

KUMBA IRON ORE LIMITED

A member of the Anglo American plc group
Incorporated in the Republic of South Africa
Registration number: 2005/015852/06
Share code: KIO ISIN: ZAE000085346
("Kumba" or "the Company")

Circular to Kumba Shareholders

regarding:

- the implied issue for cash of approximately five million Kumba Shares as a result of the swap of approximately fifteen million Sishen Iron Ore Company (Proprietary) Limited ("SIOC") Shares distributed to Participating Employees of the SIOC Employee Share Participation Scheme ("SIOC ESPS") in exchange for Kumba Shares, at the end of the First Capital Appreciation Period and subsequent repurchase by SIOC from Kumba of an equivalent number of SIOC Shares;
- the proposed repurchase by Kumba of approximately five million Kumba Shares from SIOC ESPS Participating Employees;
- approval of the swap of SIOC Shares distributed to Participating Employees from the SIOC ESPS in exchange for Kumba Shares, at the end of the Second Capital Appreciation period;

and:

- approval of financial assistance in terms of sections 44 and 45 of the Companies Act, 2008, to:
 - subsidiaries and other related and inter-related entities; and
 - directors, prescribed officers and other participants in employee incentive schemes operating in the Kumba Group;

and incorporating:

- a notice convening a General Meeting of Kumba Shareholders; and
- a form of proxy for use by Certificated Shareholders and "Own Name" Dematerialised Shareholders only.

Merchant bank and sponsor**Legal and tax adviser****Independent reporting
accountants****Tax adviser****Corporate law adviser**

Date of issue: 5 October 2011

The definitions commencing on page 6 of this Circular apply to this Circular including this cover page.

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This Circular is only available in English. Copies of this Circular may be obtained during normal business hours from the registered offices of Kumba, Rand Merchant Bank (a division of FirstRand Bank Limited) and the Transfer Secretaries at their respective addresses set out above from the date of issue hereof until the date of the General Meeting.

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FORM OF PROXY FOR USE AT THE GENERAL MEETING (<i>blue</i>)	Attached

ACTION REQUIRED BY KUMBA SHAREHOLDERS

This Circular is important and requires your immediate attention.

The definitions commencing on page 6 of this Circular apply *mutatis mutandis* to this section.

Please take careful note of the following provisions regarding the action required by Kumba Shareholders:

1. If you have disposed of all of your Kumba Shares, this Circular should be handed to the purchaser of such Kumba Shares or the CSDP, broker or other agent who disposed of your Kumba Shares for you.
2. If you are in any doubt as to what action to take, consult your CSDP, broker or other professional adviser immediately.
3. This Circular contains information relating to the purchase of SIOC Shares in exchange for the issue of Kumba Shares at the end of the First and Second Capital Appreciation Periods respectively, the subsequent repurchase of the Company's shares in relation to the First Capital Appreciation Period, and the approval of the provision of financial assistance to Kumba Group subsidiaries and other related and inter-related parties and to directors, prescribed officers and other participants in employee incentive schemes operating in the Kumba Group. You should carefully read through this Circular and decide how you wish to vote on the resolutions to be proposed at the General Meeting.

4. General Meeting

Kumba Shareholders are invited to attend the General Meeting regarding the Implied Specific Issue, Kumba Specific Repurchase, Subsequent Share Swap and Section 44 and 45 Approvals.

The General Meeting, convened in terms of the Notice of General Meeting, will be held at the registered offices of Kumba, Centurion Gate, 124 Akkerboom Road, Centurion, 0157, South Africa on Wednesday, 2 November 2011, at 11:00.

5. Own Name Dematerialised Shareholders and Certificated Shareholders

You are entitled to attend, or be represented by proxy at, the General Meeting.

If you are unable to attend the General Meeting, but wish to be represented thereat, you must complete and return the attached form of proxy (*blue*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries at 70 Marshall Street, Johannesburg, 2001, South Africa or PO Box 61051, Marshalltown, 2107, South Africa, by no later than 48 hours before the commencement of the General Meeting (or any adjournment of the General Meeting) or hand it to the Chairman of the General Meeting before the appointed proxy exercises any of your shareholder rights at the General Meeting (or any adjournment of the General Meeting), provided that, should you return such form of proxy (*blue*) to the Transfer Secretaries at either of the above addresses less than 48 hours before the General Meeting, you will also be required to furnish a copy of such form of proxy to the Chairman of the General Meeting before the appointed proxy exercises any of your shareholder rights at the General Meeting (or any adjournment of the General Meeting).

6. Dematerialised Shareholders

You must **not** complete the attached form of proxy (*blue*). If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will then be obliged to act in terms of your mandate furnished.

You must advise your CSDP or broker timeously if you wish to attend, or be represented at, the General Meeting. Your CSDP or broker will then be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the General Meeting.

SALIENT DATES AND TIMES

The definitions commencing on page 6 of this Circular have, where necessary, been used in this section.

2011

Last day to trade Kumba Shares in order to be recorded in the register to vote at the General Meeting on	Friday, 21 October
General Meeting record date on	Friday, 28 October
Form of proxy for the General Meeting to be received by 11:00 on	Monday, 31 October
General Meeting to be held at 11:00 on	Wednesday, 2 November
Results of General Meeting released on SENS on	Wednesday, 2 November
Results of General Meeting published in the South African press on	Thursday, 3 November
First Capital Appreciation Period ends on	Thursday, 17 November
Repurchase of SIOC Shares at par value on	Monday, 21 November
Issue and listing of Kumba Swapped Shares on	Wednesday, 23 November
Kumba Repurchase Shares repurchased and delisted on	Tuesday, 29 November

Notes:

1. These dates and times are subject to amendment. Any material amendment will be released on SENS and published in the South African press.
2. All times given in this Circular are South African local times.

HIGH LEVEL OVERVIEW OF THE SIOC ESPS TRANSACTION AND IMPLICATIONS

The definitions commencing on page 6 of this Circular have, where necessary, been used in this section.

The first maturity date for the SIOC ESPS, commonly referred to as Envision, will take place on 17 November 2011. The implementation of the SIOC ESPS Transaction described in this Circular is required in order to give effect to the unwind of the first phase of Envision as prescribed in the SIOC ESPS Trust Deed, and to implement the second phase of Envision. The process and steps to implement the SIOC ESPS Transaction are set out in detail in the remainder of the Circular.

In brief, the second phase of Envision – as committed to as part of the suite of transactions undertaken in 2006 when Kumba Resources Limited was demerged to form Kumba Iron Ore Limited and Exxaro Resources Limited – will be achieved through SIOC issuing a further 3.09% shares to the SIOC ESPS Trust. It is prescribed in the SIOC ESPS Trust Deed that the further issue of the 3.09% SIOC Shares takes place in anticipation of the conclusion of the first phase of Envision (refer to 3.2.1.1 for details on this step). The SIOC ESPS Trust Deed further prescribes that the second phase of Envision is implemented on substantially the same terms and conditions as the first phase of Envision. Consequently, the SIOC ESPS Trust will allocate new SIOC ESPS Units to qualifying employees pursuant to implementing phase two of Envision. Phase two of Envision will mature on the fifth anniversary of the issue and allotment of the Subsequent Subscription Shares to the SIOC ESPS Trust.

The implementation of the following transactions is accordingly required:

- The SIOC ESPS Trust is to subscribe for a further 3.09% of the entire issued share capital in SIOC at least five Business Days prior to the end of the First Capital Appreciation Period. These Subsequent Subscription Shares will be held by the SIOC ESPS Trust for the duration of the Second Capital Appreciation Period;
- SIOC repurchasing, at par value, so many SIOC Shares as is determined on the application of the prescribed SIOC Repurchase Formula from the SIOC ESPS Trust, which will, *inter alia*, eliminate what is commonly referred to as the “notional vendor finance” mechanism (in relation to the first phase of Envision) between the SIOC ESPS Trust and SIOC. (Refer to paragraph 3.2.3 for details of this step);
- In accordance with the SIOC ESPS Trust Deed, the SIOC Distributed Shares remaining in the SIOC ESPS Trust will be distributed to the Participating Employees based on the number of SIOC ESPS Units allocated to them. (Refer to paragraph 3.2.4 for details on this step);
- In terms of the Share Swap Agreement and the provisions of the SIOC ESPS Trust Deed, the SIOC Shares referred to above will be acquired by Kumba in exchange for listed Kumba Shares (refer to paragraph 3.3.1 for details of this step);
- After the SIOC Distributed Shares have been exchanged for Kumba Shares, SIOC will repurchase from Kumba that number of SIOC Shares equal to the number of the SIOC Distributed Shares acquired by Kumba in terms of the Share Swap, in order to reinstate the SIOC shareholding to the approximate proportions that prevailed prior to the SIOC ESPS Transaction. (Refer to 3.3.2 for details of this step); and
- Finally, Kumba will repurchase Kumba Shares from the Participating Employees who elected to receive cash (as well as that portion of the shares of Participating Employees who elected to receive Kumba Shares, to settle their tax and cost of realisation) by way of a specific repurchase at the effective Transaction Share Price (Refer to paragraph 3.4 for details of this step).

The anticipated net monetary impact of all these steps is that the Participating Employees would realise a collective pre-tax pay-out from the SIOC ESPS Trust of approximately R2.4 billion (based on a Kumba Share price of R466.69 at the Last Practicable Date).

The shareholding impact will be that the second phase of Envision will enable the future ownership of 3.09% in SIOC by the SIOC ESPS Trust for a further five year period and Kumba Shareholders’ indirect ownership into SIOC would remain largely unaffected.

DEFINITIONS

In this Circular, unless otherwise stated or the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column. Words in the singular include the plural and *vice versa*, words and expressions which denote one gender include the other gender, and a reference to a natural person includes a juristic person and an association and *vice versa*.

"Allocated Subscription Shares"	Subscription Shares and the Subsequent Subscription Shares allocated to any Participating Employee by way of a linkage to SIOC ESPS Units;
"Anglo American plc"	Anglo American plc (registration number 3564138), a public company duly registered and incorporated with limited liability in accordance with the company laws of England and Wales, the ordinary shares of which are listed on the London Stock Exchange plc (primary listing), the JSE, the SWX Swiss Exchange, the Botswana Stock Exchange and the Namibian Stock Exchange;
"Anglo American plc Group"	Anglo American plc and all of its subsidiaries, whether direct or indirect;
"BEE"	Black Economic Empowerment as contemplated in the Broad-Based Black Economic Empowerment Act No 53 of 2003;
"Board"	board of directors of the Company from time to time;
"Business Day"	any day other than a Saturday, Sunday or gazetted national public holiday in South Africa;
"Certificated Shareholders"	Kumba Shareholders who hold Certificated Shares;
"Certificated Shares"	Kumba Shares that have not been Dematerialised, the title to which is represented by a physical document of title;
"Circular"	this circular regarding the Implied Specific Issue, the Kumba Specific Repurchase, the Subsequent Share Swap and the Section 44 and 45 Approvals dated 5 October 2011, including the annexures thereto, the Notice of General Meeting and the form of proxy <i>(blue)</i> ;
"Companies Act"	the Companies Act No. 71 of 2008 as amended;
"Conditions Precedent"	the conditions precedent summarised in paragraph 3.10;
"Contribution Agreement"	the agreement entered into between the SIOC ESPS Trust and SIOC on or about 11 September 2006 which enabled the SIOC ESPS Trust to subscribe for the Subscription Shares with the cash contribution of approximately R156 million received from SIOC;
"CSDP"	central securities depository participant, accepted as such participant in terms of the Securities Services Act;
"Dematerialised" or "Dematerialisation"	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded in a sub-register of securities holders by a CSDP;
"Dematerialised Shareholders"	Kumba Shareholders who hold Dematerialised Shares, excluding Own Name Dematerialised Shareholders;
"Dematerialised Shares"	Kumba Shares that have been Dematerialised;
"Directors"	directors of the Company from time to time;

"Exxaro"	Exxaro Resources Limited (Registration number: 2000/011076/06), a public company incorporated in South Africa, the ordinary shares of which are listed on the JSE;
"Exxaro Group"	Exxaro and all of its subsidiaries, whether direct or indirect;
"First Capital Appreciation Period"	the five year period commencing on the date of allotment of the Subscription Shares to the SIOC ESPS Trust in accordance with the terms of the Subscription Agreement and expiring (i) on the fifth anniversary of such date of allotment (being 17 November 2011); or (ii) any earlier date of occurrence of any default event in relation to the SIOC ESPS Trust, which default event is not waived by SIOC; or such shorter period as may be agreed to by the SIOC ESPS Trustees and the directors of SIOC;
"General Meeting"	the general meeting of Kumba Shareholders to be held at 11:00 on Wednesday, 2 November 2011 at the registered offices of Kumba, Centurion Gate, 124 Akkerboom Road, Centurion, 0157, South Africa to consider and, if deemed appropriate, pass (with or without modification) the resolutions set out in the Notice of General Meeting, and including any adjournment of such meeting;
"HDSA"	historically disadvantaged South African, being any natural person, a category or community of persons, an unincorporated entity or association, a trust, a company or a corporate entity (other than a trust) disadvantaged in law by unfair discrimination before the Constitution of the Republic of South Africa Act, No. 200 of 1993, came into operation;
"IFRS"	International Financial Reporting Standards;
"Implied Specific Issue"	the resultant issue of shares for cash by Kumba through collectively the Share Swap and the SIOC Specific Repurchase;
"Income Tax Act"	Income Tax Act, 1962 (Act 58 of 1962), as amended;
"Independent Reporting Accountants and Auditors"	Deloitte & Touche (Practice number: 902276), Registered Auditors;
"JSE"	JSE Limited (Registration number: 2006/022939/06), a public company incorporated in South Africa and licensed under the Securities Services Act to operate an exchange;
"King Code"	the South African King Code on Corporate Governance, 2009;
"Kumba" or "the Company"	Kumba Iron Ore Limited (Registration number: 2005/015852/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, the ordinary shares of which are listed on the JSE;
"Kumba Group"	Kumba and all of its subsidiaries, whether direct or indirect;
"Kumba Repurchase Shares"	the number of Kumba Swapped Shares which the SIOC ESPS Trustees (in their capacity as agent for and on behalf of the Participating Employees) are instructed to (or are deemed to have been instructed to) dispose of in terms of the SIOC ESPS Trust Deed, including Kumba Shares required to be disposed of to settle the Participating Employees' PAYE obligation;
"Kumba Share"	ordinary share(s) with a par value of R0.01 each in the share capital of Kumba;
"Kumba Shareholder"	registered holders of Kumba Shares, inclusive of both Certificated, Dematerialised and Own Name Dematerialised Shareholders, from time to time;

