Mrs Dolly Mokgatle, who is an independent non-executive director, be and is hereby re-elected, with effect from 11 May 2018, as a member of the Audit Committee."

Ordinary resolution number 3.2

"**RESOLVED** that Mr Terence Goodlace, who is an independent non-executive director, be and is hereby re-elected, with effect from 11 May 2018, as a member of the Audit Committee."

Ordinary resolution number 3.3

"**RESOLVED** that Mr Sango Ntsaluba, who is an independent non-executive director, be and is hereby re-elected, with effect from 11 May 2018, as a member of the Audit Committee."

Ordinary resolution number 3.4

"**RESOLVED** that Mrs Mary Bomela, who is an independent non-executive director, be and is hereby elected, with effect from 11 May 2018, as a member of the Audit Committee."

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6. ORDINARY RESOLUTION NUMBER 4

Approval of the remuneration policy

In accordance with the King Code of Governance Principles for South Africa 2016 (King IV), shareholder approval is sought for the Company's remuneration policy and implementation thereof by way of separate non-binding advisory votes. The non-binding votes enable shareholders to express their views on the Company's remuneration policy and on the implementation thereof.

The detailed remuneration policy, for which approval is being sought, is contained herein as **ANNEXURE 2**.

In the event that the remuneration policy or the implementation report, or both have been voted against by 25% or more of the voting rights exercised by shareholders in the non-binding advisory vote, the Board will delegate representatives to actively engage with the majority shareholders to address and conciliate the substantiating objections and concerns and to ameliorate the policy and or report as appropriate, taking cognisance of the shareholder feedback and proposals resulting from the engagement and as approved by the Board.

Ordinary resolution number 4.1

"**RESOLVED** that the Company's remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV."

Ordinary resolution number 4.2

"**RESOLVED** that the implementation of the Company's remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV."

7. ORDINARY RESOLUTION NUMBER 5

General authority for directors to allot and issue ordinary shares

In terms of clause 7.2.2 of the Company's MoI, subject to the approval of the JSE Limited (JSE), the approval, by way of an ordinary resolution of shareholders is required for the allotment and issue of ordinary shares (including options in respect thereof), in circumstances other than as contemplated in sections 41(1) and (3) of the Companies Act. In terms of section 41(1) of the Companies Act, any issue of shares or grant of options contemplated in section 42, or grant of any rights exercisable for securities, must be approved by a special resolution of the shareholders of a company, if the shares, securities, options or rights are issued to (a) a director, future director, prescribed officer or future prescribed officer of the Company; (b) a person related or interrelated to the Company; or (c) a nominee of a person contemplated in (a) or (b). In terms of section 41(3) of the Companies Act, an issue of shares, securities convertible into shares, or rights exercisable for shares in a transaction, or a series of integrated transactions requires the approval of the shareholders by special resolution if the voting power of the class of shares that are issued or issuable as a result of the transaction or series of integrated transactions exceed 30% of the voting power of all the shares of that class held by shareholders immediately before the transaction or series of transactions. Unless renewed, the existing authority granted by shareholders at the eleventh AGM of the shareholders of the Company on 11 May 2017 expires at the forthcoming twelfth AGM to be held on Friday, 11 May 2018.

This general authority, once granted, allows the Board from time to time, and when it is appropriate to do so, to issue ordinary shares as may be required. This general authority is subject to the restriction that it is limited to a maximum of 5% of the number of shares in issue at the date of this notice (being 16,104,298 shares), with the number of issued and listed equity securities in issue as at the date of this notice being 322,085,974 shares. It is noted that an issue as contemplated in sections 41(1) and (3) of the Companies Act must first be approved by way of a special resolution in terms of section 41 of the Companies Act and is not authorised in terms of this resolution.

Ordinary resolution number 5

"**RESOLVED** that the unissued shares in the Company, limited to 5% of the number of shares in issue at the date of this notice (being 16,104,298 shares), and the number of listed equity securities in issue as at the date of this notice being 322,085,974 shares, be and are hereby placed under the control of the directors until the next AGM and that the directors be and are hereby authorised to issue any such shares as they may deem fit, subject to the Companies Act, the MoI of the Company, and the provisions of the Listings Requirements of the JSE."

8. ORDINARY RESOLUTION NUMBER 6

Amendment of the Kumba Iron Ore Limited Long-Term Incentive Plan (LTIP or the Plan)

It is hereby resolved that the Kumba Iron Ore Limited LTIP 2006 (as previously amended in 2012) will be amended to include a two-year post plan-vesting holding period, additional to the three-year performance vesting period, during which a clawback condition will apply to the performance-related LTIP shares. The full plan rules including the proposed amendments to the LTIP will be available at the Company's registered office for inspection for at least 14 days prior to the AGM.

Reason and effect

The Remuneration Committee resolved to implement a two-year post plan-vesting holding period combined with a clawback condition on the performance-related LTIP shares, additional to the three-year performance vesting period. The vested performance shares will be held in escrow during the additional two-year holding period, but qualify for full shareholder benefits during this period. A clawback condition will be introduced in the form of a forfeiture of these shares, subject to the discretion of the Remuneration Committee, in the case of any of the following trigger events:

a. Unacceptable safety performance, including any fatalities during the holding period
b. A material misstatement of the financial results of the Company
c. Gross misconduct, incompetence or negligence
d. Harm to the Company's reputation
e. A material failing in risk management processes that has given or is likely to give rise to significant and lasting value destruction for the Company during the holding period

Shareholders are requested to approve the amendments to the LTIP.

In terms of the JSE Listings Requirements, 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the AGM must be cast in favour of this ordinary resolution for it to be approved.

9. ORDINARY RESOLUTION NUMBER 7

Authorisation to sign documents to give effect to resolutions

"**RESOLVED** that any one director or the Company secretary be and are hereby authorised to do all such things and sign all such documents and take all such actions as they consider necessary to give effect to the resolutions set out in this notice of AGM ."

SPECIAL RESOLUTIONS

Percentage of voting rights – special resolutions

Special resolutions numbered 1 to 4, contained in this notice of AGM, require approval of a minimum of 75% (seventy-five percent) of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM in order for the resolutions to be adopted. In terms of the Listings Requirements of the JSE special resolution number 1 (general authority to issue shares for cash) requires a 75% (seventy-five percent) majority of votes exercised on the resolution by shareholders present or represented by proxy at the AGM in order for the resolution to be adopted. Clause 22.5 of the Company's MoI provides that for so long as the Company is listed on the JSE, if any of the Listings Requirements of the JSE require an ordinary resolution to be passed with a 75% (seventy-five percent) majority, the resolution shall instead be required to be passed by a special resolution. Special resolution number 1 is therefore required, in terms of clause 22.5 of the Company's MoI, to be passed by a special resolution.

NOTICE OF ANNUAL GENERAL MEETING

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10. SPECIAL RESOLUTION NUMBER 1

General authority to issue shares for cash

"**RESOLVED** that in terms of the Listings Requirements of the JSE, the directors are hereby authorised by way of a general authority, to issue the authorised but unissued ordinary shares of 1 cent each in the capital of the Company for cash, as and when suitable opportunities arise, subject to the MoI of the Company, the Companies Act, and the following conditions, namely that:

- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue
- any such issue will only be made to 'public shareholders' as defined by the Listings Requirements of the JSE and not to related parties
- this authority shall only be valid until the next AGM of the Company but shall not extend beyond 15 months from the date this authority is given
- a paid press announcement giving full details required by the JSE Listings Requirements will be published at the time of any issue representing, on a cumulative basis within the period of this authority, 5% (five percent) or more of the number of shares in issue prior to the issue concerned
- any such general issues are subject to exchange control regulations and approval at that point in time
- in respect of securities which are the subject of the general issue of shares for cash, such issue may not exceed 5% (being 16,104,298 shares), of the number of listed equity securities as at the date of this notice of AGM, the number of listed equity securities in issue as at the date of this being 322,085,974 shares, provided that:
  - any equity securities issued under this authority during the period must be deducted from the number above
  - in the event of a sub-division or consolidation of issued equity securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio
  - the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of the notice of AGM, excluding treasury shares
- in determining the price at which an issue of shares for cash may be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares on the JSE (adjusted for any dividend declared but not yet paid or for any capitalisation award made to shareholders) over the 30 business days prior to the date that the price of the issue is agreed between the directors of the Company and the party subscribing for the securities. The JSE should be consulted for a ruling if the Company's securities have not traded in such 30-day business period"

A 75% (seventy-five percent) majority of votes cast in favour of the resolution by all equity securities present or represented by proxy at the AGM is required for the approval of the above resolution in terms of the Listings Requirements of the JSE.

Reason and effect

In terms of paragraph 5.52(e), read with paragraph 5.50, of the Listings Requirements of the JSE, a general issue for cash (i) may only be undertaken with the approval of 75% (seventy-five percent) of the majority of votes cast by equity securities holders (present or represented by proxy) in general/annual general meeting by granting the Board of directors of the Company the authority to issue a specified number of securities for cash pursuant to paragraph 5.52(c) of the Listings Requirements of the JSE (which paragraph sets out the requirements for general issues for cash), which authority is valid until the next AGM of the Company but does not extend beyond 15 months from the date the authority is given; and (ii) is subject to the requirements of the JSE and to any other restrictions set out in the authority. In terms of clause 4.4 of the MoI, the issue of securities (including options) for cash must be undertaken in accordance with the Listings Requirements of the JSE.

The effect of special resolution number 1 is that the directors will be able to issue the authorised but unissued ordinary shares of 1 cent each in the capital of the Company for cash, as and when suitable opportunities arise, subject to the requirements of the JSE, the restrictions/conditions set out in the authority, the Companies Act and the MoI of the Company. Such issue may not exceed 5% (being 16,104,298 shares), of the number of listed equity securities as at the date of this notice, 322,085,974 shares.

11. SPECIAL RESOLUTIONS NUMBERED 2.1 AND 2.2

11.1 Special resolution number 2.1

Remuneration of non-executive directors

"**RESOLVED** that, in terms of sections 66(8) and 66(9) of the Companies Act and on recommendation of the Human Resources and Remuneration Committee, the Company be and is hereby authorised to remunerate its non-executive directors for their services as directors and/or pay any fees related thereto as detailed in the following table, which reflects that the directors' fees be increased by 5.50% (exclusive of value added tax (VAT)), provided that the aforementioned authority to remunerate directors shall be valid until the fourteenth annual general meeting of the Company in 2020.