“Kumba Specific Repurchase”	the repurchase by Kumba of the Kumba Repurchase Shares from the Participating Employees at the Transaction Share Price, pursuant to the Kumba Specific Repurchase Agreement;
“Kumba Specific Repurchase Agreement”	the repurchase agreement concluded between the Company and the SIOC ESPS Trust on 21 September 2011 containing the terms and conditions of the Kumba Specific Repurchase;
“Kumba Swapped Shares”	Kumba Shares issued by Kumba to the Participating Employees pursuant to the Share Swap;
“Last Practicable Date”	Tuesday, 27 September 2011, being the last practicable date prior to finalisation of this Circular;
“Listings Requirements”	Listings Requirements of the JSE, as amended;
“MOI”	the Memorandum of Incorporation of a company, as the context may require, as that term is defined in the Companies Act; the existing articles of association and the memorandum of association form part of the Memorandum of Incorporation;
“Notice of General Meeting”	the notice convening the General Meeting of Kumba Shareholders on Wednesday, 2 November 2011, which forms part of this Circular;
“Own Name Dematerialised Shareholders”	Kumba Shareholders who hold Dematerialised Shares with own name registration;
“Participating Employee”	employee of SIOC who is eligible to be a beneficiary of the SIOC ESPS Trust and is permanently employed by SIOC in the First Capital Appreciation Period and/or the Second Capital Appreciation Period;
“Rand” or “R”	South African Rand, the lawful currency of South Africa;
“Second Capital Appreciation Period”	the five year period commencing on the date of allotment of the Subsequent Subscription Shares to the SIOC ESPS Trust in accordance with the terms of the Subsequent Subscription Agreement, on or about 10 November 2011 and expiring: (i) on the fifth anniversary of such date of allotment or (ii) any earlier date of occurrence of any default event in relation to the SIOC ESPS Trust, which default event is not waived by SIOC; or such shorter period as may be agreed to by the SIOC ESPS Trustees and the directors of SIOC;
“Section 44 and 45 Approvals”	the approval of the provision of financial assistance by the Company in terms of sections 44 and 45 of the Companies Act, to the Kumba Group subsidiaries and other related and inter-related parties and to directors, prescribed officers and other participants in employee incentive schemes operating in the Kumba Group, as more fully described in paragraph 2.2;
“Securities Services Act”	Securities Services Act, 2004 (Act 36 of 2004), as amended;
“SENS”	the Securities Exchange News Service of the JSE;
“Share Swap”	the transfer of the SIOC Distributed Shares by the SIOC ESPS Trustees (collectively acting as agents for and on behalf of the Participating Employees) to Kumba, in exchange for the issue of Kumba Swapped Shares to the relevant Participating Employees, pursuant to the Share Swap Agreement; “Share Swap Agreement” the agreement concluded between the Company and the SIOC ESPS Trust (acting as agents for and on behalf of the Participating Employees) on 21 September 2011, containing the terms and conditions of the Share Swap;
“SIOC”	Sishen Iron Ore Company (Proprietary) Limited (Registration number 2000/011085/07), a private company duly registered and incorporated with limited liability in accordance with the company laws of South Africa and a 74% held subsidiary of Kumba as at the Last Practicable Date;

"SIOC Community Development Trust"	SIOC Community Development Trust, Master's reference number (IT10454/06), a trust established for the ultimate benefit of communities and community-based projects in the Northern Cape and Limpopo Provinces and potentially in other areas in which SIOC conducts mining operations;
"SIOC Community Development SPV"	SIOC Community Development SPV (Proprietary) Limited (Registration number 2005/040145/07), a private company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, which is wholly owned by the SIOC Community Development Trust as at the Last Practicable Date;
"SIOC Distributed Shares"	that number of the Subscription Shares which remains after the number of the SIOC Repurchase Shares is deducted from the Subscription Shares, which shall be distributed by the SIOC ESPS Trustees to the Participating Employees in accordance with the provisions of the SIOC ESPS Trust Deed;
"SIOC ESPS" or "Envision"	the Employee Share Participation Scheme with the term of ten years (subject to the occurrence of any default events in relation to the SIOC ESPS Trust) established for the benefit of Participating Employees of SIOC;
"SIOC ESPS Transaction"	collectively, the Unwind and Second Phase Implementation, Share Swap, SIOC Specific Repurchase and the Kumba Specific Repurchase;
"SIOC ESPS Trust"	SIOC Employee Share Participation Scheme Trust, Master's reference number (IT10288/06), a trust established for the purpose of facilitating the SIOC ESPS;
"SIOC ESPS Trustees"	the trustees from time to time of the SIOC ESPS Trust;
"SIOC ESPS Trust Deed"	the Trust Deed governing the SIOC ESPS Trust;
"SIOC ESPS Unit"	a unit created in accordance with the SIOC ESPS Trust Deed which, when linked to a Subscription Share in respect of the First Capital Appreciation Period or Subsequent Subscription Share in respect of the Second Capital Appreciation Period, confers on a Participating Employee, the rights, benefits and obligations stipulated in the SIOC ESPS Trust Deed;
"SIOC Group"	SIOC and all of its subsidiaries, whether direct or indirect;
"SIOC Repurchase Shares"	the number of Subscription Shares to be repurchased by SIOC in terms of the SIOC First Repurchase;
"SIOC Shares"	ordinary shares with a par value of R0.0000001 (one-hundred thousandth of a cent) each in the capital of SIOC;
"SIOC First Repurchase"	the repurchase by SIOC of the SIOC Repurchase Shares at par value (being a par value of R0.0000001 each in the capital of SIOC) from the SIOC ESPS Trust at the end of the First Capital Appreciation Period, in terms of the SIOC Repurchase Formula;
"SIOC Repurchase Formula"	the repurchase formula as set out in the Subscription Agreement and included in the MOI, which determines: (i) the number of Subscription Shares that SIOC will be entitled to repurchase at par value in order to cancel the notional vendor finance balance in respect of the First Capital Appreciation Period and (ii) the number of Unallocated Subscription Shares to be repurchased at par value;

"SIOC Specific Repurchase"	the repurchase by SIOC of so many shares as is equal to the number of the SIOC Distributed Shares (received by Kumba pursuant to the Share Swap) from Kumba, pursuant to the SIOC Specific Repurchase Agreement;
"SIOC Specific Repurchase Agreement"	the repurchase agreement concluded between SIOC and the Company on 21 September 2011 containing the terms and conditions of the SIOC Specific Repurchase;
"South Africa"	Republic of South Africa;
"Subscription Agreement"	the subscription agreement concluded between the SIOC ESPS Trust and SIOC on 11 September 2006 for the issue of the Subscription Shares to the SIOC ESPS Trust on the terms and with the rights and restrictions attaching to such Subscription Shares;
"Subscription Shares"	360 SIOC Shares, allotted and issued to the SIOC ESPS Trust in terms of the Subscription Agreement on 17 November 2006; which shares were subsequently subdivided into 36 000 000 SIOC Shares on 29 November 2006 and which constitute 3% of the issued share capital in SIOC;
"Subsequent Contribution Agreement"	the agreement entered into between the SIOC ESPS Trust and SIOC on 21 September 2011 which will enable the SIOC ESPS Trust to subscribe for the Subsequent Subscription Shares through a cash contribution (the amount of which is to be determined by Rand Merchant Bank (a division of FirstRand Bank Limited) on the basis of an accepted options pricing model, with reference to a five day VWAP of Kumba Shares up to 5 November 2011) received from SIOC;
"Subsequent Kumba Swapped Shares"	Kumba Shares to be issued by Kumba to the Participating Employees pursuant to the Subsequent Share Swap;
"Subsequent Share Swap"	the transfer of the Subsequent SIOC Distributed Shares by the SIOC ESPS Trustees (acting as agents for and on behalf of the Participating Employees) to Kumba, in exchange for the issue of Subsequent Kumba Swapped Shares to the relevant Participating Employees, pursuant to the Subsequent Share Swap Agreement;
"Subsequent Share Swap Agreement"	the agreement to be concluded between the Company and the SIOC ESPS Trustees (collectively acting as agents for and on behalf of the Participating Employees), containing the terms and conditions of the Subsequent Share Swap;
"Subsequent SIOC Distributed Shares"	that number of the Subsequent Subscription Shares which remains after the number of the Subsequent SIOC Repurchase Shares is deducted from the Subsequent Subscription Shares, which shall be distributed by the SIOC ESPS Trustees to the Participating Employees at the end of the Second Capital Appreciation Period in accordance with the provisions of the SIOC ESPS Trust Deed;
"Subsequent SIOC First Repurchase"	the repurchase by SIOC of the Subsequent SIOC Repurchase Shares at par value from the SIOC ESPS Trust at the end of the Second Capital Appreciation Period, in terms of the SIOC Repurchase Formula;
"Subsequent SIOC Repurchase Shares"	the number of Subsequent Subscription Shares to be repurchased by SIOC in terms of the Subsequent SIOC First Repurchase;
"Subsequent Subscription"	the subscription by the SIOC ESPS Trust, in terms of the SIOC ESPS Trust Deed, for the Subsequent Subscription Shares, pursuant to the Subsequent Subscription Agreement;

"Subsequent Subscription Agreement"	the subscription agreement concluded between the SIOC ESPS Trust and SIOC on 21 September 2011 for the issue of the Subsequent Subscription Shares to the SIOC ESPS Trust on the terms and with the rights and restrictions attaching to such Subsequent Subscription Shares;
"Subsequent Subscription Shares"	37,080,000 SIOC Shares, to be allotted and issued to the SIOC ESPS Trust in terms of the Subsequent Subscription Agreement which will constitute 3.09% of the issued share capital in SIOC at the time of such subscription;
"Subsidiary"	a subsidiary company, as defined in the Companies Act;
"Transaction Agreements"	collectively, the Subsequent Contribution Agreement, Subsequent Subscription Agreement, Share Swap Agreement, SIOC Specific Repurchase Agreement and Kumba Specific Repurchase Agreement;
"Transaction Price Earnings Ratio"	the Transaction Share Price divided by the audited diluted earnings per share of Kumba for the year ended 31 December 2010, being R44.52;
"Transaction Share Price"	the five day VWAP of Kumba Shares to 17 November 2011, being the pricing reference for the Share Swap and the Kumba Specific Repurchase;
"Transfer Secretaries"	Computershare Investor Services (Proprietary) Limited (Registration number: 2004/003647/06), a private company incorporated in South Africa;
"Treasury Shares"	shares issued by an entity that are held by a Subsidiary of that entity or by another entity controlled by that entity;
"Unallocated Subscription Shares"	Subscription Shares and Subsequent Subscription Shares not allocated to any Participating Employee by way of a linkage to SIOC ESPS Units, which shares will be repurchased by SIOC at the end of the First Capital Appreciation Period and at the end of the Second Capital Appreciation Period respectively, at par value, as determined in accordance with the SIOC Repurchase Formula;
"Unwind and Second Phase Implementation"	a series of internal steps, including the Subsequent Subscription, the SIOC First Repurchase and the distribution of the SIOC Distributed Shares, to be undertaken by SIOC and the SIOC ESPS Trust, which will take place before the Share Swap, the SIOC Specific Repurchase and Kumba Specific Repurchase, as set out in paragraphs 3.2.1 to 3.2.4 of this circular;
"VAT"	value-added tax levied in terms of the Value-Added Tax Act, No. 89 of 1991;
"VWAP"	volume weighted average price; and
"WW"	Webber Wentzel Attorneys, South African legal and tax advisers to Kumba in relation to the SIOC ESPS Transaction.

KUMBA IRON ORE LIMITED

A member of the Anglo American plc group
Incorporated in the Republic of South Africa
Registration number: 2005/015852/06
Share code: KIO ISIN: ZAE000085346
("Kumba" or "the Company")

Directors of Kumba***Executive directors***

Chris Griffith *(Chief Executive Officer)*

Vincent Uren *(Chief Financial Officer)*

Non-executive directors

Allen Morgan *(Interim chairman)*

David Weston

Dolly Mokgatle *(Independent non-executive director)*

Gert Gouws

Godfrey Gomwe

Litha Nyhonyha *(Independent non-executive director)*

Peter Matlare *(Independent non-executive director)*

Zarina Bassa *(Independent non-executive director)*

CIRCULAR TO KUMBA SHAREHOLDERS

1. Introduction and purpose of this Circular**1.1 The SIOC ESPS Transaction**

In an announcement released on SENS on 22 September 2011, shareholders were informed that, *inter alia*, Kumba, SIOC and the SIOC ESPS Trust had signed a series of agreements in order to effect the SIOC ESPS Transaction.

Furthermore, reference is made to the Kumba pre-listing statement and the Kumba Resources Limited (renamed Exxaro) circular dated Monday, 9 October 2006, regarding the Kumba Resources Limited BEE transaction.

In November 2006, the iron ore assets of the Kumba Resources Limited Group were unbundled from the Kumba Resources Limited Group. Simultaneously, Kumba was listed on the JSE, owning 74% of SIOC. The remainder of SIOC Shares are held as follows:

- 20% by Exxaro;
- 3% by the SIOC Community Development SPV; and
- 3% by the SIOC ESPS Trust.

In order to establish the SIOC ESPS post the unbundling and listing of Kumba, the SIOC ESPS Trust acquired the Subscription Shares on the terms prescribed in the Subscription Agreement with a cash contribution of approximately R156 million received from SIOC in terms of the Contribution Agreement. The Subscription Shares are ordinary shares which contain, in their terms, the SIOC Repurchase Formula. Effectively the SIOC Repurchase Formula constitutes a so-called "notional funding arrangement" with an opening notional balance of R822 million and a notional interest rate of 8% per annum. Until the end of the First Capital Appreciation Period, 50% of any dividend or deemed dividend distributed by SIOC to the SIOC ESPS Trust in respect of the Allocated Subscription

Shares is to be paid to the Participating Employees and the balance is to be applied towards reducing the notional loan balance. The SIOC Repurchase Formula will determine what number of SIOC Subscription Shares will be repurchased by SIOC at the end of the First Capital Appreciation Period in order to eliminate the notional funding balance. The SIOC First Repurchase, in terms of the Repurchase Formula, also allows for the repurchase of those Subscription Shares which have not been linked to SIOC ESPS Units and allocated to Participating Employees during the relevant Capital Appreciation Period.

Envision was structured to endure for ten years from the date of allotment of the Subscription Shares by SIOC to the SIOC ESPS Trust, save for instances of occurrence of any default events in relation to the SIOC ESPS Trust. The ten year term is divided into two "Capital Appreciation Periods". The First Capital Appreciation Period will come to an end on 17 November 2011, barring any default events occurring in relation to the SIOC ESPS Trust. In terms of the SIOC ESPS Trust Deed, at the end of the First Capital Appreciation Period:

- SIOC will repurchase the SIOC Repurchase Shares in terms of the SIOC Repurchase Formula;
- The Subscription Shares remaining will be distributed as SIOC Distributed Shares to Participating Employees;
- The SIOC Distributed Shares will be swapped by the SIOC ESPS Trustees (acting collectively as agents on behalf of the Participating Employees) for the Kumba Swapped Shares in terms of the Share Swap;
- Subsequent to the implementation of the Share Swap, SIOC will repurchase the same number of shares from Kumba, as Kumba would have acquired from the SIOC ESPS Trustees (acting collectively as agents on behalf of the Participating Employees);
- Participating Employees were notified to submit their election between retaining Kumba Swapped Shares and receiving the cash equivalent thereof. As at the Last Practicable Date, approximately 99.80% of the Participating Employees have elected (or were deemed to have elected due to their failure to notify SIOC ESPS Trustees of their election to receive the Kumba Swapped Shares), in terms of the SIOC ESPS Trust Deed, to receive the cash value of the Kumba Swapped Shares (net of tax and cost of realisation) as opposed to receiving the actual Kumba Swapped Shares. The SIOC ESPS Trustees (acting as agents for and on behalf of the Participating Employees), shall act in accordance with the election made by the Participating Employees and will dispose of so many Kumba Swapped Shares as they are instructed (or are deemed to be instructed) to Kumba in terms of the Kumba Specific Repurchase. The SIOC ESPS Trustees will repatriate the cash proceeds (net of costs and taxes) to the Participating Employees; and
- As at the Last Practicable Date, 0.20% of the Participating Employees have elected, in terms of the SIOC ESPS Deed, to receive the Kumba Swapped Shares (net of tax and cost of realisation) as opposed to the cash value. The SIOC ESPS Trustees shall act in accordance with the election made by the Participating Employees who elected to receive the Kumba Swapped Shares and dispose of a certain number of the Kumba Swapped Shares (as is required to settle the Participating Employee's tax and realisation costs) to Kumba in terms of the Kumba Specific Repurchase and transfer the remaining Kumba Swapped Shares to such Participating Employees.

The salient features of the SIOC ESPS Trust are set out in Annexure 1.

In light of the impending conclusion of the First Capital Appreciation Period, Kumba is convening a General Meeting at which Kumba Shareholders will be requested to vote on the Implied Specific Issue and the Kumba Specific Repurchase.

At the end of the Second Capital Appreciation Period, in accordance with the terms of the Subsequent Subscription Agreement and the SIOC ESPS Trust Deed, Kumba will be required to acquire all of the Subsequent SIOC Distributed Shares from the Participating Employees in exchange for the issue of Kumba Shares. Kumba Shareholders will be requested to vote on the Subsequent Share Swap to occur at the end of the Second Capital Appreciation Period.

1.2 The Section 44 and 45 Approvals

Furthermore, Kumba Shareholders will be requested to vote on the approval of the provision of financial assistance to Kumba Group subsidiaries and other related and inter-related parties and to directors, prescribed officers and other participants in Kumba Group employee incentive schemes in terms of sections 44 and 45 of the Companies Act. Such approval constitutes a general authority sought from the Kumba Shareholders in light of requirements of the Companies Act which came into force on 1 May 2011.

1.3 Purpose

The purpose of this Circular is to provide Kumba Shareholders with information to enable them to make an informed decision as to whether or not they should vote in favour of the resolutions to be proposed at the General Meeting. The resolutions are set out in the Notice of General Meeting.

2. Rationale

2.1 The SIOC ESPS Transaction

2.1.1 The Unwind and Second Phase Implementation

The Unwind of the First Capital Appreciation Period and the Second Phase Implementation is prescribed in the SIOC ESPS Trust Deed together with the other relevant agreements, including the Subscription Agreement, Subsequent Contribution Agreement and Subsequent Subscription Agreement. The Unwind and Second Phase Implementation are being implemented in compliance with the terms of these agreements.

2.1.2 The Share Swap

The SIOC ESPS Trust Deed provides that the SIOC Distributed Shares must be swapped for Kumba Shares and delivered to the Participating Employees on the basis of the SIOC ESPS Units originally allocated to them.

2.1.3 The SIOC Specific Repurchase

The SIOC Specific Repurchase, which is to be implemented following the Share Swap, is designed to enable the shareholders' positions in SIOC to become aligned as closely as possible, with their pre-SIOC ESPS Transaction position.

2.1.4 The Kumba Specific Repurchase

The SIOC ESPS Trust Deed provides that, at the election of each of the Participating Employees who wish to receive the cash value of the Kumba Swapped Shares, such Kumba Swapped Shares must be sold, the cost of realisation deducted and the balance paid to that Participating Employee. As at the Last Practicable Date, 99.80% of the Participating Employees have elected, in terms of the SIOC ESPS Trust Deed, to receive the cash value of the Kumba Swapped Shares (based on the Transaction Share Price and net of tax and cost of realisation) as opposed to receiving the actual Kumba Swapped Shares. Therefore, the majority of the Kumba Swapped Shares will need to be sold in order for the Participating Employees to realise cash. Furthermore, the SIOC ESPS Trustees shall act in accordance with the election made by the Participating Employees who elected to receive the Kumba Swapped Shares and dispose of a certain number of the Kumba Swapped Shares (as is required to settle the Participating Employee's tax and realisation costs). In order to achieve this, Kumba will acquire the relevant number of Kumba Swapped Shares in terms of the Kumba Specific Repurchase. Kumba has agreed to the Kumba Specific Repurchase (subject to shareholder approval) as this will:

- facilitate the orderly disposal of the Kumba Swapped Shares;
- avoid the distortion of the Kumba Share price; and
- ensure an orderly exit of the Participating Employees' shareholdings.

Furthermore, the implementation of the Share Swap will ultimately result in dilution of the indirect ownership in SIOC by the existing Kumba Shareholders as a result of the issue of approximately five million Kumba Shares to the Participating Employees. The dilution resulting from the Share Swap will be managed by Kumba repurchasing a certain number of shares from the Participating Employees (being all the shares vested in the Participating Employees in respect of those who elected to receive cash, as well as a portion of the shares of the Participating Employees who elected to receive the Kumba Swapped Shares, in order to settle the costs and taxes pertaining to the transaction) in terms of the Kumba Specific Repurchase, in order to substantially retain the original Kumba shareholders' pre-transaction indirect ownership of SIOC.

2.2 The Section 44 and 45 Approvals

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 provided by a company to related or inter-related companies and corporations, including, amongst others, its subsidiaries, for any purpose. The Companies and Intellectual Property Commission has issued a non-binding opinion supporting such interpretation.

Furthermore, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that the financial assistance is provided 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 inter-related company, or for the purchase of any securities of the company or a related or inter-related company.

Both sections 44 and 45 of the Companies Act provide, amongst others, that the particular financial assistance must be provided only 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 the board of directors must be satisfied that:

- (a) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test; and
- (b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

When the need previously arose, the Company had to provide loans to and guarantees to loans or other obligations of subsidiaries and was not precluded from doing so in terms of its articles of association or in terms of the Companies Act, 61 of 1973. The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act. Furthermore, it may be necessary or desirous for the company to provide financial assistance to related or inter-related Companies and corporations to subscribe for options or securities or purchase securities of the Company or another company related or inter-related to it. Under the Companies Act, the Company will however require the special resolution referred to above to be adopted. In the circumstances and in order to, amongst others, ensure that the Company’s subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the Company (as opposed to banks), it is necessary to obtain the approval of the Kumba Shareholders.

Sections 44 and 45 contain exemptions in respect of employee share schemes, as defined in the Companies Act, that satisfy the requirements of section 97 of the Companies Act. To the extent that any incentive scheme does not qualify for the exemptions, financial assistance (as contemplated in sections 44 and 45) to be provided under any such scheme will, amongst others, also require approval by special resolution. Accordingly, Kumba Shareholders are requested to authorise financial assistance to any directors or prescribed officers of the Company and/or another company related or inter-related to the Company (or any person related to any of them or to any company or corporation related or inter-related to them), or to any other person who is a beneficiary of any of the incentive schemes operating in the Kumba Group, in order to facilitate their participation in any such scheme that does not constitute an employee share scheme that satisfies the requirements of section 97 of the Companies Act.

3. Details of the SIOC ESPS Transaction

3.1 Background

The shares in SIOC are currently held as follows:

- 74% by Kumba;
- 20% by Exxaro;
- 3% by the SIOC Community Development SPV; and
- 3% by SIOC ESPS Trust.

3.2 The Unwind and Second Phase Implementation

The proposed transaction steps through which the Unwind and Second Phase Implementation will occur are set out below:

3.2.1 Step 1

3.2.1.1 Description

In terms of the SIOC ESPS Trust Deed, at least five Business Days prior to the end of the First Capital Appreciation Period, the SIOC ESPS Trust will subscribe for the Subsequent Subscription Shares in terms of the Subsequent Subscription Agreement. The Subsequent Subscription Shares must be held by the SIOC ESPS Trust for the duration of the Second Capital Appreciation Period, in accordance with the provisions of the SIOC ESPS Trust Deed.

The First Capital Appreciation Period ends on 17 November 2011, thereafter SIOC will effect the SIOC First Repurchase, in terms of which sufficient SIOC Shares will be repurchased to settle the notional vendor finance and the SIOC Unallocated Subscription Shares will be acquired at par value.

The SIOC ESPS Trust will make a distribution of the SIOC Shares remaining in the SIOC ESPS Trust to the Participating Employees on a *pro rata* basis based on the number of SIOC ESPS Units allocated to them.

The Subsequent Subscription Shares will be issued subject to a notional vendor finance arrangement which will be subject to the application of the SIOC Repurchase Formula at the end of the Second Capital Appreciation Period.

The difference between the par value and the market value of the repurchased SIOC Unallocated Subscription Shares (as inferred from the Kumba Share price and on the assumption that the SIOC Unallocated Subscription Shares are not subject to the rights and restrictions attaching to the Subscription Shares as set out in SIOC's MOI) will be applied to reduce the notional vendor finance opening notional balance in respect of the Second Capital Appreciation Period. This ensures the rollover of any value created in the SIOC ESPS Trust into the Second Capital Appreciation Period, ultimately for the benefit of the Participating Employees.

3.2.1.2 Indicative cost implications and accounting treatment

The approximate cost of establishing the Second Capital Appreciation Period represented by the 3.09% scheme will be R3,451 million assuming the Subsequent Subscription Shares are issued on the following terms:

- Kumba Share price of R466.69 at the Last Practicable Date;
- five year term ending with the repurchase in terms of the SIOC Repurchase Formula at the end of the Second Capital Appreciation Period;
- 8% notional funding rate;
- 50% dividend participation; and
- five year risk free rate of 6.99%.

The R3,451 million cost to be incurred for the Second Capital Appreciation Period will be expensed over the life of the scheme from the date of allocation of the relevant SIOC ESPS Units in the SIOC ESPS Trust to Participating Employees.

3.2.2 Step 2

The First Capital Appreciation period ends on 17 November 2011.

3.2.3 Step 3

SIOC undertakes the SIOC First Repurchase.

3.2.4 Step 4

The SIOC ESPS Trust will make a distribution of the SIOC Distributed Shares to Participating Employees on a *pro rata* basis based on the number of SIOC ESPS Units held.

3,375 SIOC ESPS Units were awarded to each Participating Employee at the commencement of the SIOC ESPS and *pro rata* awards have been made to Participating Employees who subsequently joined SIOC.

3.3 Implied Specific Issue

3.3.1 Terms of the Share Swap

Kumba will acquire all of the SIOC Distributed Shares from the Participating Employees in exchange for the issue of Kumba Swapped Shares at the Transaction Share Price.

The number of Kumba Swapped Shares to be issued by Kumba in consideration for the SIOC Distributed Shares shall be determined with reference to the following formula:

$$K = \frac{\text{SIOC Distributed Shares} \times S_t}{\text{Transaction Share Price}}$$

where:

S_t = the value of each SIOC Share on 17 November 2011, represented as a price per share, determined by applying the Transaction Price Earnings Ratio to the most recent earnings per share of SIOC, being approximately R15.15.