	Proposed for the period 11 May 2018 until the date of the AGM in 2020 (exclusive of VAT)	Fees paid during 2017
Director	**235,125**	222,867
Audit Committee Chairman	**313,815**	297,455
Audit Committee member	**156,081**	147,944
Risk and Opportunities Committee Chairman	**313,815**	297,455
Risk and Opportunities Committee member	**156,081**	147,944
Social, Ethics and Transformation Committee Chairman	**313,815**	297,455
Social, Ethics and Transformation Committee member	**156,081**	147,944
Nomination and Governance Committee Chairman*	**n/a**	n/a
Nomination and Governance Committee member	**156,081**	147,944
Human Resources and Remuneration Committee Chairman	**313,815**	297,455
Human Resources and Remuneration Committee member	**156,081**	147,944
Special Board Sub-Committee** (Committee member)	**156,081**	n/a

* The Chairman of the Board chairs the Nominations and Governance Committee as well as the Special Board Sub-Committee. However, he does not receive any additional remuneration in this regard.

** Shareholders are being requested to approve the payment of additional remuneration to members of the ad hoc Special Board Sub-Committee that was been constituted in quarter four of 2017. Authority to remunerate shall only be valid for two years until the AGM in 2020.

11.2 Special resolution number 2.2

Approval of Chairman's fees

"**RESOLVED** that the Chairman's fees be increased by 7.50% (exclusive of VAT), provided that the aforementioned authority to remunerate directors shall be valid until the fourteenth annual general meeting of the Company in 2020. The additional 2% incremental increase is in recognition of the multiple capacity role the Chairman plays across various sub-committees, without additional remuneration.

	Proposed for the period 11 May 2018 until the date of the AGM in 2020 (exclusive of VAT)	Fees paid during 2017
Chairman	**1,422,107**	1,322,890

The fees are based on a comprehensive benchmarking conducted by an independent remuneration consultant against other mining companies (our peer group, consisting of direct and indirect competitors), and other JSE listed companies.

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Two binding general rulings were issued by the South African Revenue Service (SARS) in early 2017 confirming the South African VAT law that requires non-executive directors of companies to register for and charge VAT in respect of any directors' fees earned for services rendered as a non-executive director exceeding the threshold of R1 million. These rulings are effective 1 June 2017.

Reason and effect
In terms of sections 66(8) and 66(9) of the Companies Act, remuneration may only be paid to members of the Board for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the Company's MoI.

Therefore, the reason for and effect of special resolutions numbered 2.1 and 2.2 is for the Company to obtain the approval of shareholders by way of special resolution for the payment of remuneration to its non-executive directors for their services as directors of the Company until the fourteenth annual general meeting of the Company in 2020 in accordance with section 66 of the Companies Act. Shareholders are advised that should the need arise to increase directors' fees in 2019, the Company will table a special resolution to this effect at the thirteenth annual general meeting of the Company in 2019.

12. SPECIAL RESOLUTION NUMBER 3
Approval for the granting of financial assistance in terms of sections 44 and 45 of the Companies Act
"**RESOLVED** that, to the extent required by the Companies Act, the Board of directors of the Company may, subject to compliance with the requirements of the Company's MoI, the Companies Act, and the Listings Requirements of the JSE, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance as contemplated in section 44 and/or section 45 of the Companies Act, by way of loan, guarantee, the provision of security or otherwise, to:
– any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or interrelated to the Company, for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company as contemplated under section 44 of the Companies Act and/or
– to any person who is a participant in any of the share or other employee incentive schemes of the Kumba group, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company, where such financial assistance is provided in terms of any such scheme that does not constitute an employee share scheme that satisfies the requirements of section 97 of the Companies Act

Such authority to endure for two years, until the fourteenth AGM of the Company in 2020.

Reason and effect
Notwithstanding the title of section 45 of the Companies Act, being 'Loans or other financial assistance to directors', on a proper interpretation, the body of the section may also apply to financial assistance (as such term is defined therein) provided by a company to related or interrelated companies and corporations, including, inter alia, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to financial assistance provided by a company to related or interrelated companies, in the event that the financial assistance is provided for the purposes of, or in connection with, the subscription of any options, or any securities, issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or related or interrelated company.

Both section 44 and section 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and that the Board of directors must be satisfied that (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The reason for and effect of special resolution number 3 is to grant the directors of the Company the authority until the fourteenth AGM of the Company in 2020 to provide financial assistance, when the need arises, in accordance with the provisions of sections 44 and 45 of the Companies Act. This means that the Company is authorised, among other things, to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

The Board undertakes that, insofar as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that:

– immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act
– the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

As part of the authority above, the Company will not provide financial assistance to directors, prescribed officers or 'any person'. The Company also notes the obligation to send a letter to shareholders and trade unions as per section 45(5) of the Act within 10 business days after the Company's Board adopted the resolution if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds one-tenth of 1% of the Company's net worth at the time of the resolution; or within 30 business days after the end of the financial year, in any other case.

13. SPECIAL RESOLUTION NUMBER 4

General authority to repurchase shares

"**RESOLVED** that the Board of directors of the Company be and is hereby authorised, by a way of a renewable general authority, to approve the purchase by the Company or by any of its subsidiaries of any of the shares issued by the Company, upon such terms and conditions and in such amounts as the Board of directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MoI of the Company, the Listings Requirements of the JSE and the requirements of any other stock exchange on which the shares of the Company may be quoted or listed, including, inter alia, that:

– the general repurchase of the shares may only be implemented through the order book of the JSE and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited)
– this general authority shall only be valid until the next AGM of the Company, provided that it shall not extend beyond 15 months from the date of this resolution
– an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue as at the date that this special resolution number 4 is passed, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter. Such announcement will be made as soon as possible and, in any event, by not later than 08:30 on the business day following the day on which the 3% threshold is reached or exceeded
– subject to section 48 of the Companies Act, the general authority to repurchase is limited to a maximum of 10% in the aggregate in any one financial year of the Company's issued share capital at the beginning of the financial year, provided that the number of shares purchased and held by or for the benefit of a subsidiary or subsidiaries of the Company, taken together, shall not exceed 5% in the aggregate of the number of issued shares in the Company
– a resolution has been passed by the Board of directors of the Company and/or any subsidiary of the Company, as the case may be, approving the purchase, that the group has satisfied the solvency and liquidity test as defined in the Companies Act, and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the Company or the group
– repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the Company's securities have not traded in such five business day period
– the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf
– any such general repurchases are subject to exchange control regulations and approval at that point in time
– the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of 5.72(h) of the Listings Requirements of the JSE, where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation), and full details thereof have been submitted to the JSE in writing prior to the commencement of the prohibited period

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Reason and effect

The reason for and effect of special resolution number 4 is to grant the Board of directors a general authority in terms of the Listings Requirements of the JSE, up to and including the date of the following AGM of the Company (provided it shall not extend beyond 15 months from the date the resolution is passed) to authorise the Company and any of its subsidiary companies to acquire the Company's issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above. In terms of clause 7.1 of the MoI, the repurchase of securities must be undertaken in accordance with the Listings Requirements of the JSE.

In special resolution number 4, reference is made to sections 46 and 48 of the Companies Act.

Section 46 regulates the making of 'distributions' by a company, which includes the transfer by a company of money or other property of a company, other than its own shares, to or for the benefit of one or more holders of any of the shares, or to the holder of a beneficial interest in any such shares, of that company or of another company within the same group of companies, as consideration for the acquisition (i) by a company of any of its shares, as contemplated in section 48 of the Companies Act; or (ii) by any company within the same group of companies, of any shares of a company within that group of companies. Section 46 of the Companies Act prohibits the making of such a distribution unless (a) the distribution is pursuant to an existing legal obligation of the Company, or a court order or the Board of the Company, by resolution, has authorised the distribution; (b) it reasonably appears that the Company will satisfy the solvency and liquidity test immediately after completing the proposed distribution; and (c) the Board of directors of the Company, has, by resolution, acknowledged that it has applied the solvency and liquidity test, as set out in section 4 of the Companies Act, and reasonably concluded that the Company will satisfy the solvency and liquidity test after completing the proposed distribution.

Section 48 of the Companies Act regulates the acquisition by a company of its own shares and the acquisition by a subsidiary company of shares in its holding company. Section 48(8) sets out those circumstances in which a special resolution of shareholders is required under the Companies Act for such acquisitions. Section 48(8) also requires compliance with sections 114 and 115 of the Companies Act if the acquisition considered alone, or together with other transactions in an integrated series of transactions, involves the acquisition by the Company of more than 5% of the issued shares of any particular class of the Company's shares. Sections 114 and 115 of the Companies Act regulate schemes of arrangement.

At the present time the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate. The Company wishes to confirm that any repurchase of shares, if implemented, will only be dealt with via the formal JSE trading system.

DISCLOSURES/INFORMATION REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE

For the purposes of considering special resolution number 4 and in compliance with the Listings Requirements of the JSE, the following information is provided:

Directors' statement after considering the effect of a repurchase pursuant to a general authority

The directors of the Company agree that they will not undertake any repurchase, as contemplated in special resolution number 4 above, unless:

- the Company and the group are in a position to repay their debts in the ordinary course of business for a period of 12 months after the date of the repurchase
- the assets of the Company and the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the Company and the group for a period of 12 months after the date of the repurchase
- the share capital and reserves of the Company and the group are adequate for ordinary business purposes for a period of 12 months after the date of the repurchase
- the available working capital of the Company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase

Directors' responsibility statement

The directors, whose names are given in **ANNEXURE 1** attached hereto, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 4 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by the Listings Requirements of the JSE.