For illustrative purposes, based on a Kumba Share price of R466.69 at the Last Practicable Date, the following number of SIOC Distributed Shares are expected to be acquired and the following number of Kumba Swapped Shares are expected to be issued:

	Number of Shares
SIOC Distributed Shares to be acquired	15,395,814
Kumba Swapped Shares to be issued ¹	5,238,129

Note:

1. This will represent 1.63% of the pre-dilution issued capital of Kumba (1.60% post-dilution).

The ranges of the SIOC Distributed Shares to be acquired from the Participating Employees and the Kumba Swapped Shares to be issued in exchange for such SIOC Distributed Shares, based on various assumed Transaction Share Prices, is illustrated in Annexure 2.

3.3.2 SIOC Specific Repurchase

Subsequent to the implementation of the Share Swap, it is proposed that SIOC repurchases the same number of SIOC Shares from Kumba, as Kumba would have acquired from the Participating Employees. This will enable the shareholding positions in SIOC to revert almost to their pre-SIOC ESPS Transaction position.

The Share Swap and the SIOC Specific Repurchase collectively have the effect of an issue of Kumba Shares for cash by Kumba to the Participating Employees with Kumba having a net cash injection from the SIOC Specific Repurchase. For illustrative purposes, the number of Kumba Shares expected to be issued to Participating Employees by Kumba (based on a Kumba Share price of R466.69 at the Last Practicable Date) is set out below:

	Number of Shares
Kumba Shares issued	5,238,129
	Rand
Estimated cash value of SIOC Specific Repurchase	2,444,582,423

3.4 Terms of the Kumba Specific Repurchase

The SIOC ESPS Trust Deed determines a five day “cooling-off” period during which the Kumba Swapped Shares cannot be sold by or transferred to a Participating Employee.

Participating Employees were notified to submit their election between retaining Kumba Swapped Shares and receiving the cash equivalent thereof. As at the Last Practicable Date, 99.80% of the Participating Employees have elected, in terms of the SIOC ESPS Trust Deed, to receive the cash value of the Kumba Swapped Shares (net of tax and cost of realisation) as opposed to the actual Kumba Swapped Shares. To the extent that, following the Share Swap, the Participating Employees in the SIOC ESPS have elected to receive cash instead of the Kumba Swapped Shares, Kumba will repurchase the Kumba Swapped Shares from the SIOC ESPS Trustees (acting as an agents for and on behalf of the Participating Employees in terms of the SIOC ESPS Trust Deed) at the Transaction Share Price.

As at the Last Practicable Date, 0.20% of the Participating Employees have elected, in terms of the SIOC ESPS Trust Deed, to receive the Kumba Swapped Shares (net of tax and cost of realisation) as opposed to the cash value. The SIOC ESPS Trustees shall act in accordance with the election made by the Participating Employees who elected to receive the Kumba Swapped Shares and dispose of only that number of Kumba Swapped Shares as is required to settle the Participating Employee’s tax and realisation costs, to Kumba in terms of the Kumba Specific Repurchase and transfer the remaining Kumba Swapped Shares to such Participating Employees.

The potential value of the Kumba Specific Repurchase has been illustrated in Annexure 2.

For illustrative purposes, based on the Kumba Share price of R466.69 at the Last Practicable Date the acquisition consideration (assuming that 99.80% Participating Employees elect to receive cash) is expected to be the following:

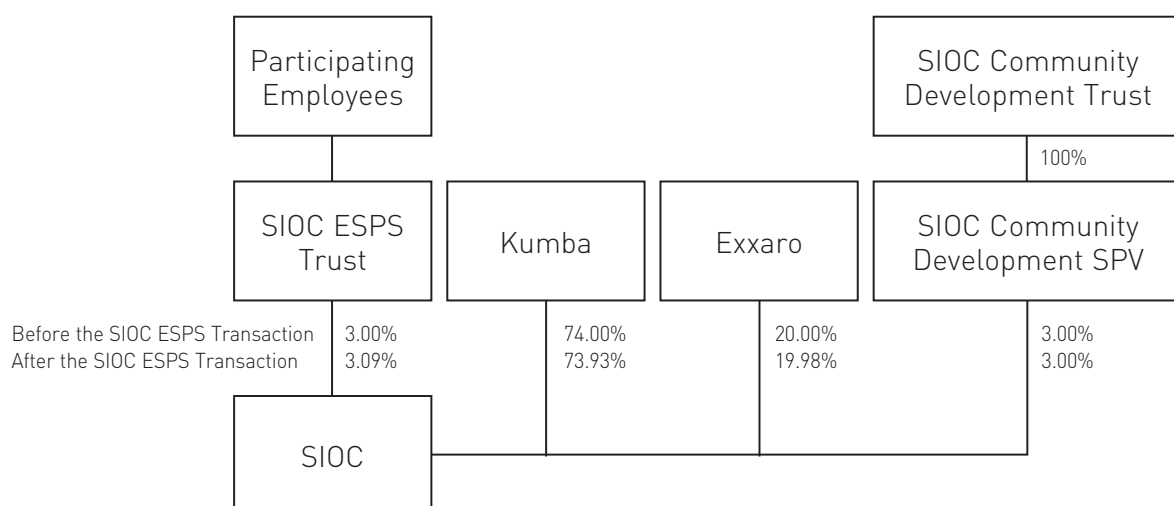
Number of Kumba Repurchase Shares	5,227,709
Acquisition consideration (Rands) ¹	2,439,719,323

Note:

1. This will represent 1.60% of the issued capital of Kumba at the time and therefore constitutes less than 5% of the issued capital of Kumba. The repurchase accordingly does not trigger the provisions of section 114 of the Companies Act.

3.5 SIOC shareholding structure

The SIOC shareholding structure before and after the implementation of the SIOC ESPS Transaction is illustrated below:



3.6 Terms of the Subsequent Share Swap

At the end of the Second Capital Appreciation Period, SIOC will repurchase a number of the Subsequent Subscription Shares from the SIOC ESPS Trust, in accordance with the Subsequent Subscription Agreement.

The Subsequent Subscription Shares will be issued subject to a notional vendor finance arrangement which will be subject to the application of the SIOC Repurchase Formula at the end of the Second Capital Appreciation Period and taking into account the reduction of the notional vendor finance opening balance in respect of the Second Capital Appreciation Period as described in paragraph 3.2.1.1 above.

Following the subsequent repurchase as described above, the SIOC ESPS Trust will distribute the Subsequent Distribution Shares to the Participating Employees. Kumba will then acquire all of the Subsequent SIOC Distributed Shares from the Participating Employees in exchange for the issue of Kumba Shares at the end of the Second Capital Appreciation Period. In calculating the exchange ratio for purposes of the Subsequent Share Swap, the value of the Subsequent Distributed Shares will be determined by applying the price earnings ratio of Kumba to SIOC's earnings per share as per SIOC's most recent audited financial statements.

3.7 Statutory requirements

3.7.1 The Directors will not implement the Kumba Specific Repurchase as contemplated above unless it complies with the Companies Act, the Listings Requirements and the MOI. The Kumba Specific Repurchase will be funded by Kumba and as such will not require any external funding.

3.7.2 The Kumba Repurchase Shares will be delisted from the JSE once the Kumba Specific Repurchase has been implemented.

3.8 Adequacy of capital

The Directors have considered the effect of the Kumba Specific Repurchase and are of the opinion that the provisions of sections 4, 46 and 48 of the Companies Act have been complied with and that:

- Kumba and the Kumba Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of approval of the Circular (for this purpose the assets and liabilities were recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of Kumba);
- the assets of Kumba and the Kumba Group will be in excess of the liabilities of Kumba and Kumba Group for a period of 12 months after the date of the Circular;
- the share capital and reserves of Kumba and the Kumba Group will be adequate for ordinary business purposes for a period of 12 months after the date of the Circular; and
- the working capital of Kumba and Kumba Group will be adequate for ordinary business purposes for a period of 12 months after the date of the Circular.

3.9 Prospects

Kumba's operational and strategic focus continued to deliver a strong set of results in the first half of 2011. Despite the operational challenges posed by wet conditions in the open pits at its mining operations following abnormally high rainfall, total sales were maintained year on year. Export sales were supplemented by sales from stockpiles, thereby ensuring the Kumba Group benefited from record export prices arising from a robust iron ore market. The Directors are of the opinion that Kumba and its subsidiaries will continue to be profitable into the medium to long term.

The SIOC ESPS Transaction further promotes BEE and the increase of broad-based and effective participation in the equity of the Kumba Group by HDSAs.

3.10 Conditions precedent

3.10.1 Implied Specific Issue

3.10.1.1 Share Swap

The issue of the Kumba Shares to the SIOC ESPS Trustees (acting collectively in their capacity as agents for and on behalf of Participating Employees) is conditional upon:

The Company obtaining the approval, by ordinary resolution of its shareholders with a 75% majority of the votes cast in favour thereof, in accordance with Section 5.51 of the Listings Requirements and in accordance with Article 3.2 of the MOI of the Company, for the placing of sufficient authorised but unissued ordinary shares in the Company under the control of its directors in order to give effect to the Share Swap Agreement.

3.10.1.2 SIOC Specific Repurchase

The repurchase of SIOC Shares by SIOC from Kumba is conditional upon:

- (i) The Share Swap Agreement having been implemented; and
- (ii) SIOC obtaining the approval, by way of special resolution of its shareholders, for the repurchase of of the SIOC Shares from Kumba in accordance with the terms of the SIOC Specific Repurchase Agreement and the provisions of the MOI of SIOC.

3.10.2 Kumba Specific Repurchase

The Kumba Specific Repurchase is conditional upon:

- (i) The Share Swap Agreement having been implemented;
- (ii) The Company obtaining the approval, by special resolution of its shareholders, for the repurchase of the Kumba Repurchase Shares in accordance with the terms of the Kumba Specific Repurchase Agreement; and
- (iii) The SIOC ESPS Trustees having notified Kumba of the number of Kumba Shares offered for repurchase in terms of the Kumba Repurchase Agreement.

3.10.3 Subsequent Share Swap

The issue of the Subsequent Kumba Shares to the SIOC ESPS Trustees (collectively acting in their capacity as agents for Participating Employees) is conditional upon:

- (i) The Subsequent Share Swap Agreement being concluded and becoming unconditional in accordance with its terms, save for the condition pertaining to the approval by the Kumba Shareholders by ordinary resolution in respect of the allotment and issue of the Subsequent Kumba Swapped Shares in accordance with the MOI of the Company; and
- (ii) The Company having obtained the approval, by ordinary resolution of its shareholders, in accordance with Article 3.2 of the MOI of the Company, for the placing of sufficient authorised but unissued ordinary shares in the Company under the control of its directors in order to give effect to the Subsequent Share Swap Agreement.

3.11 Expenses

The estimated costs (excluding VAT) of the SIOC ESPS Transaction to Kumba are set out below:

Service	Service provider	Amount (R'000)
Merchant bank and sponsor fees	Rand Merchant Bank	12,000
Legal and tax advisory fees	Webber Wentzel	1,200
Independent reporting accountants and auditors	Deloitte & Touche	80
Tax advisory	KPMG	280
JSE documentation inspection	JSE Limited	16
JSE listing fees	JSE Limited	287
Publishing and printing	Ince (Proprietary) Limited	800
Other	Various	1,337
Total		16,000

3.12 *Pro forma* financial effects

The below unaudited *pro forma* financial information of Kumba is the responsibility of the Directors and is based on the most recently published results of Kumba for the six months ended 30 June 2011. The unaudited *pro forma* financial information was prepared in order to provide the illustrative financial effects of the SIOC ESPS Transaction assuming that the SIOC ESPS Transaction took place on 1 January 2011 for the purposes of the *pro forma* income statement and on 30 June 2011 for the purposes of the *pro forma* balance sheet.

The table below sets out the unaudited *pro forma* financial effects of the SIOC ESPS Transaction on, *inter alia*, Kumba's audited basic earnings per share, fully diluted basic earnings per share, headline earnings per share, fully diluted headline earnings per share, net asset value per share and net tangible asset value per share based on the most recently published unaudited results of Kumba for the period ended 30 June 2011. The unaudited *pro forma* financial effects are based on the assumptions set out below and include an assumption on the Kumba Share price. The unaudited *pro forma* financial information of Kumba should be read in conjunction with the unaudited *pro forma* income statement and balance sheet (Annexure 3) and the report of the independent reporting accountants (Annexure 4).

The accounting policies of Kumba for the six months ended 30 June 2011, which are consistent with the accounting policies for the year ended 31 December 2010, have been used in preparing the *pro forma* financial effects.

The unaudited *pro forma* financial information was prepared for illustrative purposes only and may not, because of its nature, fairly present Kumba's financial position, changes in equity, and results of its operations or cash flows as at the relevant reporting date. It does not purport to be indicative of what the financial results would have been, had the SIOC ESPS Transaction been implemented on a different date.

	Six months ended 30 June 2011	Unwind and Second Phase Implementation	Before the Share Swap, the SIOC Specific Repurchase and Kumba Specific Repurchase	Share Swap	SIOC Specific Repurchase	Kumba Specific Repurchase	<i>Pro forma</i> after the Share Swap, the SIOC Specific Repurchase and Kumba Specific Repurchase	% change after the Share Swap, the SIOC Specific Repurchase and Kumba Specific Repurchase
Basic earnings per share (R)	28.20	(0.64)	27.56	(0.44)	(0.01)	0.32	27.43	(0.47)
Headline earnings per share (R)	28.23	(0.64)	27.59	(0.44)	(0.01)	0.31	27.45	(0.51)
Net asset value per share (R)	51.49	10.01	61.50	(0.14)	(0.19)	(6.61)	54.56	(11.29)
Net tangible asset value per share (R)	51.49	10.01	61.50	(0.14)	(0.19)	(6.61)	54.56	(11.29)
Weighted average number of shares in issue (millions)	321	321	321	326	326	321	321	–
Number of shares in issue (millions)	322	322	322	327	327	322	322	–

Note: Detailed assumptions regarding the SIOC ESPS Transaction are set out in Annexure 3 to this Circular.

4. The Section 44 and 45 Approvals

It may be necessary or desirous for the Company to provide financial assistance to its subsidiaries and other related or inter-related companies and corporations, thus avoiding the cost of bank and other methods of financing. Under the Act, the Company may however require the approval of Kumba shareholders by special resolution. Furthermore, should any Kumba Group employee incentive scheme not qualify for the financial assistance exemptions, Kumba Shareholder approval by special resolution could be required in order to give effect thereto, notwithstanding that the scheme was adopted with the approval of Kumba Shareholders.

5. Board recommendation

The Board recommends that Kumba Shareholders vote in favour of the special resolution required to effect the SIOC ESPS Transaction as well as the special resolution in respect of the Section 44 and 45 Approval, which will be proposed at the General Meeting.

6. General Meeting

The General Meeting of Kumba Shareholders to approve the resolutions set out in the Notice of General Meeting will be held at the registered office of Kumba, Centurion Gate, 124 Akkerboom Road, Centurion, 0157, South Africa on Wednesday, 2 November 2011 at 11:00.

7. Salient information on Kumba

7.1 Background information on Kumba

Kumba is part of the iron ore business of the Anglo American plc Group. The Company is a leading producer of high grade iron ore and ranks as the fifth largest supplier in the market for seaborne iron ore. Kumba exports more than 35 million tonnes per annum to steelmakers in Europe, the Middle-East, and Asia.

Kumba was formed in November 2006 when the iron ore assets of Kumba Resources Limited (renamed Exxaro) were unbundled and listed separately on the main board of the JSE under the iron ore and steel sector. The Company was incorporated in South Africa on 16 May 2005; however Kumba did not have any business transactions from the date of incorporation until the effective date of the unbundling, 1 November 2006. SIOC, the operating subsidiary of Kumba, is a fully empowered company in terms of the 2014 equity ownership requirements set out in the South African Mining Charter. Shareholders of Kumba include Anglo American plc (65%), the Industrial Development Corporation of South Africa Limited (13%) and minorities (22%).

7.2 Share capital

The table below shows, at the Last Practicable Date, the authorised and issued share capital of Kumba, before and after the implementation of the SIOC ESPS Transaction.

Before implementation of the SIOC ESPS Transaction		R'm
Authorised share capital		
500,000,000 Kumba Shares of R0.01 each		5
Issued share capital		362
322,051,721 Kumba Shares of R0.01 each		3
Share premium		359
Treasury shares		
1,172,209 Kumba Shares of R0.01 each		(349)
Total issued		13

After implementation of the SIOC ESPS Transaction		R'm
Authorised share capital		
500,000,000 Kumba Shares of R0.01 each		5
Issued share capital		367
322,062,141 Kumba Shares of R0.01 each		3
Share premium		364
Treasury shares		
1,172,209 Kumba Shares of R0.01 each		(349)
Total issued		18

Note: Based on an assumed Transaction Share Price of R466.69 at the Last Practicable Date and on the assumption that 99.80% Participating Employees elect to receive the cash value of the Kumba Swapped Shares as opposed to receiving the actual Kumba Swapped Shares.

No issues of shares for cash have taken place in the previous three years other than for purposes of the Kumba Iron Ore Management Option Share Scheme, details of which are disclosed in the table below:

Date	Issued to	Number	Issue prices (R)	Value (R)
3/12/2008	Various	2,357,920	7.85 – 40.18	123,014,210
21/08/2009	Various	953,660	14.98 – 97.74	48,374,773
27/09/2010	Various	366,340	66.69	24,431,215
22/02/2010	Various	1,130,300	15.38 – 97.74	55,676,910
16/05/2011	Various	140,000	83.38	11,673,200

7.3 Major Kumba Shareholders

At the Last Practicable Date, Kumba Shareholders (other than Directors) who, insofar as is known to Kumba, were beneficially interested, directly or indirectly, in 5% or more of the issued ordinary share capital of Kumba, were as follows:

Beneficial shareholder

	Number of shares	Percentage of shareholding
Anglo American plc	210,049,096	65.22
Industrial Development Corporation of South Africa Limited	41,498,615	12.89

7.4 Details relating to Directors

7.4.1 Directors' details

The following table provides a list of Directors of Kumba; key management of Kumba and the management of SIOC:

Name	Function	Business address
Directors of Kumba		
<i>Executive directors</i>		
Chris Griffith (46)	Chief Executive Officer	Centurion Gate, 124 Akkerboom Road, Centurion
Vincent Uren (50)	Chief Financial Officer	Centurion Gate, 124 Akkerboom Road, Centurion

Name	Function	Business address
Directors of Kumba		
<i>Non-executive directors</i>		
Allen Morgan (64)	Interim chairman	5 Triplets Way, Erinvale, Somerset West
David Weston (52)	Non-executive director	20 Carlton House Terrace, London
Dolly Mokgatle (55)	Independent non-executive director	Block G, Metropolitan Office Park, Wessel Road, Rivonia
Gert Gouws (52)	Non-executive director	19 Fredman Drive, Sandton
Godfrey Gomwe (56)	Non-executive director	55 Marshall Street, Johannesburg
Litha Nyhonyha (52)	Independent non-executive director	91 Central Street, Houghton, Johannesburg
Peter Matlare (52)	Independent non-executive director	3010 William Nicol Drive, Bryanston
Zarina Bassa (47)	Independent non-executive director	52 Louw Geldenhuys Drive, Emmarentia
Management of Kumba		
Aart van den Brink (49)	General Manager, Kolomela mine	Centurion Gate, 124 Akkerboom Road, Centurion
Alex Mgadzah (42)	Executive Head of Safety and Sustainable Development	Centurion Gate, 124 Akkerboom Road, Centurion
Andrew Loots (44)	General Manager: Sishen mine	Centurion Gate, 124 Akkerboom Road, Centurion
Christo van Loggerenberg (54)	Executive Head: Technical Services	Centurion Gate, 124 Akkerboom Road, Centurion
Cornelia Holtzhausen (38)	General Manager: Thabazimbi mine	Centurion Gate, 124 Akkerboom Road, Centurion
Francois Louw (50)	Executive Head: Projects	Centurion Gate, 124 Akkerboom Road, Centurion
Virginia Tyobeka (45)	Executive Head: Human Resources	Centurion Gate, 124 Akkerboom Road, Centurion
Vusani Malie (37)	Company Secretary	Centurion Gate, 124 Akkerboom Road, Centurion
Yvonne Mfolo (44)	Executive Head: Public Affairs	Centurion Gate, 124 Akkerboom Road, Centurion
Directors of SIOC		
<i>Executive directors</i>		
Chris Griffith (46)	Chairman	Centurion Gate, 124 Akkerboom Road, Centurion
Christo van Loggerenberg (54)	Director and Executive Head: Technical Services	Centurion Gate, 124 Akkerboom Road, Centurion
Francois Louw (50)	Director and Executive Head: Projects	Centurion Gate, 124 Akkerboom Road, Centurion
Vincent Uren (50)	Director	Centurion Gate, 124 Akkerboom Road, Centurion

Name	Function	Business address
Directors of SIOC (continued)		
Alternate directors		
Aart van den Brink (49)	General Manager: Kolomela mine and Alternate director to Chris Griffith	Centurion Gate, 124 Akkerboom Road, Centurion
Martin Poggiolini (32)	Head: Kumba Finance and Alternate director to Vincent Uren	Centurion Gate, 124 Akkerboom Road, Centurion
Non-executive directors		
Conway Molusi (49)	Director	8 Woolston Road, Westcliff, 2193
Willem de Klerk (47)	Director	Roger Dyason Road, Pretoria West, 0183
Adriaan Koppeschaar (41)	Alternate director to Willem de Klerk	Roger Dyason Road, Pretoria West, 0183

A brief resume for each Director of Kumba and key management of Kumba is included in Annexure 5.

7.4.2 Directors' interests in Kumba Shares

On the Last Practicable Date, the Directors (and their associates) held the following interests in the ordinary share capital of Kumba:

	Direct Beneficial	Indirect Beneficial	Held by Associates	Total	Percentage held
Executive					
CI Griffith ¹	68,166	–	–	68,166	0.02
VP Uren ²	54,881	1,000	–	55,881	0.02
Non-executive					
	–	–	–	–	–
Total	123,047	1,000	–	124,047	0.04

Notes:

1. This table includes shares granted under the Bonus Share Plan, Long-Term Incentive Plan, Share Appreciation Rights Scheme and Deferred Bonus Plan.
2. CI Griffith disposed of 7,548 shares subsequent to 31 December 2010.
3. VP Uren disposed of 9,723 shares subsequent to 31 December 2010.

7.4.3 Directors' remuneration

There will be no variation to the remuneration receivable by any of the Directors as a consequence of the SIOC ESPS Transaction.

7.4.4 Directors' interests in the Transactions

The Directors have no interests, whether direct or indirect, in transactions which are or were either unusual in their nature or conditions or material to the business of Kumba during the current financial year, the financial year ended 31 December 2010 or in any earlier financial year which remains in any respect outstanding or unperformed.

8. Other information

8.1 Material changes

There were no significant changes that may impact the financial and/or trading position of Kumba and its subsidiaries since the publishing of the unaudited interim results for the period ended 30 June 2011, except for the litigation actions described under paragraph 8.3 below.

8.2 Corporate governance

Kumba subscribes to the principles contained in the King Code III and the Board is of the opinion that Kumba and its subsidiaries comply with the principles of the King Code III. The Board places strong emphasis on achieving the highest standards of reporting, financial and risk management. The Directors share equally in the responsibilities for directing and managing the Company's affairs.

The Kumba chief executive officer, together with the executive team, manages the day-to-day affairs of the Company and ensures that Board strategies, policies and resolutions are sustainably implemented and managed in a sustainable manner. The Board believes its composition and skills are sufficient to lead the Company effectively and efficiently.

Further details relating to corporate governance of the Company can be found in Annexure 7.

8.3 Litigation

The Directors are aware of the following legal or arbitration proceedings; which could have a material effect on the financial position of Kumba and the Kumba Group.

8.3.1 Sishen Supply Agreement arbitration – ArcelorMittal

On 26 February 2010, Kumba issued an announcement indicating that its subsidiary, SIOC, notified ArcelorMittal South Africa Limited ("ArcelorMittal") on 5 February 2010, that it was no longer entitled to receive 6.25Mtpa of iron ore contract mined by SIOC at cost plus 3% from Sishen mine, as a result of the fact that ArcelorMittal had failed to convert its old order mining rights. The ArcelorMittal entitlement was the result of a contract mining agreement, which became effective in 2001, and was premised on ArcelorMittal owning an undivided 21.4% interest in the mineral rights of Sishen mine. Because ArcelorMittal failed to convert its old order mining rights, the contract mining agreement automatically lapsed and became inoperative in its entirety as of 1 May 2009.

As a result, a dispute arose between SIOC and ArcelorMittal, which SIOC has referred to arbitration. Both parties have exchanged their respective pleadings, and the arbitration panel has been appointed.

SIOC and ArcelorMittal reached an interim pricing arrangement in respect of the supply of iron ore to ArcelorMittal from the Sishen mine. This arrangement was to endure until 31 July 2011. In view of the fact that the arbitration proceedings between the two companies are anticipated to take place in the first half of 2012, SIOC and ArcelorMittal have agreed to an addendum to the current interim supply agreement which extends the terms and conditions of the current interim agreement to allow sufficient time for the arbitration process to be finalised. The new interim pricing agreement, which is on the same terms and conditions as the first interim pricing agreement commenced on 1 August 2011 and will endure to 31 July 2012.

8.3.2 21.4% undivided share of the Sishen mine mineral rights

After ArcelorMittal failed to convert its old order rights, SIOC applied for the residual 21.4% mining right previously held by ArcelorMittal and its application was accepted by the Department of Mineral Resources ("DMR") on 4 May 2009. A competing application for a prospecting right over the same area was also accepted by the DMR. SIOC objected to this acceptance. Notwithstanding this objection, a prospecting right over the 21.4% interest was granted by the DMR to Imperial Crown Trading 289 (Pty) Limited ("ICT"). SIOC initiated a review application in the North Gauteng High Court on 21 May 2010 in relation to the decision of the DMR to grant a prospecting right to ICT. On 4 February 2011, SIOC successfully made an application to join ArcelorMittal as a respondent in the review process. The review application was argued in the High Court on 15 August 2011 and a ruling from the High Court was still awaited as at the Last Practicable Date.

The DMR informed SIOC on 12 January 2011 that ICT had applied for a 21.4% mining right over the Sishen mine on 9 December 2010, and that the DMR had accepted this application on 23 December 2010. SIOC does not believe that it was lawful for the DMR to have accepted ICT's application pending the High Court Review initiated in May 2010, and has formally objected to, and appealed against, the DMR's acceptance of ICT's mining right application.

The DMR produced an undertaking that the Minister will not take any decision regarding ICT's application for a mining right until 60 days after judgment is delivered in the review application.

In addition, SIOC has challenged the DMR's decision of 25 January 2011 to reject SIOC's May 2009 application to be granted the residual 21.4% mining right by lodging an appeal. No decision on this appeal has been received as at the Last Practicable Date. On 26 January 2011, SIOC lodged a new application for the 21.4% mining right.

8.3.3 Lithos Corporation (Proprietary) Limited

Lithos Corporation (Proprietary) Limited is claiming US\$421 million from Kumba for damages in relation to the Falémé project in Senegal. Kumba continues to defend the merits of the claim and is of the view, and has been so advised, that the basis of the claim and the quantification thereof is fundamentally flawed. The trial date has been postponed indefinitely.

8.4 Directors' responsibility

The Directors, whose names appear in paragraph 7.4.1 above, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular false or misleading, and all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the Listings Requirements.

8.5 Consents

The merchant bank and sponsor, the legal and tax adviser, the tax adviser and corporate law adviser to Kumba have all provided their written consent to their names being published in this Circular and have not withdrawn their consent prior to the publication of this Circular. The independent reporting accountants and auditors have provided their written consent to their names and reports being included in this Circular in the form and context in which they appear and have not withdrawn their consent prior to the publication of this Circular.