No material changes

Other than the facts and developments reported on in the Company's integrated report for 2017, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

The following further disclosures required in terms of the Listing Requirements of the JSE are set out in **ANNEXURE 3**, attached hereto:

- major shareholders of the Company
- share capital of the Company

GENERAL INFORMATION

Electronic participation

The Company intends to make provision for the shareholders of the Company, or their proxies, to participate in the AGM by way of electronic communication. In this regard, should any Kumba shareholder or its proxy wish to participate in the AGM by way of electronic participation, such shareholder/proxy should contact the Company's transfer secretaries in writing (including details as to how the shareholder/proxy or its representative can be contacted) by email at proxy@computershare.co.za at least five business days prior to the AGM (i.e. by no later than Friday, 4 May 2018) in order for the transfer secretaries to arrange for such shareholder/proxy (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act (which include a green bar-coded identification document issued by the South African Department of Home Affairs, a smart identity card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport), and for the transfer secretaries to provide such shareholder/proxy (or its representative) with details as to how to access any electronic participation to be provided. The costs of accessing any means of electronic participation provided by the Company will be borne by such shareholder/proxy so accessing the electronic participation.

VOTING AND PROXIES

Members who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, participate in, speak and vote at the AGM in their stead.

The person so appointed as a proxy need not be a member. It is requested for administrative purposes only, that forms of proxy be completed and forwarded to reach the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, by 09:00 am, 9 May 2018. Any forms of proxy not received by this date must be handed to the Chairman of the AGM immediately prior to the proxy exercising a shareholder's rights at the meeting. Forms of proxy must only be completed by members who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration.

All meeting participants (including proxies) are required in terms of section 63(1) of the Companies Act to provide reasonably satisfactory identification before being entitled to attend or participate in the AGM. Forms of identification include a green bar-coded identification document issued by the South African Department of Home Affairs, a smart identity card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport.

This notice of AGM includes the attached form of proxy. The attention of members is directed to the additional notes and instructions relating to the attached form of proxy, which notes and instructions are set out in the form of proxy.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

On a show of hands, every member of the Company present in person or represented by proxy shall have one vote only. On a poll, every member of the Company shall have one vote for every share held in the Company by such member.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with 'own name' registration, should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement:
- to furnish them with their voting instructions
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so

Equity securities held by a share trust or scheme will not have their votes taken into account for the purposes of resolutions proposed in terms of the Listings Requirements of the JSE.

By order of the Board

Celeste Appollis
Company secretary

Centurion
11 April 2018

FORM OF PROXY

Kumba Iron Ore Limited (Kumba)
A member of the Anglo American plc group
(Incorporated in the Republic of South Africa)

This form of proxy is for use and completion by certificated shareholders and dematerialised shareholders with 'own name' registration only.

For use and completion by registered members of Kumba at the twelfth annual general meeting of the Company to be held at 09:00 am (CAT) on Friday, 11 May 2018 at the Kumba Corporate Office, Centurion Gate, Building 2B, 124 Akkerboom Road, Centurion or at any adjournment thereof (the annual general meeting).

Each shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxy or proxies (who need not be a shareholder of Kumba) to attend, participate in and speak and vote in place of that shareholder at the annual general meeting, and at any adjournment thereat.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, must not complete this form or proxy but should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement, in order to furnish them with their voting instructions or to obtain the necessary letter of authority to attend the annual general meeting, in the event that they wish to attend the annual general meeting.

Please note the following:

- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the annual general meeting
- The appointment of the proxy is revocable
- You may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and Kumba

Kindly note that, meeting participants (including a proxy or proxies) are required in terms of section 63(1) of the Companies Act No 71 of 2008 to provide reasonably satisfactory identification before being entitled to attend or participate in the annual general meeting. Forms of identification include a green bar-coded identification document issued by the South African Department of Home Affairs, a smart identity card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport.

A proxy may not delegate his/her authority to act on behalf of a shareholder of Kumba to another person.

I/ We ______________________________ (please print names in full)

of (address) ______________________________

contact number ____________________ being the holder/s or custodians of ____________

ordinary shares in the Company, do hereby appoint:

1. ______________________________ or failing him/her

2. ______________________________ or failing him/ her

3. The Chairman of the annual general meeting, as my/our proxy to act, attend, participate and speak, for me/us and/or on my/ our behalf at the annual general meeting which will be held for the purpose of considering and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for me/us and/or on my/ our behalf or to abstain from voting on such resolutions in respect of the ordinary share/s in the issued capital of the Company registered in my/our name/s with the following instructions:

Continued overleaf

FORM OF PROXY CONTINUED

	Number of votes (one vote per share)		
	In favour	Against	Abstain
1. ORDINARY RESOLUTION NUMBER 1 To re-appoint Deloitte & Touche as independent external auditors and the appointment of Mrs Nita Ranchod as individual designated auditor			
2. ORDINARY RESOLUTION NUMBER 2 To re-elect, by way of separate resolutions, the following non-executive directors who retire by rotation in terms of the Memorandum of Incorporation: 2.1 Mrs Dolly Mokgatle			
2.2 Mr Sango Ntsaluba			
2.3 Dr Mandla Gantsho			
2.4 Mrs Nomalizo (Ntombi) Langa-Royds			
2.5 Mrs Mary Bomela			
3. ORDINARY RESOLUTION NUMBER 3 To elect, by way of separate resolutions, the following directors as members of the Audit Committee in terms of section 94 of the Companies Act No 71 of 2008, as amended 3.1 Mrs Dolly Mokgatle			
3.2 Mr Terence Goodlace			
3.3 Mr Sango Ntsaluba			
3.4 Mrs Mary Bomela			
4. ORDINARY RESOLUTION NUMBER 4 Approval of remuneration policy and its implementation thereof by way of separate non-binding advisory votes 4.1 Approval of the remuneration policy			
4.2 Approval for the implementation of the remuneration policy			
5. ORDINARY RESOLUTION NUMBER 5 Amendment of the Kumba Iron Ore Long-Term Incentive Plan			
6. ORDINARY RESOLUTION NUMBER 6 General authority for directors to allot and issue ordinary shares			
7. ORDINARY RESOLUTION NUMBER 7 Authorisation to sign documents to give effect to resolutions			
9. SPECIAL RESOLUTION NUMBER 1 General authority to issue shares for cash			
10. SPECIAL RESOLUTION NUMBER 2.1 Remuneration of non-executive directors			
11. SPECIAL RESOLUTION NUMBER 2.2 Approval of Chairman's fees			
12. SPECIAL RESOLUTION NUMBER 3 Approval for the granting of financial assistance in terms of sections 44 and 45 of the Companies Act			
13. SPECIAL RESOLUTION NUMBER 4 General authority to repurchase shares			

Insert an 'X' in the relevant space above according to how you wish your votes to be cast. An 'X' in the relevant space above indicates the maximum number of votes exercisable. If you wish to cast your votes in respect of less than all of the shares that you own in Kumba, however, then insert the number of ordinary shares held in respect of which you desire to vote.

Signed at on 2018

Signature Assisted by me (where applicable)

Each member is entitled to appoint one or more proxies (none of whom need be a member of the Company) to attend, speak and, on a poll, vote in place of that member at the general meeting. Please read the notes on the reverse side hereof.

NOTES TO PROXY

SUMMARY OF SHAREHOLDERS RIGHTS IN RESPECT OF PROXY APPOINTMENTS AS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

Please note that in terms of section 58 of the Companies Act:

- this form of proxy must be in writing, dated and signed by the shareholder appointing the proxy
- you may appoint an individual as a proxy, including an individual who is not a shareholder of Kumba, to participate in, and speak and vote at, the annual general meeting, on your behalf
- your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this form of proxy
- this form or proxy should be delivered to Kumba, or to Kumba's transfer secretaries, Computershare Investor Services Proprietary Limited, before your proxy exercises any of your voting rights as a shareholder at the annual general meeting. Any form of proxy not received by Kumba or Kumba's transfer secretaries must be handed to the Chairman of the annual general meeting before your proxy may exercise any of your voting rights as a shareholder at the annual general meeting
- the appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the annual general meeting
- the appointment of your proxy is revocable unless you expressly state otherwise in this form of proxy
- as the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to Kumba. Please note that the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the proxy and Kumba as aforesaid
- if this form of proxy has been delivered to Kumba, as long as that appointment remains in effect, any notice that is required by the Companies Act or Kumba's Memorandum of Incorporation to be delivered by Kumba to you must be delivered by Kumba to you or, if you have directed Kumba to do so, in writing, and paid any reasonable fees charged by Kumba for doing so, your proxy or proxies:
  - your proxy is entitled to exercise, or abstain from exercising, any voting rights of yours without direction at the annual general meeting, except to the extent that this form of proxy provides otherwise
  - the appointment of your proxy remains valid only until the end of the annual general meeting or any adjournment or postponement thereof, unless it is revoked by you before then on the basis set out above

EXPLANATORY NOTES

1. A form of proxy is only to be completed by those ordinary shareholders who are:
   1.1 holding ordinary shares in certificated form or
   1.2 recorded on sub register electronic form in 'own name'.
2. If you have already dematerialised your ordinary shares through a Central Securities Depository Participant (CSDP) or broker and wish to attend the annual general meeting, you must request your CSDP or broker to provide you with a letter of representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between you and your CSDP or broker.
3. A member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote in his/her stead at the annual general meeting. A proxy need not be a member of the Company. Satisfactory identification must be presented by any person wishing to attend the annual general meeting, as set out in the notice of annual general meeting (to which this form of proxy is included). A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space. The person whose name stands first on the form of proxy and who is present at the annual general meeting of shareholders will be entitled to act to the exclusion of those whose names follow.
4. On a show of hands a member of the Company present in person or by proxy shall have one (1) vote irrespective of the number of shares he/she holds or represents, provided that a proxy shall, irrespective of the number of members he/she represents, have only one (1) vote. On a poll a member who is present in person or represented by proxy shall be entitled to one vote in respect of each ordinary share in Kumba held by him/her.

INSTRUCTIONS ON SIGNING AND LODGING THE PROXY FORM

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting 'the Chairman of the annual general meeting', but any such deletion must be initialled by the member. Should this space be left blank, the Chairman of the annual general meeting will exercise the proxy. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

NOTES TO PROXY CONTINUED

2. A member's instructions to the proxy must be indicated by the insertion of an 'X' or the relevant numbers of votes exercisable by the member in the appropriate box provided. An 'X' in the appropriate box provided indicates the maximum number of votes exercisable by that member. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.
3. Forms of proxy are requested, for administrative purposes only, to be lodged at, or posted to the transfer secretaries of Kumba, Computershare Investor Services Proprietary Limited at the address below, to be received by 09:00 am on Wednesday, 9 May 2017. Any forms of proxy not received by this date must be handed to the Chairman of the annual general meeting immediately prior to your proxy exercising any of your voting rights as a shareholder at the annual general meeting.

For shareholders on the South African register:
Computershare Investor Services Proprietary Limited
15 Biermann Avenue, Rosebank, 2196, South Africa
www.computershare.com
Tel: +27 11 370 5000

Over-the-counter American Depository Receipt (ADR) holders: Kumba has an ADR facility with BNY Mellon under a deposit agreement. ADR holders may instruct BNY Mellon as to how the shares represented by their ADRs should be voted.

American Depository Receipt Facility
BNY Mellon
101 Barclay Street, New York, NY 10286 www.adrbny.com
(00-1) 888 815 5133

4. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity must be attached to this form of proxy, unless previously recorded by the transfer secretaries or waived by the Chairman of the annual general meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. Notwithstanding the aforegoing, the Chairman of the annual general meeting may waive any formalities that would otherwise be a prerequisite for a valid proxy.
8. If any shares are jointly held, all joint members must sign this form of proxy. If more than one of those members is present at the annual general meeting either in person or by proxy, the person whose name appears first in the register shall be entitled to vote.

ANNEXURE 1

Dr Mandla Gantsho (55)
Chairman, independent non-executive director
BCom (Hons), CA(SA), MSc, MPhil, PhD
Joined the Board on 1 August 2017

A member of the Human Resources and Remuneration Committee and chairs the Nominations and Governance Committee.

Dr MSV Gantsho is the Chairman of Africa Rising Capital, the Chairman and member of the Nominations and Governance Committee of Sasol Limited and the Chairman and member of the Nominations and Governance Committee of Impala Platinum Holdings Limited.

He was the Vice-president operations: infrastructure, private sector and regional integration of the African Development Bank from 2006 to 2009, and before that the Chief executive officer and Managing director of the Development Bank of Southern Africa.

He served as a director of the South African Reserve Bank from 2011 to 2013. In 1997, he was appointed as a Commissioner of the Finance and Fiscal Commission, a body set up in terms of the South African Constitution to advise the South African parliament on intergovernmental fiscal transfers. In 2002, he was appointed as a member of the Myburgh Commission of Enquiry into the rapid depreciation of the rand during 2001.

Sango Ntsaluba (57)
Independent non-executive director
BComm, BCompt (Hons), MComm (Development Finance), Higher Diploma in Tax Law, CA(SA)
Joined the Board on 5 June 2017

Chairs the Audit Committee and is a member of the Risk and Opportunities Committee and the Nominations and Governance Committee. Sango has been the executive Chairman (and co-founder) of NMT Capital, a diversified investment holding company, since 2002. He is a founding member of SizweNtsalubaGobodo, one of the big firm of accountants and auditors. He also sits on the boards of Basil Read Holdings Limited, Pioneer Foods Limited and Barloworld Limited.

Sango has served on various public sector boards, including currently the National Housing Finance Corporation (NHFC) and previously, the National Energy Regulator of South Africa (NERSA).

Dolly Mokgatle (61)
Independent non-executive director
BProc, LLB, HDip Tax Law
Joined the Board on 7 April 2006

Chairs the Social, Ethics and Transformation Committee and is a member of the Audit Committee, the Risk and Opportunities Committee, the Human Resources and Remuneration Committee and the Nominations and Governance Committee.

She is an executive director of Peotona Group Holdings, she holds several other corporate directorships and is Chairman of Total South Africa, Unisa School of Business Leadership & Junior Achievement South Africa. She is a member of Unisa Council and Chairman of the Audit and Risk Committee. She previously held a position as Chief executive officer of Spoornet and Managing director of Transmission at Eskom and also served as Chairman of the State Diamond Trader until 2016.

Terence Goodlace (58)
Non-executive director
MBA (Business Administration), BCom, NHDip and NDip (Metalliferous Mining), MDP
Joined the Board on 24 March 2017

Chairs the Risk and Opportunities Committee and is a member of the Social, Ethics and Transformation Committee, the Audit Committee and the Nominations and Governance Committee.

Terence's mining career commenced in 1977, and has spanned more than 40 years. He spent the majority of his career at Gengold which merged with Gold Fields of South Africa to form Gold Fields in 1998 and he worked his way up from being a miner through to become the Chief operating officer in 2008. He has significant experience in leading underground and open pit operations in South Africa, Australia, Ghana and Peru. For five years during this time he was responsible for creating, implementing and facilitating the strategic and operational planning processes and outcomes for all group operations. This included executive responsibility for group mineral resource management, environmental management and sustainable development. He then spent three years as the Chief executive officer of Metorex Limited and served on the Impala Platinum Holdings Limited board for two years as an independent non-executive director and four and a half years as the Chief executive officer. He is currently an independent non-executive director at Gold Fields Limited and Kumba Iron Ore Limited. In 2017 he was appointed onto the South African Mining Extraction Research, Development and Innovation Steering Committee which has been set up to advance new mining technologies under the auspices of the Council for Scientific and Industrial Research.

ANNEXURE 1 CONTINUED

Mary Bomela (44)
Non-executive director
MBA, CA(SA), BCom (Hons)
Joined the Board on 1 December 2017

A member of the Audit Committee and the Human Resources and Remuneration Committee.

Mary is the Chief executive officer of the Mineworkers Investment Company (MIC). She currently serves on the boards of Primedia Proprietary Limited, FirstRand Group Limited, Metrofile Holdings Limited, Peermont Global Holdings and Ascendis Health.

Ntombi Langa-Royds (55)
Non-executive director
BA (Law), LLB (Bachelor of Law)
Joined the Board on 1 December 2017

A member of the Social, Ethics and Transformation Committee.

She also serves as a non-executive director on the boards of Murray and Roberts Proprietary Limited, Mpact Limited, Redefine Properties Limited and Europ Assist SA.

ANNEXURE 2

REMUNERATION PHILOSOPHY AND POLICY

THE HUMAN RESOURCES AND REMUNERATION COMMITTEE OF THE BOARD (REMCO)

Role of Remco and terms of reference

The Remco assists the Board with remuneration policies and programmes in line with Company strategy and objectives, with a specific focus on executive director and prescribed officer remuneration. For terms of reference of the Committee, please refer to page 78 of the governance section in the integrated report. The full Remco terms of reference are also available on Kumba's website:

http://angloamericankumba.com/investors/corporate-governance.aspx.

Membership of Remco

The Committee comprises the following non-executive directors:

- Allen Morgan (Chairman) – independent non-executive director
- Dr Mandla Gantsho – independent non-executive director
- Dolly Mokgatle – independent non-executive director
- Stephen Pearce – non-executive director

Frequency and attendance of committee meetings

In addition to committee members, the Chief executive, Executive head of human resources and the Anglo American plc Group head of reward attend meetings of the Committee. Directors are not involved in any decisions regarding their own remuneration and are recused from such discussions and deliberations.
The Remco met four times during the year and attendance is presented on page 14 of the integrated report. Abridged biographies for the members of the Remco are available on the Company website:

http://angloamericankumba.com/about-us/leadership-teams/our-board.aspx.

REMUNERATION PHILOSOPHY

Our remuneration philosophy underpins our strategy

Our remuneration philosophy forms an integral part of our employment ethos and supports Company strategy.
Our reward strategy aims to:

- Motivate and engage employees to increase their level of commitment resulting in high levels of performance of individuals and teams
- Facilitate the attraction and retention of top talent and those employees with critical skills
- Maintain Kumba as an employer of choice
- Target the market median in respect of fixed pay, with variable performance-related pay, both short and long term, included in the total reward offering to ensure market competitiveness
- Ensure the fair, equitable and consistent application of our remuneration principles and policies guided by the King IV principles relating to fair and responsible remuneration
- Allow employees to share in the performance of the business

The Remco has the overarching responsibility to ensure that the principles of accountability, transparency, sustainability and good governance are enacted in all remuneration-related matters. This includes the critical link between executive remuneration and performance against strategy, with the ultimate aim of creating executive engagement and shareholder value.

In the event that the remuneration policy or the implementation report, or both, have been voted against by 25% or more of the voting rights exercised by shareholders in the non-binding advisory vote, the Board will delegate representatives to actively engage with the majority shareholders to address and conciliate the substantiating objections and concerns and to ameliorate the policy and/or report as appropriate, taking cognisance of the shareholder feedback and proposals resulting from the engagement and as approved by the Board.

Fair and responsible remuneration

The following section sets out the manner in which our remuneration policy addresses fair and responsible remuneration for our executive directors and prescribed officers in the context of overall employee remuneration.