8.6 Documents available for inspection

Copies of the following documents for Kumba and, where applicable, for its major Subsidiaries will be available for inspection during normal business hours (Saturdays, Sundays and public holidays excluded) at the registered office of Kumba and the registered office of Rand Merchant Bank (a division of FirstRand Bank Limited) from Wednesday, 5 October 2011 until Wednesday, 2 November 2011.

- the memorandum of incorporation;
- a signed copy of this Circular;
- the Transaction Agreements;
- the SIOC ESPS Trust Deed;
- copies of material contracts;
- the audited annual financial statements of Kumba for each of the three financial years ended on 31 December 2010, 31 December 2009 and 31 December 2008;
- a copy of the unaudited financial statements for the six months ended 30 June 2011;
- copies of service agreements or summaries of any service agreements entered into with the Directors;
- copies of the report of the independent reporting accountants and auditors on the *pro forma* financial effects;
- a copy of the Kumba pre-listing statement;
- a copy of the Kumba Resources Limited (renamed Exxaro) circular dated Monday, 9 October 2006; and
- the consent letters from the merchant bank and transaction sponsor, the legal and tax adviser and the independent reporting accountants and auditors.

By order of the Board

Cl Griffith
Chief Executive Officer

5 October 2011

SALIENT FEATURES OF THE SIOC ESPS TRUST

1. Rationale for the SIOC ESPS

The rationale for the implementation of the SIOC ESPS was to provide a framework for the incentivisation and retention of certain employees in the SIOC Group, and further provide for the promotion by the SIOC Group of BEE and to increase broad-based and effective participation in the equity of SIOC by HDSAs as contemplated in the Mining Charter.

2. Mechanics of SIOC ESPS

- SIOC contributed certain funds to the SIOC ESPS Trust in terms of the Contribution Agreement to enable the SIOC ESPS Trust to subscribe for the Subscription Shares.
- The SIOC ESPS is structured to endure for ten years. The SIOC ESPS has an initial term of five years (the First Capital Appreciation Period), provided that the term will come to an earlier end if the SIOC ESPS Trust breaches any of its obligations relating to its HDSA status, as specified in the agreement entered into amongst the shareholders of SIOC ("SIOC Shareholders' Agreement"). In terms of the SIOC ESPS Trust Deed, the SIOC ESPS will have a second term (the Second Capital Appreciation Period) on the same basis as the first term, starting on the expiry of the first term.
- In respect of the First Capital Appreciation Period, SIOC allotted and issued 360 SIOC Shares, representing 3% of SIOC's issued ordinary share capital as at the completion of the issue in terms of the Subscription Agreement, to the SIOC ESPS Trust (these were subsequently sub-divided into 36 million shares on 29 November 2006). The SIOC ESPS Trust holds these SIOC ESPS Shares for the purpose of facilitating the SIOC ESPS.
- On the termination of the First Capital Appreciation Period, SIOC will have the right to repurchase from the SIOC ESPS Trust such number of Subscription Shares at par value as is calculated in terms of the SIOC Repurchase Formula. This mechanism is commonly referred to as a notional vendor finance mechanism. The impact of this arrangement is that SIOC will, through the repurchase transaction, notionally recover an amount based on a notional opening balance of an equivalent number of SIOC Shares (not subject to the rights and restrictions attaching to Subscription Shares as set out in SIOC's memorandum of incorporation) as at the date of issue of the Subscription Shares, and a notional 8% interest rate factor on such amount, from the date of issue of the Subscription Shares to the SIOC ESPS Trust. The final number of Subscription Shares subject to repurchase by SIOC will be determined in accordance with the SIOC Repurchase Formula at the end of the First Capital Appreciation Period. In addition, all Unallocated Subscription Shares are also subject to the SIOC Repurchase Formula and will also be repurchased on termination of the First Capital Appreciation Period at par value.
- The SIOC Repurchase Formula is adjusted to take into account any dividends received by SIOC (as a residual beneficiary of the SIOC ESPS Trust) from the SIOC ESPS Trust.
- In accordance with the provisions of the SIOC ESPS Trust Deed, the SIOC ESPS Trustees created the SIOC ESPS Units which were then awarded to Participating Employees and confer to those Participating Employee the rights, benefits and obligations stipulated in the SIOC ESPS Trust Deed. Each SIOC ESPS Unit is linked to a Subscription Share, although not all Subscription Shares are linked to SIOC ESPS Units.

3. Distribution of Income and Capital

- In terms of the SIOC ESPS Trust Deed, the Participating Employees are entitled to receive:
 - Until the end of the First Capital Appreciation Period, 50% of any dividend or deemed dividend distributed by SIOC to the SIOC ESPS Trust in respect of the Allocated Subscription Shares and the balance is to be applied towards reducing the notional loan balance (by way of distribution to SIOC in its capacity as a residual beneficiary of the SIOC ESPS Trust); and

- a capital distribution, net of cost of realisation, within the month after the expiry of the relevant capital appreciation period, of the SIOC Shares remaining in the SIOC ESPS Trust after the repurchase of SIOC Shares in terms of the Subscription Agreement *pro rata* to the number of SIOC ESPS Unit held rounded down to the nearest whole number (“the Capital Distribution”).
- The Participating Employees are not entitled to dispose of the SIOC Distributed Shares other than in accordance with the provisions of the SIOC ESPS Trust Deed, which requires that all the shares received by the Participating Employees as a Capital Distribution must be exchanged by the SIOC ESPS Trustees (acting as agent of the Participating Employees) for Kumba Shares.
- If there are any remaining SIOC Shares held by the SIOC ESPS Trust after the Capital Distribution, such SIOC Shares must also be disposed of by the SIOC ESPS Trust to Kumba in exchange for Kumba Shares. Kumba Shares will be disposed of by the SIOC ESPS Trustees (acting as agents for and on behalf of the Participating Employees) and either the Kumba Shares or, at the election of each Participating Employee, the proceeds of these Kumba Shares, net of cost of realisation, will be paid to the holders of SIOC ESPS Units *pro rata* to the number of SIOC ESPS Unit held, at their election.
- In calculating the exchange ratio for purposes of the exchange of the SIOC Distributed Shares for Kumba Shares, the value of the SIOC Distributed Shares will, unless otherwise agreed in writing between the SIOC ESPS Trustees, SIOC and Kumba prior to the date of the Capital Distribution, be determined by applying the price earnings ratio of Kumba to the most recent earnings of SIOC per SIOC share as per the latest audited financial statements of SIOC.
- Any amounts in respect of the Dividend Distribution or Capital Distribution will be forfeited if not claimed by Participating Employees within one year after expiry of the relevant Capital Appreciation Period.

4. SIOC ESPS Trustees

- Participating Employees and SIOC have appointed the SIOC ESPS Trustees who administer the SIOC ESPS Trust assets.
- SIOC was to appoint such number of SIOC ESPS Trustees so as not to exceed one less than the number elected by Participating Employees.
- All decisions of the SIOC ESPS Trustees are taken by a simple majority vote with each SIOC ESPS Trustee being entitled, at meetings of SIOC ESPS Trustees, to exercise one vote. The chairman of the meeting will have a second or casting vote in addition to his deliberate vote in the case of an equality of votes.
- The SIOC ESPS Trust, as registered holder of the Subscription Shares, is entitled to vote the Subscription Shares at all meetings of shareholders of SIOC, as well as at any separate class meeting of the holders of the Subscription Shares. The decision as to how to vote the Subscription Shares is to be made by the SIOC ESPS Trustees in consultation with the Participating Employees in an attempt to ascertain the wishes of the majority of Participating Employees in relation to the issue in question. If the wishes of the majority of Participating Employees cannot be ascertained, the SIOC ESPS Trustees determine how to vote the Subscription Shares. If the SIOC ESPS Trustees cannot come to a decision in this regard, they must abstain from voting.

5. Eligibility for participation

- An employee of a company in the SIOC Group who:
 - is permanently employed by the SIOC Group in the Capital Appreciation Period;
 - is employed in a Qualifying Country, being the Republic of South Africa and any such other countries as the board of directors of SIOC may from time to time designate; and
 - is employed as a Grade “F” and lower grade employee in terms of the employment grading system applied by SIOC.
- The policy document adopted in terms of the SIOC ESPS Trust Deed makes detailed provision for the position in the event of retrenchment, retirement, retirement due to ill-health, promotions or appointments into employee categories that participate in other employee or managerial share incentive schemes and inter-group movements, death of Participating Employees and dismissal or resignation of Participating Employees.

KUMBA SWAPPED SHARES TO BE ISSUED AND THE VALUE OF THE KUMBA SPECIFIC REPURCHASE

The table below illustrates the SIOC Distributed Shares to be acquired from the Participating Employees, the Kumba Swapped Shares to be issued in exchange for such SIOC Shares, the Kumba Repurchase Shares based on a range of Transaction Share Prices and the potential value of the Kumba Specific Repurchase.

The table below is provided for illustrative purposes only.

1	2	3	2 – 3 = 4	5	6	1 x 6 = 7
Transaction Share Price (R)	Subscription Shares (Number)	SIOC Repurchase Shares (Number)	SIOC Distributed Shares (Number)	Kumba Swapped Shares to be issued (Number)	Kumba Repurchase Shares* (Number)	Value of the Kumba Specific Repurchase (R)
400.00	36,000,000	20,644,207	15,355,793	5,224,512	5,214,119	2,085,647,472
410.00	36,000,000	20,637,376	15,362,624	5,226,836	5,216,438	2,138,739,604
420.00	36,000,000	20,630,871	15,369,129	5,229,050	5,218,648	2,191,832,015
430.00	36,000,000	20,624,668	15,375,332	5,231,160	5,220,753	2,244,923,986
440.00	36,000,000	20,618,746	15,381,254	5,233,175	5,222,764	2,298,016,357
450.00	36,000,000	20,613,089	15,386,911	5,235,100	5,224,686	2,351,108,528
460.00	36,000,000	20,607,677	15,392,323	5,236,941	5,226,523	2,404,200,560
466.69**	36,000,000	20,604,186	15,395,814	5,238,129	5,227,709	2,439,719,323
468.35***	36,000,000	20,603,335	15,396,665	5,238,418	5,227,997	2,448,532,403
480.00	36,000,000	20,597,529	15,402,471	5,240,394	5,229,969	2,510,385,162
490.00	36,000,000	20,592,767	15,407,233	5,242,014	5,231,586	2,563,477,073
500.00	36,000,000	20,588,194	15,411,806	5,243,570	5,233,139	2,616,569,384
510.00	36,000,000	20,583,801	15,416,199	5,245,064	5,234,630	2,669,661,196
520.00	36,000,000	20,579,577	15,420,423	5,246,501	5,236,064	2,722,753,248
530.00	36,000,000	20,575,512	15,424,488	5,247,884	5,237,444	2,775,845,419
540.00	36,000,000	20,571,598	15,428,402	5,249,216	5,238,774	2,828,937,710
550.00	36,000,000	20,567,826	15,432,174	5,250,499	5,240,054	2,882,029,691
560.00	36,000,000	20,564,189	15,435,811	5,251,737	5,241,290	2,935,122,132
570.00	36,000,000	20,560,679	15,439,321	5,252,931	5,242,481	2,988,214,253
580.00	36,000,000	20,557,291	15,442,709	5,254,084	5,243,632	3,041,306,474
590.00	36,000,000	20,554,017	15,445,983	5,255,198	5,244,744	3,094,398,745
600.00	36,000,000	20,550,853	15,449,147	5,256,274	5,245,817	3,147,490,498
610.00	36,000,000	20,547,791	15,452,209	5,257,316	5,246,857	3,200,583,028
620.00	36,000,000	20,544,829	15,455,171	5,258,324	5,247,863	3,253,675,319
630.00	36,000,000	20,541,961	15,458,039	5,259,300	5,248,837	3,306,767,610
640.00	36,000,000	20,539,183	15,460,817	5,260,245	5,249,781	3,359,859,582
650.00	36,000,000	20,536,490	15,463,510	5,261,161	5,250,695	3,412,951,603

* Assuming that 99.8% of Participating Employees elect to receive cash.

** As at the Last Practicable Date, the Kumba Share Price was R466.69.

*** As at Tuesday, 20 September 2011, the last practicable date for finalisation of the terms announcement regarding the SIOC ESPS Transaction, the Kumba Share price was R468.35.

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

The unaudited *pro forma* financial information of Kumba below is based on the most recently published results of Kumba for the six months ended 30 June 2011, and was prepared in order to provide the illustrative financial effects of the SIOC ESPS Transaction assuming that the SIOC ESPS Transaction took place on 1 January 2011 for the purposes of the *pro forma* income statement and on 30 June 2011 for the purposes of the *pro forma* balance sheet. The unaudited *pro forma* financial information is based on the assumptions set out below, which include assumptions on the Kumba Share price.

The accounting policies of Kumba for the six months ended 30 June 2011, which are consistent with the accounting policies for the year ended 31 December 2010, have been used in preparing the *pro forma* financial information.

The Unwind and Second Phase Implementation forms part of the broader transaction included in this Circular. Although the step (refer to paragraph 3.2.1 of this Circular for details) does not need to be approved by Kumba Shareholders, it occurs prior to the Share Swap, the SIOC Specific Repurchase and the Kumba Specific Repurchase and the effects thereof have therefore been reflected in the *pro forma* financial information.

The unaudited *pro forma* financial information is the responsibility of the Directors and was prepared for illustrative purposes only and may not, because of its nature, fairly present Kumba's financial position, changes in equity, results of its operations or cash flows as at the relevant reporting date. It does not purport to be indicative of what the financial results would have been, had the SIOC ESPS Transaction been implemented on a different date.