Some of the implemented principles driving fair and responsible remuneration are:

- Driving compliance to all legislative requirements and prescriptions pertaining to remuneration and benefits
- Annual, external benchmarking of remuneration package competitiveness across grading and job function/category as appropriate; review and adjustment as appropriate of any salary anomalies lying below the comparable market median within a predetermined threshold
- Applying well-defined policies on appointment and salary movement (promotions, demotions and lateral moves), linking salaries to functional peer group medians to address equal pay for equal work and any income disparities based on gender, race or other demographics
- All permanent and fixed-term employees in the Company participate in a short-term incentive scheme as appropriate
- HR strategic initiatives are executed to enhance the overall employee work experience and improve the EVP offering for our employees

ANNEXURE 2 CONTINUED

Elements of remuneration

The key elements of our remuneration framework and structure, which guides payments to all employees, are shown below, with a focus on executive directors and prescribed officers. The following colour scheme is employed throughout the remuneration report to denote the following components pertaining to the composition of our remuneration framework:

TABLE A – REMUNERATION FRAMEWORK COMPOSITION

	Total guaranteed pay (TGP)		
	Base salary	Standard benefits	Conditional benefits
Strategic intent	– Attract people with the necessary competencies (knowledge, skill, experience and attitude) to add value and discretionary effort to our business. – Retain competent, high-performing employees who are engaged and live the company values. – Ensure that our pay is competitive in the industry and market related. – Comply with legislative provisions and negotiated contractual commitments. – Support high-performing individuals and teams by aligning reward with performance. – Reinforce and enhance the principle that employees are key assets of our company.		
Delivery mechanism	Monthly payments	– Employer contribution to selected retirement funds – Subsidised medical aid – Life and disability insurance – Housing allowances and five-year mortgage subsidy plan (bargaining unit employees only) – Study assistance for formal education	– Seven-day production allowance – Shift allowance – Standby allowance – Call-out allowance – Government certificate of competency (GCC) allowance – Occupational medical practitioner (OMP) allowance – Position allowance – Artisan allowance – Acting allowance
Eligibility	All our employees		– Job-specific requirements – Scarce skills – Legislative requirements

	Variable pay (VP)						
	Short-term incentives				Long-term incentives		
	Production bonus	**Gain share bonus**	**Deferred bonus**	**Performance bonus**	**Employee share ownership scheme (ESOP)**	**Forfeitable share plan (FSP)**	**Long-term incentive plan (LTIP)**
	– Aimed to align the achievement of production, safety and productivity (OEE) targets at an operational level – Encourage the achievement of stretch targets at a company, business unit, functional and individual level – Align management and shareholder interest – Allow our employees to participate in the gains attributed to strong to exceptional Company performance during the financial year – Longer-term retention (deferred bonus component)				– Retention of skills and direct alignment with shareholder interest – Reward employees for their contribution to long-term, sustainable Company performance – Attract and retain key employees		
	Cash bonus paid on a quarterly or bi-annual basis, depending on the arrangement pertaining to each operation or site.	Top-up cash bonus paid out on an incremental scale to a maximum of one month's basic employment cost only on achieving and exceeding the Company's annual EBIT target. The bonus is paid out in March of the following year, following the announcement of the annual results.	The incentive is delivered in two parts: i. An annual cash incentive and ii. A deferred cash bonus with a holding period of one year before vesting	The incentive is delivered in two parts: i. An annual cash incentive and ii. Deferred bonus shares (DBA scheme) with a holding period of three to five years (for the Chief executive) before vesting	Units awarded in terms of the rules of the ownership plan.	Delivered in forfeitable shares with a holding period of three years before vesting.	Delivered in conditional shares with specific performance conditions attached to the vesting quantum after a period of three years.
	Bargaining unit employees.	Bargaining unit employees.	Middle management level employees (Global Banding Framework 6/12).	Senior management and above.	Bargaining unit employees and frontline management level employees.	Prescribed officers and selected senior managers, excluding executive directors.	Executive directors.

ANNEXURE 2 CONTINUED

EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS' REMUNERATION

Executive directors and prescribed officers receive remuneration appropriate to their scope of responsibility and contribution to operating and financial performance, taking into account industry norms, external market and country benchmarks.

The remuneration of executive directors and prescribed officers consists of fixed and variable components that are designed to ensure a substantial portion of the remuneration package is linked to the achievement of the Company's strategic objectives, thereby aligning incentives awarded to the creation of sustainable shareholder value.

Fixed remuneration

The total package per role is compared to levels of pay at the market median in companies of comparable size and complexity within the industry sector. Annual salary benchmark reviews are conducted to ensure market competitiveness.

The Company contributes 12% of pensionable salary to approved retirement funds. Medical aid is subsidised at 60% of the contribution to a maximum amount determined by market comparisons. Risk insurance benefits include life cover and death-in-service benefits, subject to the rules of the approved Kumba retirement funds. The Company provides additional death and disability cover to employees through its insurance risk and compensation for occupational injuries and diseases (COID) underwriting policies.

Variable remuneration

The variable remuneration of the executive directors and prescribed officers consists of cash (annual performance bonus) and equity instruments (deferred bonus and long-term incentives) applied in combination and with the quantum and conditions appropriate to the scope of responsibility and contribution to operating and financial performance of the respective role.

The variable remuneration components of our remuneration framework can be summarised as follows for our executive directors and prescribed officers:

Variable pay component	Instrument type	Payment/vesting	Eligibility
Performance bonus	Cash	Annual cash payment in March	Executive directors, prescribed officers, senior and middle management employees.
Deferred bonus arrangement (DBA)	Restricted equity	Unconditional vesting after three to five years (five years for the Chief executive officer only)	Executive directors, prescribed officers, senior and middle management employees.
Forfeitable share plan (FSP)	Restricted equity	Unconditional vesting after three years	Prescribed officers and qualifying senior managers (general management level employees).
Long-term incentive plan (LTIP)	Restricted equity	Conditional vesting after three years	Executive directors

EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS' 2017 REMUNERATION POLICY

The following section provides a comprehensive overview of the executives directors and prescribed officers' remuneration policy applicable to the 2017 financial year.

TABLE B – EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS' REMUNERATION POLICY APPLICABLE TO THE 2017 FINANCIAL YEAR

	Fixed remuneration		Variable remuneration			
	Total guaranteed pay (TGP)		Short-term incentives		Long-term incentives	
	Base salary	Standard benefits	Annual performance bonus	Deferred bonus arrangement (DBA)	Forfeitable share plan (FSP)	Long-term incentive plan (LTIP)
Purpose and link to remuneration strategy	Market-related level of remuneration differentiated on the specific requirements of the role, level of complexity and span of control.	Benefits appropriate to the market and contributing to the health and wellbeing of employees in support of our employee value proposition (EVP).	The incentive is designed to reward and motivate the achievement of agreed company financial, strategic and operational objectives, linked to key performance areas within cited employees' respective portfolios. Through the deferred bonus arrangement, long-term sustained performance is encouraged.		Retention and motivation of employees who are key to the delivery of the Company's long-term strategy.	Motivate executive directors to achieve the three-year strategic objectives of the Company pertaining to relative total shareholder return (TSR) and return on capital employed (ROCE) and thus aligning executive and shareholder interests.
Methodology	Base salary, as part of total guaranteed pay, is reviewed annually to ensure market competitiveness within the mining industry as well as nationally. Kumba applies annual salary adjustment differentiation linked to individual performance (as per the Anglo American plc performance standard methodology) during the preceding performance year and is under no obligation to increase base salary.	The standard benefits, as part of the total guaranteed pay fixed component of remuneration, are as follows: – Monthly employer retirement fund contribution to selected retirement funds equal to 12% of pensionable earnings – Disability cover included in the monthly employer retirement fund contribution – Personal accident life and disability cover as well as travel cover – Monthly medical aid subsidy equivalent to the littlest of 60% of the monthly contribution or an annually reviewed subsidy cap – Study assistance for position-related formal, further education for qualifying employees	An annual cash incentive, determined in accordance with the Anglo American plc performance standard methodology, payable at the end of March of the year following the end of the financial year. The quantum of the annual incentive is determined as the multiple of the grading specific on-target bonus percentage (between 20% and 30% of annual basic employment cost), the business multiplier (determined by the overall Company performance within the Anglo American plc group during the performance year) and the individual performance modifier (IPM) linked to individual performance against a set performance contract for the performance year under review. The IPM is also calibrated against peer performance and individual behaviour against the group values.	A deferred bonus arrangement in which a proportion of the cash incentive is matched and awarded as: i. 140% (150% for the Chief executive) of the cash incentive in deferred shares, which is awarded after the end of the relevant financial year. These bonus shares are linked to performance during the financial year in the same manner as the annual cash incentive, and are subject to a three to five-year (only for the Chief executive) holding period before vesting, during which it remains restricted. This is applicable to executive directors, prescribed officers and senior management. ii. Participants earn dividends on shares awarded under the DBA	Forfeitable shares are awarded annually to qualifying prescribed officers and senior management (general management level employees) based on achieving an individual performance rating of 3 (having satisfactorily met all performance objectives for the year under review) or above on a 5 point ascending performance scale. The quantum of the award (face value) is 40% of annual basic employment cost for all qualifying employees and 50% for the Chief operating officer position. The restricted share award vests after a period of three years. Forfeitable share awards will be forfeited if the participant leaves employment during the restricted period (except if the participant is a 'good leaver' under the scheme rules). Participants earn dividends on shares awarded under the FSP.	The LTIP consists of conditional awards of shares vesting after three years, subject to the achievement of stretched performance conditions. Full voting and dividend rights will only accrue from the vesting date. Two equally weighted performance metrics measured over a three year period apply to each award being: – 50% attributable ROCE and – 50% relative TSR.

ANNEXURE 2 CONTINUED

	Fixed remuneration		Variable remuneration			
	Total guaranteed pay (TGP)		Short-term incentives		Long-term incentives	
	Base salary	Standard benefits	Annual performance bonus	Deferred bonus arrangement (DBA)	Forfeitable share plan (FSP)	Long-term incentive plan (LTIP)
Methodology continued				iii. 70% of the cash incentive in deferred cash, which is awarded after the end of the relevant financial year. The deferred cash is linked to performance during the financial year in the same manner as the annual cash incentive, and is subject to a one-year holding period before vesting, during which it remains restricted. This is applicable to middle management level employees. The deferred bonus shares as well as deferred cash will be forfeited if the participant leaves employment during the restricted period (except if the participant is a 'good leaver' under the DBA scheme rules). Participants earn dividends on the deferred bonus shares.		The relative TSR is further split into a 25% weighted JSE/ FTSE mining index (this index is compiled by the FTSE but consists of JSE mining companies only) and 25% global iron ore peer group. The global iron ore companies comparator group comprises of IRC Limited (Hong Kong), Hengshi Mining Investments Limited (Cayman Islands), Shougang Hierro Peru S.a.a. (Peru), Honbridge Holdings Limited (Cayman Islands), Ferrexpo plc (United Kingdom), EVRAZ plc (United Kingdom), Companhia Siderúrgica Nacional (Brazil), NMDC Limited (India), Fortescue Metals Group Limited (Australia) and Vale S.A. (Brazil). Targets are approved by Remco for each allocation and no re-testing of performance conditions is allowed. Shares that do not vest after three years in terms of the performance conditions will lapse. Details of the 2017 performance targets and vesting schedule are presented in the accompanying **Table C.**

	Fixed remuneration		Variable remuneration			
	Total guaranteed pay (TGP)		Short-term incentives		Long-term incentives	
	Base salary	Standard benefits	Annual performance bonus	Deferred bonus arrangement (DBA)	Forfeitable share plan (FSP)	Long-term incentive plan (LTIP)
Opportunity and maximum limit	Base salary is linked to the annual benchmarking of the total reward package against the market median of companies of comparable size and complexity within the industry. Annual differentiated performance adjustments can range from 0% for non-performing individuals to 1.3% above average inflation (CPI) for exceptional value creation/performance.	The benefits have been designed to support the Company's employee value proposition to further supplement a competitive remuneration framework in the market.	The values of the annual performance incentive for executive directors and prescribed officers are: **Chief executive:** The Chief executive's annual incentive is determined by measuring performance against overall company targets (75%) and specific, individual key performance measures (25%) approved by the Board. The cash element of the incentive is capped at 70% of base salary. **Chief financial officer:** The Chief financial officer participates in the Anglo American plc group performance management standard. This is based on a maximum on-target cash bonus percentage of 30%, an individual performance modifier (IPM) and a business multiplier (BM) that is determined at the end of the year, taking into account Kumba business performance against the targets set for the year. **Prescribed officers:** As with the case of the Chief financial officer, prescribed officers participate in the Anglo American plc group performance management standard. This is based on a maximum on-target cash bonus percentage of 25% or 30% of base salary, an IPM and a BM that is determined at the end of the year taking into account Kumba business performance against the targets set for the year.	**Executive directors, prescribed officers and senior management:** 140% (150% for the Chief executive) of the cash incentive in deferred shares, which is awarded after the end of the relevant financial year. **Middle management:** 70% of the cash incentive in deferred cash, which is awarded after the end of the relevant financial year.	The FSP award quantum is fixed at 40% of the participant's annual base salary (face value of share award) for qualifying prescribed officers and senior managers. The only exception is for the Chief operating officer position for which the quantum is fixed at 50% of annual base salary.	The maximum annual face value of the LTIP award is 150% of base salary for the Chief executive and 100% of base salary for the Chief financial officer.

ANNEXURE 2 CONTINUED

	Fixed remuneration		Variable remuneration			
	Total guaranteed pay (TGP)		Short-term incentives		Long-term incentives	
	Base salary	Standard benefits	Annual performance bonus	Deferred bonus arrangement (DBA)	Forfeitable share plan (FSP)	Long-term incentive plan (LTIP)
Performance conditions	Linked to the individual performance objectives or key performance indicators contracted for the performance year, aligned with the business strategy and operational objectives as approved by the Board and cascaded through the business.	N/A	Managers within Kumba are measured on business-specific strategic value drivers aligned to operational and/or mine-specific strategic priorities as approved by the Board. In 2017 emphasis was placed on the following: – Leading and lagging safety indicators including safety leadership – Total production and compliance to mine plan – Cost optimisation (unit cost) – Financial performance – EBIT, operating free cash flow, earnings per share Key performance areas for 2018: – Leading and lagging safety indicators including safety leadership – Total production and compliance to mine plan – Cost optimisation (unit cost) – Financial performance – EBIT, operating free cash flow, earnings per share		The participant needs to achieve an individual performance rating of 3 (having satisfactorily met all performance objectives for the year under review) or above on a 5 point ascending performance scale to qualify for an award pertaining to the prior performance year.	Two equally weighted performance metrics measured over a three-year period apply to each award being: – 50% attributable ROCE and – 50% relative TSR The relative TSR is further split into a 25% weighted JSE/FTSE mining index (this index is compiled by the FTSE but consists of JSE mining companies only) and 25% global iron ore peer group. The threshold and stretched targets for the 2017 LTIP award as approved by the Remco is presented in the accompanying **Table C**.
Eligible participants	Executive directors, prescribed officers, senior and middle management employees.		Executive directors, prescribed officers, senior and middle management employees.		Prescribed officers and qualifying senior managers (general management level employees).	Executive directors.
Company limits on equity awards	N/A		N/A	The aggregate limit for the DBA, FSP and LTIP is 10% of the issued share capital. Shares are purchased in the market and not issued for the purpose of settlement of the DBA, FSP or LTIP. The current level of outstanding shares is equal to 0.894% of total issued share capital.	The aggregate limit for the DBA, FSP and LTIP is 10% of the issued share capital. Shares are purchased in the market and not issued for the purpose of settlement of the DBA, FSP or LTIP. The current level of outstanding shares is equal to 0.894% of total issued share capital.	

	Fixed remuneration		Variable remuneration			
	Total guaranteed pay (TGP)		Short-term incentives		Long-term incentives	
	Base salary	Standard benefits	Annual performance bonus	Deferred bonus arrangement (DBA)	Forfeitable share plan (FSP)	Long-term incentive plan (LTIP)
Policy changes in 2017	None	None	None		None	The threshold vesting quantum of the LTIP conditional share award of 30% has been aligned with the Anglo American plc group practice of 25% vesting at threshold and was agreed by the Remco and Nominations Committees for the 2017 awards onward. The threshold and stretched targets on the attributable ROCE performance indicator of respectively 11% and 31% was agreed by the Remco in 2017. The targets were previously 3% and 13% for threshold and stretch respectively. The increase in threshold and stretch ROCE targets for 2017 can be attributed to an improved ROCE realisation potential anticipated over the performance period (2017 to 2019), based for the most part on the improvement of the iron ore market conditions combined with a number of business improvement initiatives initiated over the past two years. The global iron ore comparator group was reviewed for 2017 to maintain suitability under dynamic market conditions. Three additional companies were added to the comparator (10 companies in total) and Atlas Iron (Australia), Mount Gibson (Australia), China Vanadium (China) and Rio Tinto Ltd (Australia) have been replaced.

ANNEXURE 2 CONTINUED

TABLE C – 2017 LTIP AWARD PERFORMANCE CONDITIONS, TARGETS AND VESTING SCHEDULE

Performance indicator	Sub-indicator	Percentage of allocation subject to indicator	Below threshold	Threshold target	Stretch target
Return on capital employed (ROCE) achieved	N/A	50%	< 11%	11%	31%
Relative total shareholder return (TSR) achieved	Global iron ore peer group	25%	Below the median TSR of the peer group	Median TSR of the peer group	Upper quartile TSR of the peer group
	JSE/FTSE Index	25%	Below the performance index	Performance at the index	Performance at 9% and above the index
Vesting schedule with linear vesting between threshold and stretch targets			0%	25%	100%

Executive directors and prescribed officers' contracts of employment

Executive directors and prescribed officers are not employed on fixed-term contracts but have standard employment contracts with notice periods of up to six months. The Chief executive officer's (Mr Themba Mkhwanazi) contract has restraint of trade provisions for a period of 12 months after the termination of his employment. There are no additional payments for any of the restraint obligations as the Chief executive officer's remuneration is deemed fair and reasonable compensation inclusive of the restraint obligations. No restraint of trade provisions apply to the Chief financial officer and prescribed officers. No restraint payments have been made during the year. There are no change of control provisions or any provisions relating to payment on termination of employment.

Appointments of executive directors and prescribed officers

Appointments are subject to approval by the Board and are governed by the business integrity policy.

NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors do not have employment contracts with the Company or participate in any of the Company's incentive plans. Non-executive directors are subject to retirement by rotation and re-election by shareholders in accordance with the Memorandum of Incorporation of the Company.

The Remco recommends the level of fees payable to non-executive directors to the Board for approval by the shareholders. Non-executive directors' remuneration is determined through the benchmarking of market data, based on a survey of a representative comparator group of JSE-listed companies, as conducted by an independent external service provider. Fees are not dependent on meeting attendance, and no other supplementary fees are payable.

Annual fees payable to non-executive directors were approved by shareholders at the AGM on 11 May 2017. The fees are as follows:

2017 fees per annum (Rand)

Capacity	Chairman	Member
Board of directors	1,322,890	222,867
Audit Committee	297,455	147,944
Risk and Opportunities Committee	297,455	147,944
Social, Ethics and Transformation Committee	297,455	147,944
Human Resources and Remuneration Committee	297,455	147,944
Nominations and Governance Committee	N/A*	147,944

* The Nominations and Governance Committee is chaired by the Chairman of the Board and there are no additional fees paid for this responsibility.

GUARANTEED PAY ADJUSTMENTS

Average rate of increase for 2017

A market adjustment mandate of 6.5% on the cost to company (CTC – base salary plus employer retirement fund contribution) was approved by the Remco for the non-bargaining category employees, in line with mining peer and national benchmarks conducted by an external, third party service provider. The approved mandate was further differentiated based on individual performance ranging from a 0% adjustment for non-performing employees to 7.8% for individuals with exceptional value delivery and performance during the prior performance year (2016). An additional discretionary 1% mandate was approved to address individuals notably below the market median, taking cognisance of their performance (performance rating of 3 and above) during the prior two performance years.

In line with the market adjustment mandate applicable to the non-bargaining employees for 2017, a CTC adjustment of 6.5% has been effected for the Chief executive as of 1 January 2017, in line with the Company's annual salary inflation adjustment cycle. Due to limited tenure of the Chief executive officer at the time (1 September 2016 to 31 December 2016), no performance differentiation was applied to the 1 January 2017 adjustment, with the Committee deferring a total reward remuneration review for the Chief executive to the anniversary of his appointment (1 September 2017).

The previous Chief financial officer, Mr Frikkie Kotzee received an inflation adjustment of 7.3% effective as of 1 January 2017, in line with the Company's annual salary inflation adjustment cycle and adjustment quantum differentiation based on performance.

The total reward remuneration of the executive directors are benchmarked against a comparator peer group of JSE-listed companies of similar size and nature of operations, of which the data for the executive directors of the comparator group has been collected and compared to the Kumba incumbents by a third-party external service provider. The criteria utilised in the determination of an appropriate peer group were total assets under control, annual turnover and number of employees. The comparator group of companies utilised for the September 2017 Chief executive salary review benchmarking purposes comprised African Rainbow Minerals Limited, Anglo American Platinum Limited, Exxaro Resources Limited, Gold Fields Limited, Harmony Gold Mining Company Limited, Impala Platinum Holdings Limited and Sibanye Gold Limited.