Income statement (R million)

	Six months ended 30 June 2011	Unwind and Second Phase Implementation	Before the Share Swap, the SIOC Specific Repurchase and Kumba Specific Repurchase	Share Swap	SIOC Specific Repurchase	Kumba Specific Repurchase	<i>Pro forma after the Share Swap, the SIOC Specific Repurchase and Kumba Specific Repurchase</i>
Revenue	24,066	–	24,066	–	–	–	24,066
Operating expenses	(7,149)	(367) ^{1,2, 1.4, 4}	(7,516)	–	(6) ^{2.1}	(6) ^{3.2}	(7,528)
Operating profit	16,917	(367)	16,550	–	(6)	(6)	16,538
Finance income	114	–	114	–	–	(61) ^{3.1}	53
Finance costs	(60)	–	(60)	–	–	–	(60)
Profit before taxation	16,971	(367)	16,604	–	(6)	(67)	16,531
Taxation	(5,135)	101	(5,034)	–	–	17	(5,017)
Profit for the period	11,836	(266)	11,570	–	(6)	(50)	11,514
Attributable to:	11,836	(266)	11,570	–	(6)	(50)	11,514
Owners of the Company	9,052	(205)	8,847	–	(5)	(40)	8,802
Non-controlling interest	2,784	(61)	2,723	–	(1)	(10)	2,712
Weighted average shares in issue (millions)	321	321	321	326	326	321	321
Earnings per share (Rand)	28.20	(0.64)	27.56	(0.44)	(0.01)	0.32	27.43
Headline earnings per share (Rand)	28.23	(0.64)	27.59	(0.44)	(0.01)	0.31	27.45

Notes and assumptions:

The unaudited *pro forma* income statement for the six months ended 30 June 2011 reflects Kumba Group's *pro forma* financial results after accounting for the Unwind and Second Phase Implementation, Share Swap, SIOC Specific Repurchase and the Kumba Specific Repurchase. The following assumptions have been applied:

- Unwind and Second Phase Implementation
 - 37 080 000 SIOC shares (or 3.09% of the issued share capital of SIOC) issued to the SIOC ESPS Trust for R3,451 million for the extension of the SIOC ESPS for the Second Capital Appreciation Period through the Subsequent Subscription Agreement concluded between SIOC and the SIOC ESPS Trust.
 - Earnings reduce by the indicative economic cost of the shares under option (IFRS 2, Share Based Payment Expense) for the Second Capital Appreciation Period of R3,451 million. This cost is recognised as an expense over the five year capital appreciation period of the scheme. The adjustment is continuing in nature and the portion included above represents the estimated initial six months expense.
 - Key assumptions made in the economic cost (IFRS 2 valuation) include the following:
 - Black-Scholes option valuation model utilised;
 - Kumba reference share price of R466.69 at the Last Practicable Date;
 - Share price volatility based on historic experience; and
 - Dividend yield of 6.6% based on historic experience.
 - Securities Transfer Tax cost of R6 million arising from the repurchase of Kumba Shares by Kumba is non-recurring in nature.
- SIOC Specific Repurchase
 - Securities Transfer Tax cost of R6 million arising from the repurchase of SIOC Shares from Kumba is non-recurring in nature.
- Kumba Specific Repurchase
 - Reduction of interest income earned at an assumed pre-tax deposit rate of approximately 5.3% per annum, for the six months ended 30 June 2011, resulting from the estimated outflow of cash of R2,445 million subsequent to the Kumba Specific Repurchase of 5,238,129 million Kumba Shares (based on a Kumba Share price of R466.69 at the Last Practicable Date). This item is considered to be continuing in nature.
 - Securities Transfer Tax cost of R6 million arising from the repurchase of Kumba Shares by Kumba is non-recurring in nature.
- Transaction costs of R16 million, relating to the implementation of the SIOC ESPS Transaction, which are once off in nature are included in operating expenses.
- The above assumes that the Participating Employees elect to receive the cash value of the Kumba Swapped Shares as opposed to receiving the actual Kumba Swapped Shares.
- A Kumba Share price of R466.69 at the Last Practicable Date.
- The range of shares to be issued and repurchased by Kumba with respect to the ESPS Transaction, are illustrated in Annexure 2.

Balance sheet (R million)

	Six months ended 30 June 2011	Unwind and Second Phase Implementation	Before the Share Swap, the SIOC Specific Repurchase and Kumba Specific Repurchase	Share Swap	SIOC Specific Repurchase	Kumba Specific Repurchase	<i>Pro forma after the Share Swap, the SIOC Specific Repurchase and Kumba Specific Repurchase</i>
ASSETS							
Property, plant and equipment	17,447	–	17,447	–	–	–	17,447
Biological assets	5	–	5	–	–	–	5
Investments in associates and joint ventures	24	–	24	–	–	–	24
Investments held by environmental trust	423	–	423	–	–	–	423
Long-term prepayments and other receivables	50	3,451 ^{1,1}	3,501	–	–	–	3,501
Deferred tax assets	617	–	617	–	–	–	617
Non-current assets	18,566	3,451	22,017	–	–	–	22,017
Inventories	3,398	–	3,398	–	–	–	3,398
Trade and other receivables	5,167	–	5,167	–	–	–	5,167
Current tax asset	30	–	30	–	–	–	30
Cash and cash equivalents	5,382	(6)	5,376	–	(6) ^{3,2}	(2,451) ^{4,1, 4,2}	2,919
Current assets	13,977	(6)	13,971	–	(6)	(2,451)	11,514
Total assets	32,543	3,457	35,988	–	(6)	(2,451)	33,531
EQUITY AND LIABILITIES							
Shareholders' equity	16,583	3,225 ^{1,2, 1,3, 5}	19,808	277 ^{2,1}	(63) ^{3,1, 3,2}	(2,451) ^{4,1, 4,2}	17,571
Non-controlling interest	4,976	204 ^{1,2, 1,3, 5}	5,180	(277) ^{2,1}	57 ^{3,1}	–	4,960
Equity	21,559	3,429	24,988	–	(6)	(2,451)	22,531
Interest-bearing borrowings	3,188	–	3,188	–	–	–	3,188
Deferred tax liabilities	3,533	–	3,533	–	–	–	3,533
Other non-current liabilities	815	–	815	–	–	–	815
Non-current liabilities	7,536	–	7,536	–	–	–	7,536
Non-interest-bearing liabilities	3,448	16	3,464	–	–	–	3,464
Interest-bearing liabilities	–	–	–	–	–	–	–
Current liabilities	3,448	16	3,464	–	–	–	3,464
Total equity and liabilities	32,543	3,445	35,988	–	(6)	(2,451)	33,531
Number of shares in issue (millions)	322	322	322	327	327	322	322
Net asset value per share (Rand)	51.49	10.01	61.50	(0.14)	(0.19)	(6.61)	54.56
Net tangible asset value per share (Rand)	51.49	10.01	61.50	(0.14)	(0.19)	(6.61)	54.56

Notes and assumptions:

The unaudited *pro forma* balance sheet as at 30 June 2011 reflects Kumba Group's *pro forma* financial results after accounting for the Unwind and Second Phase Implementation, Share Swap, SIOC Specific Repurchase and the Kumba Specific Repurchase. The following assumptions have been applied:

1. Unwind and Second Phase Implementation
 - 1.1 37,080,000 SIOC Shares (or 3.09% of the issued share capital of SIOC) issued to the SIOC ESPS Trust for R3,451 million for the extension of the SIOC ESPS for the Second Capital Appreciation Period through the Subsequent Contribution and the Subsequent Subscription Agreements concluded between SIOC and the SIOC ESPS Trust.
 - 1.2 There is a temporary increase in the non-controlling interest in SIOC and a consequential reduction in share capital and reserves.
 - 1.3 Securities Transfer Tax cost of R6 million arising from the distribution of the SIOC Distributed Shares to Participating Employees, is non-recurring in nature.
2. Share Swap
 - 2.1 There is a temporary increase in Kumba's interest in SIOC resulting from the Share Swap.
3. SIOC Specific Repurchase
 - 3.1 The non-controlling interest in SIOC increases again through the SIOC Specific Repurchase, resulting in a decrease in Share Capital and Reserves.
 - 3.2 Securities Transfer Tax cost of R6 million arising from the repurchase of SIOC Shares from Kumba is non-recurring in nature.
4. Kumba Specific Repurchase
 - 4.1 The outflow of cash of R2,445 million results from the Kumba Specific Repurchase of 5,238,129 million Kumba Shares (based on a Kumba Share price of R466.69 at the Last Practicable Date) and is once-off in nature.
 - 4.2 Securities Transfer Tax cost of R6 million arising from the repurchase of Kumba Shares by Kumba is non-recurring in nature.
5. Transaction costs of R16 million, relating to the implementation of the SIOC ESPS Transaction, which are once-off in nature are included in current liabilities.
6. The above assumes that the Participating Employees elect to receive the cash value of the Kumba Swapped Shares as opposed to receiving the actual Kumba Swapped Shares.
7. A Kumba Share price of R466.69 at the Last Practicable Date.
8. The range of shares to be issued and repurchased by Kumba with respect to the ESPS Transaction, are illustrated in Annexure 2.

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL EFFECTS

"The Directors
Kumba Iron Ore Limited
Centurion Gate – Building 2B
124 Akkerboom Road
Centurion
0157
South Africa

29 September 2011

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF KUMBA IRON ORE LIMITED ("Kumba" or "the Company")

Introduction

We have performed our limited assurance engagement with regard to the unaudited *pro forma* financial effects, income statement and balance sheet (collectively "the *pro forma* financial information") of Kumba set out in paragraph 3.12 and Annexure 3 to the Circular to be dated on or about 5 October 2011 ("Circular") issued in connection with the SIOC ESPS Transaction.

The *pro forma* financial information has been prepared for purposes of complying with the requirements of the JSE Limited ("JSE"), for illustrative purposes only, to provide information about how the SIOC ESPS Transaction might have affected the reported financial information had the SIOC ESPS Transaction been undertaken on 1 January 2011 for purposes of the income statement and on 30 June 2011 for purposes of the balance sheet.

Because of its nature, the *pro forma* financial information may not present a fair reflection of the financial position, changes in equity, results of operations or cash flows of Kumba, after the transaction.

Directors' responsibility

The Directors of Kumba are solely responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the Circular and for the financial information from which it has been prepared.

Their responsibility includes determining that the *pro forma* financial information contained in the Circular has been properly compiled on the basis stated, the basis is consistent with the accounting policies of Kumba and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the JSE Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express a limited assurance conclusion on the *pro forma* financial information included in the Circular. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial information* and the *Guide on Pro Forma Financial Information* issued by The South African Institute of Chartered Accountants.

This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted audited historical financial information of Kumba with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Kumba, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the *pro forma* financial information with the Directors of Kumba.

In arriving at our conclusion, we have relied upon financial information prepared by the Directors of Kumba and other information from various public, financial and industry sources.

Whilst our work performed involved an analysis of the historical audited financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe that our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that in terms of Sections 8.17 and 8.30 of the JSE Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Kumba; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed pursuant to Section 8.30 of the JSE Listings Requirements.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the Circular to be issued by Kumba in the form and context in which it appears.

Yours faithfully

Deloitte & Touche

Registered Auditors

Partner: **G Krog**

Chartered Accountant (SA)

The Woodlands
20 Woodlands Drive
Woodmead
2196

National Executive: GG Gelink Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Risk Advisory & Legal Services, NB Kader Tax, L Geeringh Consulting, L Bam Corporate Finance, JK Mazzocco Human Resources, CR Beukman Finance, TJ Brown Chairman of the Board, MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request.”

BRIEF RESUMES OF THE KUMBA DIRECTORS AND MANAGEMENT

Executive directors

Chris Griffith (46), Chief Executive Officer

Qualifications: BEng (Mining) (Hons), Pr Eng

Chris joined the Board of Kumba on 1 July 2008 and is the Chief Executive Officer. He was previously the Executive Head of Joint Ventures for Anglo Platinum Limited. Chris serves as a non-executive director on the board of Exxaro Resources Limited and is also a director of Anglo American South Africa Limited. He has over 19 years of mine management experience and was previously General Manager of Anglo Platinum's Amandeubult Platinum Mine and Bafokeng Rasimone Platinum Mine.

Vincent Uren (50), Chief Financial Officer

Qualification: BCom, CTA, CA(SA)

Vincent joined the Board of Kumba on 7 April 2006 and is the Chief Financial Officer. He has over 22 years' experience in financial roles, many of these gained with the Anglo American plc group where he was involved in a number of diverse and complex local and international transactions.

Non-executive directors

Allen Morgan (64), Interim chairman

Qualifications: BSc, BEng (Elect), Pr Eng

Allen joined the Board of Kumba on 9 February 2006 and is a member of the Audit, Risk, Safety and Sustainable Development and the Human Resources, Remuneration and Nomination committees. He was appointed as Interim Chairman of Kumba Limited on 15 December 2010. He served as the chief executive of Eskom between 1994 and 2000 and was a non-executive director of Eskom Holdings. He was appointed as a non-executive director of AECI Limited on 1 July 2010 and also holds several corporate directorships. He was previously the chairman of Kumba Resources.

David Weston (52), Non-executive director

Qualifications: MBA, BSc (Eng)

David joined the Board of Kumba on 10 February 2010. He is Anglo American plc's Group Director of business performance and capital projects. He also serves as a non-executive director of International Power plc, London UK. His previous positions include Group Technical Director, Anglo American plc, CEO of Anglo American Industrial Minerals (The Tarmac Group), President of Shell Canada Products Limited and Chief Executive Officer of Shell Aviation.

Dolly Mokgatle (55), Independent non-executive director

Qualifications: BProc, LLB, HDip Tax Law

Dolly joined the Board of Kumba on 7 April 2006 and is a member of the Audit and Risk and Safety committees and chairs the Safety and Sustainable Development committee. She is an executive director of the Peotona Group Holdings. She also holds several other corporate directorships. She was the chief executive officer of Spoornet and managing director of Transmission at Eskom.