Based on the outcome of the benchmark review, the Committee adjusted the CTC of the Chief executive by 7.98%, effective 1 September 2017, to better align his total reward with the peer group median used as reference. The effective date coincides with the anniversary of the Chief executive's appointment and is aligned with the Committee's intent to review the Chief executive's salary on the anniversary of his appointment. Based on the 2017 performance assessment outcome of the Chief executive, an inflation adjustment of 6.5% has been effective as of 1 January 2018, in line with the Company's annual salary inflation adjustment cycle and adjustment quantum differentiation based on performance.

As the incumbent Chief financial officer, Mr Bothwell Mazarura, was appointed on 1 September 2017 with a brief tenure of only four months for the 2017 performance year, the Anglo American performance standard practice of a 'too soon' rating and a default individual performance modifier of 1.0 has been applied for 2018. Mr Mazarura has received an inflation adjustment of 5.5% effective as of 1 January 2018, in line with the Company's annual salary inflation adjustment cycle and adjustment quantum differentiation based on performance.

During 2014, Kumba and the representative trade unions signed a multi-year collective bargaining agreement for the period 1 July 2014 to 30 June 2017. The third and last year of the agreement was implemented on 1 July 2016. A total increase of 8% was granted in line with the agreement. In anticipation of the expiration of the 2014 multi-year wage agreement on 30 June 2017, Management engaged in negotiations with our three recognised trade unions, being the National Union of Mineworkers (NUM), Solidarity and the Association of Mineworkers and Construction Union (AMCU) during the second quarter of 2017 on a new wage agreement. A new, multi-year wage agreement ranging between a 10% increase on the lowest level and 7% on the highest level of the bargaining category, effective from 1 July 2017 until 30 June 2020 was agreed and signed on 12 September 2017. The overall mandate of the agreement range between 7.8% for 2017 and 7.1% for the 2018 and 2019 adjustments.

ANNEXURE 2 CONTINUED

ANNUAL PERFORMANCE INCENTIVE OUTCOMES

Safety

- **The focus on safety remains a key priority for the group.** The continuous effort in our safety performance included a focus on fatality elimination with an emphasis on leadership, operational risk management, implementation of critical controls and learning from incidents. This has resulted in encouraging improvements reflected in our leading indicator reporting. **No fatalities were recorded during 2017. High-potential incidents, which are those that could have resulted in a fatal accident, have reduced by 46% in 2017. On the lagging indicators, the total recordable case frequency rate, which is a measure of frequency of injuries, dropped 17% to 0.65 (2016: 0.78) and the lost-time injury frequency rate (LTIFR) decreased 39% to 0.17 (2016: 0.28).**

Production

- Total tonnes mined at Sishen increased by 12% to 199.5 Mt (2016: 178.3 Mt) with 39% fewer trucks. Consistent with the mine plan, the stripping ratio increased to 4.3 compared to 3.3 in 2016. **Consequently, the amount of waste mined also increased, as planned, to 162 Mt (2016: 137 Mt). Sishen's production increased by 10% to 31.1 Mt (2016: 28.4 Mt) due to increased plant throughput and higher plant yields.**
- Total tonnes mined increased by 12% to 71.8 Mt (2016: 64 Mt). **Waste mined was 55.6 Mt (2016: 50.2 Mt), an increase of 11%, supporting higher production levels. Kolomela's production was 9% higher at 13.9 Mt (2016: 12.7 Mt), reflecting productivity improvements.** Productivity and efficiencies of the Kolomela drill fleet increased by 20% with the introduction of automated drilling technology. The Kolomela modular plant delivered 0.5 Mt, although performance was affected by delays in the ramp-up of the crushing plant.
- **Kumba mined total tonnes of 271.3 Mt during 2017, an increase of 12%. Total production increased to 45 Mt due to significant productivity improvements at Sishen, which achieved 31.1 Mt, and a continued solid performance at Kolomela, delivering 13.9 Mt.** Total export sales volumes increased by 7% to 41.6 Mt (2016: 39.1 Mt) due to higher production, while total sales volumes increased by 6% to 44.9 Mt (2016: 42.5 Mt).

Costs

- Kumba's average cash breakeven price for the year increased to US$40/tonne from US$29/tonne in 2016, in line with the guided range of US$32 to US$40/tonne. The increase of US$11/tonne is mainly due to controllable costs increasing by US$1/tonne and an increase of US$10/tonne in uncontrollable costs.

Operating Model

- **The Operating Model ensures more stable operations, reduced variability and enhanced capability and efficiency, providing a structured approach for continuous improvement**. Implementation at Sishen during 2017 focused on support and services work, which enables a fully integrated view of all activities in the pit. **The most visible and immediate impact was the reduction of unscheduled work by up to 40% in some areas. This has a direct impact on safety, planned work, productivity, elimination of waste and improvement in efficiencies**. Scheduled compliance and scheduled work are two of the important leading indicators of stability in the process. **At Kolomela a 7.6% improvement in direct shipping ore plant throughput was achieved while Sishen has achieved an 84% improvement in mine to plan compliance since 2015**. The stabilised roll-outs at the Kolomela plant and Sishen shovel maintenance areas continue to demonstrate benefits.

Financial

- Headline earnings increased by 12% to R9.7 billion (2016: R8.7 billion), mainly as a result of an 11% increase in the average realised iron ore export price to US$71/tonne (2016: US$64/tonne), and 6% higher total sales volumes. **Attributable and headline earnings for the year were R38.63 and R30.47 per share respectively (2016: R26.98 and R27.30)**.
- Expansion capital expenditure comprises mainly of the expenditure on the Dingleton relocation project and Sishen's second modular plant. SIB capital expenditure to maintain operations was principally related to infrastructure to support mining and plant operations. The increase in the deferred stripping costs is mainly attributable to the increase in the actual stripping ratio at Sishen mine. **Capital expenditure of R3.1 billion was incurred: R1.3 billion on stay-in-business (SIB) activities, R1.2 billion on deferred stripping, and R0.6 billion on expansions, which comprised R0.3 billion on the Dingleton project and R0.3 billion on the Sishen modular plant**. The relocation of the remaining households in Dingleton is expected to be completed during 2018.

CHIEF EXECUTIVE PERFORMANCE – TM MKHWANAZI – 1 JANUARY TO 31 DECEMBER 2017

2017 key result area	KPI weighting	Performance level achieved: Below threshold	Threshold	On-target	Above target	Stretch	Linking 2017 performance to reward: Commentary on key performance outcome
Anglo American group performance (15%)							
EPS at actual prices/exchange rates (cps)	5%					●	Exceeded stretch target (5% rating)
EPS at fixed (budget) prices/exchange rates (cps)	5%				●		Above target but below stretch target (4.7% rating)
Attributable free cash flow (US$m)	5%					●	Exceeded stretch target (5% rating)
Kumba Iron Ore performance (60%)							
Production (Mt)	10%					●	Exceeded stretch target (10% rating)
Sishen waste (Mt)	10%				●		Above target but below stretch (6.6% rating)
Kolomela waste (Mt)	10%					●	Exceeded stretch target (10% rating)
EBITDA (US$m)	20%					●	Exceeded stretch target (20% rating)
Sishen unit cash cost (R/tonne)	5%					●	Exceeded stretch target (5% rating)
Kolomela unit cash cost (R/tonne)	5%				●		Above target but below stretch (4% rating)

Kumba, under the strategic direction and leadership of the Chief executive, had a sterling performance year across all of its operational key result areas with the following synopsis across the respective performance areas:

Financial indicators – Exceeding stretch target on both EBITDA and unit cash cost for Sishen Mine, with Kolomela Mine unit cash cost above target. Significantly contributed to the achievement of the Anglo American plc financial objectives with all results either exceeding target or stretch target.

Production indicators – Exceeded stretch targets on both production (Sishen and Kolomela) and on Kolomela waste stripping. Exceeded target on the Sishen waste stripping but missed stretched target.

2017 key result area	KPI weighting	Below threshold	Threshold	On-target	Above target	Stretch	Commentary on key performance outcome
Personal performance (25%)							
Safety	5%					●	Achieved stretch target (5% rating)
Business improvement	10%					●	Achieved stretch target (10% rating)
Stewardship	5%				●		Above target but below stretch (4% rating)
Strategic development	2.5%					●	Achieved stretch target (2.5% rating)
Culture and leadership	2.5%					●	Achieved stretch target (2.5% rating)

Safety – Outstanding safety performance with no fatalities, 17% reduction in TRCFR and 40% reduction in LTIFR. This was achieved firstly by a focus on leadership, driven personally by the Chief executive which commenced with a very personal clarification of his values and safety expectations to all Kumba managers and superintendents. This was firstly followed by a complete SLAD training down to Band 6 level. Secondly by implementing the elimination of fatalities (EOF) framework with emphasis on critical controls, embedding them in the daily work management processes and verifying their effectiveness. Thirdly by redesigning/modifying two high-risk areas – electrical substation management and mobile equipment interaction – by December 2017over 60% separation of heavy vehicles and light vehicles had been achieved.

ANNEXURE 2 CONTINUED

CHIEF EXECUTIVE PERFORMANCE – TM MKHWANAZI – 1 JANUARY TO 31 DECEMBER 2017 continued

Business improvement – Outstanding operational performance with all sales and production targets met or exceeded. Highlight has been the shovel performance improvement, a 65% improvement compared to 2016, which allowed reduced use of contractors with cost savings. This was achieved through better mine design and equipment layout, use of the modular fleet management, increased direct operating hours (DOH) through better workforce management and tempo increases with application of double side loading. Plant improvements generated better yield and a shift to higher-quality lump product at a time of record lump premium. All Anglo American bulk commodities improvement processes have been implemented facilitating sharper performance focus in the business. The Operating Model implementation is in line with schedule, with post-implementation performance KPIs (reported weekly) at 50% to 85% level. Also completed the Kumba full value potential programme ground work to identify the step-change opportunities to reduce the CBEP.

Stewardship – Kumba market credibility significantly enhanced and resulted in Kumba's position as best performing stock on the JSE. New labour agreement successfully implemented without dispute or days lost. SARS negotiations successfully concluded at an acceptable level.

Strategic development – Mining rights conditions in compliance and replacement ESOP strategy approved by Board. Excellent progress both on exploration and tenement negotiations. Resource development plan (RDP) and life of mine (LoM) deferred by agreement to H1 2018 – scope signed off and project plan in place with fortnightly tracking. Both plant projects progressing to schedule.

Culture and leadership – Culture change programme under way, expectations clearly defined by the Chief executive and significant culture change noted with the performance step-ups. Executive Committee team refreshed with new Chief financial officer appointed and Chief operating officer pending, Head of business development and strategy in recruitment process. New general managers appointed at Kolomela and Sishen mines. Manager once removed (MOR) review process well established and good management of internal talent has allowed for promotion of Kolomela general manager as an example.

SSD* modifier (±10%)	KPI weighting	
Fatal injury frequency rate (FIFR)	-7.5%	Zero fatalities – no penalty applied
Levels 4 and 5 environmental Incidents	-2.5%	Zero fatalities – no penalty applied
Total recordable case frequency rate	+5%	TRCFR target achieved – 5% incentive applied
Operational risk management implementation	+5%	Top 10 SSD risks under control and managed through the ORM process – 5% incentive applied

2017 performance rating after applying SSD* modifier: 100.0% (capped at maximum potential)

Resulting BSP award: Maximum cash bonus award of 70% on annual basic employment cost. Deferred shares are based on 150% of the cash award. The total award split is as follows: 40% payable as cash, 40% payable as shares deferred for three years and 20% as shares deferred for five years.

* SSD – safety and sustainable development.

CHIEF FINANCIAL OFFICER PERFORMANCE

The previous Chief financial officer's (Mr Frikkie Kotzee) service with the Company terminated on 11 May 2017. The details pertaining to his severance payment, approved as part of a voluntary separation agreement, is reflected in the following table. The following key conditions were agreed by the Remco, aligned as far as practicable to the normal 'good leaver'* principles and rules as applied by the Company:

Severance package component	Quantum agreed and principle applied	Cash value KITSA	Cash value Kumba
Separation and notice payment	A once-off cash payment equivalent to six months' CTC (based on both on and offshore package) as separation payment and notice payment respectively. The severance payment equates to approximately five weeks' remuneration for each year of service completed as agreed with the Committee. The notice payment is in lieu of a six-month notice period as per the Chief financial officer's contract of employment.	€80,186	R3,578,215
STI and DBA awards (2017 and 2018) and restricted DBA portfolio vesting (2014 to 2016)	An STI cash payment as per normal practice and cash in lieu of the deferred bonus (DBA) share award face value quantum. The STI and DBA award quantum has been aligned with the Anglo American performance standard methodology for the 2017 and 2018 awards and pro-rated based on the Chief financial officer's tenure during the 2017 performance year. All unvested shares (62,670) pertaining to previous DBA awards (2014 to 2016) released and encashed based on the VWAP on 14 February 2017 (coinciding with the 2016 annual results presentation to the market) as aligned with the standard 'good leaver' practice of the Company.	€106,982	R17,529,008
LTIP awards (2014 to 2017)	There has been no vesting of the 2014 LTIP award as the threshold vesting performance conditions were not met for the 2016 performance year. The 2015 and 2016 LTIP award combined share volume is equal to 111,737 shares and subject to conditional vesting respectively in 2018 and 2019, as per standard practice. The Remco approved a cash payment in lieu of the 2017 LTIP award, based on 50% of the award face value on the probability that at least one of the two vesting performance conditions (attributable ROCE and relative TSR) would be met.	€40,093	R1,675,535
		€227,261	R22,782,758
Total value of separation agreement *Cash payments were based on an indicative ZAR/EUR exchange rate of 14.4949*			**R26,076,878**

* 'Good leaver' status relates to the termination of an employee's services by the Company which does not relate to resignation by the employee or dismissal by the employer. Examples of 'good leaver' status is retirement, death while in service, ill health, retrenchment due to operational requirement or any other Company initiated agreement of separation.

As the incumbent Chief financial officer (Mr Bothwell Mazarura) was appointed on 1 September 2017 with a brief tenure of only four months for the 2017 performance year, the Anglo American performance standard practice of a 'too soon' rating and a default individual performance modifier of 1.0 has been applied for the 2018 STI and DBA award calculation.

ANNEXURE 2 CONTINUED

LTIP VESTING OUTCOMES AND AWARDS FOR THE EXECUTIVE DIRECTORS

Conditional LTIP awards made during 2015 in terms of the LTIP rules were subject to the following performance measures:

- Attributable return on capital employed (ROCE) – 50%
- Relative total shareholder return (TSR) – 50%

The 2015 conditional LTIP award was made to our former Chief executive (Mr Norman Mbazima) and former Chief financial officer (Mr Frikkie Kotzee) who both qualify for the 2018 conditional vesting, as further expounded in this section of the report. The incumbent Chief executive (Mr Themba Mkhwanazi) received his first LTIP award in 2017 (2016 conditional target setting base year) with conditional vesting in 2020. The newly appointed Chief financial officer (1 September 2017) (Mr Bothwell Mazarura) will receive his first LTIP award in 2018 (2017 conditional target setting base year) with conditional vesting in 2021.

% of LTIP vesting	Performance target level	ROCE target for 2015 award (2018 vesting)	2017 attributable ROCE achieved
30%	Threshold	24%	**46.34%**
100%	Stretch	30%	

As a result of the 2017 actual ROCE performance exceeding the stretch target of 30%, 100% of the conditional shares subject to the ROCE performance condition will vest in 2018.

TSR performance and vesting conditions

Half of the conditional shares (25% of overall) that are subject to the relative TSR performance condition that will vest are determined by assessing the Company's relative performance to a global iron ore peer group in terms of TSR. The threshold target is the median of the comparator peer group with a stretch target of the upper quartile TSR ranking on the comparator peer group.

Kumba's 2017 relative TSR performance was between the median and the upper quartile of the comparator peer group, resulting in 50.15% of the conditional shares subject to this performance criterion vesting.

The remaining half of the conditional shares (25% of overall) that are subject to the relative TSR performance condition that will vest is determined by assessing the Company's relative performance against the JSE/FTSE Mining Index. The threshold target is performance at the index with a stretch target of the index plus 9%. Kumba's 2017 relative TSR performance was above the stretch target, therefore 100% of the conditional shares subject to this performance criterion will vest. The conditional share vesting percentage subject to the combined relative TSR conditions is 75.07%.

Overall LTIP vesting based on the combined attributable ROCE and relative TSR performance conditions

The overall vesting of the 2015 LTIP conditional share award based on both the attributable ROCE (50%) and the relative TSR (50%) performance measures for 2017 is 87.54%. All unvested shares will lapse.

ANNEXURE 3
TOP 10 SHAREHOLDERS

Shareholder	Location	Holdings as at 29 December 2017	% ISC
Anglo South Africa Capital (Johannesburg)	Johannesburg	224,535,915	69.71
Industrial Development Corporation (Johannesburg)	Johannesburg	41,498,615	12.88
Public Investment Corporation (Pretoria)	Pretoria	3,592,139	1.12
Acadian Asset Management (Boston)	Boston	2,671,223	0.83
Dimensional Fund Advisors (London)	London	2,171,888	0.67
Quoniam Asset Management (Frankfurt)	Frankfurt	1,608,548	0.50
Foord Asset Management (Cape Town)	Cape Town	1,502,279	0.47
Schroder Investment Management (London)	London	1,351,145	0.42
Vanguard Group (Philadelphia)	Philadelphia	1,289,549	0.40
SEB Asset Management (Stockholm)	Stockholm	1,279,039	0.40
Total	**Total**	281,500,340	87.40

MATERIAL CHANGES
Other than the facts and developments reported in the annual financial statements 2017 which are available on the Company's website at www.angloamericankumba.com, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the signature date of the annual financial statements for 2017, being 13 February 2018.

ISSUED SHARE CAPITAL OF THE COMPANY
The issued share capital of the Company is 322,085,974 ordinary shares.

AUTHORISED SHARE CAPITAL OF THE COMPANY
The authorised share capital of the Company is 500,000,000 ordinary shares.

ADMINISTRATION

COMPANY REGISTRATION NUMBER
2005/015852/06

JSE share code: KIO
ISIN code: ZAE000085346

COMPANY SECRETARY AND REGISTERED OFFICE
Celeste Appollis
Centurion Gate – Building 2B
124 Akkerboom Road
Centurion, Pretoria, 0157
South Africa
Tel: +27 (0) 12 683 7000
Fax: +27 (0) 12 683 7009
celeste.appollis@angloamerican.com

AUDITORS
Deloitte & Touche
Chartered Accountants (SA)
Registered Auditors
Deloitte Place, The Woodlands Office Park
20 Woodlands Drive, Woodmead, 2146
South Africa
Private Bag X46, Gallo Manor, 2052

ASSURANCE PROVIDERS
PricewaterhouseCoopers
Registered Auditors
4 Lisbon Lane
Waterfall City, 2090
South Africa
Private Bag X36, Sunninghill, 2157
Tel: +27 (0) 11 797 4000
Fax: +27 (0) 11 797 5800

SPONSOR
RAND MERCHANT BANK
(A division of FirstRand Bank Limited)
Registration number: 1929/001225/06
1 Merchant Place, corner Rivonia Road and Fredman Drive
Sandton, 2146, South Africa
PO Box 786273, Sandton, 2146

UNITED STATES ADR DEPOSITORY
BNY Mellon
Depositary Receipts Division
101 Barclay Street, 22nd Floor
New York, New York, 10286
Tel: +1 (0) 212 815 2732
Fax: +1 (0) 212 571 3050/1/2
www.adrbny.com

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196, South Africa
PO Box 61051, Marshalltown, 2107

INVESTOR RELATIONS
Penny Himlok
Investor relations manager
Tel: +27 (0) 12 683 7000
penny.himlok@angloamerican.com

Kumba Iron Ore
Centurion Gate – Building 2B
124 Akkerboom Road
Centurion
0157

www.angloamericankumba.com

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