Gert Gouws (52), Non-executive director

Qualifications: BCom (Law), BCom (Hons), CA(SA), FCMA

Gert joined the Board of Kumba on 9 February 2006 and is a member of the Risk committee. He is the chief financial officer and alternate director of the Industrial Development Corporation. He is also a director of Pebble Bed Modular Reactor (Pty) Ltd and holds several other corporate directorships.

Godfrey Gomwe (56), Non-executive director**Qualifications:** BAcc, CA(Z), MBL

Godfrey joined the Board of Kumba on 17 May 2010 and is a member of the Risk committee. He is the Executive Director for Anglo American South Africa Limited. He was previously Head of Group Business Development, Africa for Anglo American plc and prior to that, Finance Director and Chief Operating Officer of Anglo American SA. He is Chairman of Anglo Zimele and Tshikululu Social Investments and has served on a number of Anglo American Operating Board and Executive Committees. Before moving to South Africa in 2003, he was the Chairman and Chief Executive of Anglo American Zimbabwe. He is a past President of the Institute of Chartered Accountants of Zimbabwe and past Senior Vice President of the Chamber of Mines of Zimbabwe. He held many directorships in both listed and unlisted companies.

Litha Nyhonyha (52), Independent non-executive director**Qualifications:** BCom, CA(SA)

Litha joined the Board of Kumba on 14 June 2011 and is a member of the Audit Committee. He is the executive chairman of Regiments Capital (Pty) Ltd and serves as a non-executive director on the boards of AECI Limited, Sovereign Food Investments Ltd and Plessey (Pty) Ltd. In 2004, Litha and his partners established Regiments Capital. Litha is responsible for building and growing Regiment's investment unit, which holds interests in a number of companies in key sectors including Engineering, Specialised Property Development and Banking.

Peter Matlare (52), Independent non-executive director**Qualifications:** BSc (Hons) (Political Science), Masters (Southern African Studies)

Peter joined the Board of Kumba on 9 February 2006 and is a member of the Safety and Sustainable Development and the Human Resources, Remuneration and Nomination committees. He is chief executive officer of Tiger Brands. He was chief strategy and business development director in the Vodacom Group. His previous positions include commercial director of Vodacom South Africa, and chief executive officer of the South African Broadcasting Corporation.

Zarina Bassa (47), Independent non-executive director**Qualifications:** BAcc, CA(SA)

Zarina joined the Board of Kumba on 2 December 2008 and chairs the Audit and Risk Committees. She is the chief executive officer of Zarina Bassa Investments and executive chairman of Songhai Capital. She is chairman of Yebo Yethu Ltd and deputy chairman of Woolworths Financial Services. She serves as a non-executive director of Vodacom South Africa, Sun International, the Lewis Group, National Business Initiative and the Financial Services Board. She was a partner at Ernst & Young where she spent 17 years across the Durban, United Kingdom and Johannesburg offices. She has also previously chaired the Public Accountants' and Auditors' Board and the Auditing Standards Board and has been a member of the Accounting Standards Board, the JSE's GAAP Monitoring Panel, the board of The South African Institute of Chartered Accountants and vice president of ABASA.

Kumba Management**Aart van den Brink (49), General Manager: Kolomela Mine****Qualifications:** MEng (Mining)

Previously Aart was the Manager Mining at Grootgeluk Coal Mine at Kumba Resources and General Manager at Thabazimbi Mine. He was appointed to his current position on 1 March 2008 and has extensive experience in underground and open-cast mining.

Alex Mgadzah (42), Executive Head: Safety and Sustainable Development**Qualifications:** MSc (Environmental Policy and Management), BSc (Hons) Biological Sciences

Alex has more than 15 years' management experience in integrated health, safety, environmental, community and quality management within the mining, smelting, manufacturing and consulting sectors. He was Vice President Sustainability and Community Affairs at BHP Billiton Energy Coal South Africa before joining Kumba. He was appointed to his current position on 1 January 2011.

Andrew Loots (44), General Manager: Sishen Mine

Qualifications: BEng (Mech), MBA

Before assuming his current position on 1 June 2008, Andrew headed Kumba's mega mine project focused on achieving a step change in safety and production performance at Sishen Mine. Prior to that, he held several general management positions with Anglo Coal.

Christo van Loggerenberg (54), Executive Head: Technical Services

Qualifications: BEng (Hons) (Metallurgy), MBA

Christo was the former Business Development Manager for Kumba Resources' iron ore business before being appointed to his current position on 1 December 2006. Other senior posts include metallurgy, various engineering and operational positions in the industry.

Cornelia Holtzhausen (38), General Manager: Thabazimbi Mine

Qualifications: BSc (Metallurgical Eng), MBA, Professional Registered Engineer

Cornelia has held management positions in process development; asset optimisation and projects; ore beneficiation; and continuous improvement prior to her appointment as General Manager of Thabazimbi Mine on 1 December 2010. She was the first woman to be appointed to this position at Kumba.

Francois Louw (50), Executive Head: Projects

Qualifications: BEng (Mech), MBA

Francois was the project director of the former Kumba Resources' Northern Cape iron ore interests. He has experience in various operational and engineering roles in the mining industry, with particular expertise in strategic projects. He was appointed to his current position on 1 December 2006.

Virginia Tyobeka (45), Executive Head: Human Resources

Qualifications: BAdmin (Hons) (UNW), MAP (Wits)

Virginia was appointed Executive Head of Human Resources for Kumba with effect from 4 January 2010. She was previously the human resources director at Afrisam South Africa Limited.

Vusani Malie (37), Company Secretary

Qualifications: BA (Law), LLB

Vusani, an admitted attorney, was previously the corporate services manager for AVI Limited and group company secretary for Santam Limited. He was appointed to his current position on 2 May 2007.

Yvonne Mfolo (44) Executive Head: Public Affairs

Qualifications: BA (Communications) (UNW), Advanced Certificate (Journalism)

Yvonne joined Kumba on 1 August 2011 from Anglo American's Thermal Coal business where she held the position of Head of Public Affairs. Prior to this she was the Chief Director of Communications at the then Department of Minerals and Energy (DME), and spokesperson for the Minister. She spent nine years with the DME.

KUMBA SHARE PRICE HISTORY

Date	Low (Rand)	High (Rand)	Closing price (Rand)	Volume (Kumba Shares)	Value traded (Rand)
Quarterly					
31/12/2009	217.84	309.00	305.00	29,526,545	7,386,270,600
31/03/2010	296.41	381.50	352.90	27,077,545	9,153,187,500
30/06/2010	292.12	380.00	319.04	30,099,065	10,054,466,000
30/09/2010	308.85	384.97	362.93	24,703,111	8,575,133,000
31/12/2010	357.00	433.79	424.50	18,063,385	7,294,868,400
31/03/2011	413.50	484.89	478.00	26,731,561	12,141,628,800
30/06/2011	428.48	496.98	484.00	23,655,774	10,943,617,800
30/09/2011*	422.71	532.29	442.75	36,822,980	17,615,178,800
Monthly					
31/10/2010	357.00	411.48	398.00	7,695,421	2,963,173,770
30/11/2010	394.10	433.79	397.30	5,298,967	2,200,214,870
31/12/2010	399.00	433.48	424.50	5,068,997	2,131,479,810
31/01/2011	420.60	474.90	450.25	7,880,680	3,567,428,490
28/02/2011	450.20	484.35	470.99	7,912,498	3,680,988,870
31/03/2011	413.50	484.89	478.00	10,938,383	4,893,211,430
30/04/2011	450.07	496.98	480.02	4,734,986	2,261,216,410
31/05/2011	428.48	484.00	463.86	7,670,815	3,452,420,090
30/06/2011	439.02	485.80	484.00	11,249,973	5,229,981,270
31/07/2011	476.20	529.20	510.22	10,397,075	5,282,618,050
31/08/2011	422.71	532.29	484.49	17,686,449	8,250,607,400
30/09/2011*	423.20	500.30	466.69	10,947,862	5,062,371,870
Daily					
17/08/2011	450.82	460.01	459.99	977,999	446,954,847
18/08/2011	432.00	458.40	438.00	887,544	391,446,832
19/08/2011	425.88	437.00	431.55	915,182	396,948,937
22/08/2011	426.00	444.39	432.38	495,623	216,607,079
23/08/2011	426.15	444.85	430.00	520,087	225,773,725
24/08/2011	422.71	441.89	441.00	570,923	247,109,993
25/08/2011	438.99	457.81	441.03	500,226	225,115,537
26/08/2011	430.01	454.95	447.91	362,456	159,651,598
29/08/2011	452.10	463.01	460.43	480,731	219,826,806
30/08/2011	457.10	465.46	465.46	434,580	200,193,933
31/08/2011	463.50	484.81	484.49	429,449	205,463,915
01/09/2011	476.50	500.30	500.00	492,604	242,747,084
02/09/2011	478.01	497.01	484.20	516,846	250,186,226
05/09/2011	457.00	479.00	459.36	400,359	186,727,639
06/09/2011	441.81	464.82	450.01	962,760	435,996,453
07/09/2011	460.00	467.00	467.00	471,410	218,705,669
08/09/2011	455.10	476.08	475.00	524,465	244,012,462
09/09/2011	461.50	479.96	469.23	340,764	160,397,491
12/09/2011	455.10	468.00	458.61	604,291	277,590,147

Date	Low (Rand)	High (Rand)	Closing price (Rand)	Volume (Kumba Shares)	Value traded (Rand)
Daily (continued)					
13/09/2011	451.05	476.59	469.10	526,066	244,629,635
14/09/2011	463.52	479.00	475.00	676,161	320,786,137
15/09/2011	469.52	481.32	481.04	755,310	360,785,228
16/09/2011	467.60	484.00	475.00	356,593	169,347,565
19/09/2011	461.50	472.60	466.50	516,460	241,154,906
20/09/2011	461.00	473.60	468.35	364,898	170,203,794
21/09/2011	462.55	475.00	466.27	462,422	216,104,393
22/09/2011	439.67	461.99	442.75	768,047	342,578,562
23/09/2011	428.50	448.47	437.00	743,211	324,984,003
26/09/2011	423.20	439.90	433.50	537,594	231,940,117
27/09/2011	441.01	466.69	466.69	927,601	423,494,360

Source: I-Net Bridge

* Data up to and including 27 September 2011.

CORPORATE GOVERNANCE

1. Overview

The Board of directors of Kumba is committed to the highest standards of business integrity, ethical values and professionalism in all of its activities. It is the Board's role to provide the leadership necessary to promote principles of good corporate governance set out in the King III Report's Code of Corporate Practices and Conduct throughout the Kumba Group.

The publication of the King Code of Governance Principles for South Africa 2009 (King III) in March 2010 provided the board with an opportunity to review its governance systems in line with the King III recommendations.

2. Governance Structure

The Kumba governance process is regulated by applicable corporate governance principles, legislation and the Kumba Delegated Authority Framework (DAF). Kumba's operating entity, SIOC, in which Kumba has a 74% shareholding, has in place a fully operational Board of directors consisting of executive and non-executive directors. The non-executive directors are drawn from SIOC's minority shareholders. The DAF regulates the authority limits and relationship between the Kumba and SIOC boards. Accordingly, SIOC directors retain unfettered discretion with respect to SIOC matters and in appropriate circumstances, SIOC shareholders, of which Kumba is the majority, make recommendations which are taken into account by the SIOC board.

3. King III

The Board will report fully on the implementation of King III principles and to provide an explanation where there are instances of non-application in the 2011 corporate governance report.

4. The Board

4.1 Role of the Board

The role of the Board is to exercise leadership, enterprise, integrity and judgement to ensure continued delivery of value to stakeholders and to provide strategic direction to the Company, identifying key risk areas and key performance indicators and to maintain performance against agreed objectives.

4.2 Board composition

Kumba has a unitary Board which is led by an independent non-executive chairman. The Board consists of two executive directors (Chief Executive Officer and Chief Finance Officer) and eight non-executive directors, five of whom are independent. There is an adequate balance of responsibility on the Board and no one director has unfettered powers of decision-making.

4.3 Responsibilities of Chairman and Chief Executive Officer

A clear separation is maintained between the responsibilities of the Chairman and the Chief Executive Officer. This is documented in the Board charter. The Chairman is responsible for leadership of the Board and ensuring the integrity and overall effectiveness of the Board and its committees. The Chief Executive Officer's responsibility is to focus on the operation of the business, ensuring it is run efficiently and effectively in accordance with the strategic decisions of the Board. The performance of the Chief Executive Officer is assessed annually by the Human Resources, Remuneration and Nomination Committee.

4.4 Lead independent director

Allen Morgan was appointed as the lead independent director on 30 June 2010. Allen presided over meetings of the Board in the absence of Lazarus Zim and specifically meetings where the legal issues pertaining to ArcelorMittal South Africa Limited, Imperial Crown Trading 289 (Proprietary) Limited and the Department of Mineral Resources were discussed. Subsequent to the resignation of Lazarus Zim on 14 December 2010, Allen was appointed Interim Chairman pending the final decision by the Board on the appointment of a permanent chairman.

4.5 Appointments to the Board

The Board of directors has the power to appoint directors. In terms of the Board charter, appointments to the Board are made on the recommendation of the Human Resources, Remuneration and Nomination Committee. The procedures for appointing directors to the Board are formal and transparent and the appointments are subject to confirmation by the shareholders at the annual general meeting.

4.6 Rotation of directors

Directors are subject to rotation in accordance with the articles of association of the Company. At least one-third of directors in office retire and offer themselves up for re-election at every annual general meeting.

4.7 Director induction

All appointed directors attend both formal and informal induction related to the Company and their duties as directors.

The Company Secretary provides directors with updates on legislative developments. Non-executive directors can, where necessary, obtain independent professional advice at the expense of the Company. Ongoing director training is a key focus area for 2011 to ensure that directors are informed of the changes in the governance landscape. The Company Secretary has engaged the services of a service provider to support director training.

4.8 Board and committee performance evaluation

An evaluation of the Board and its committees is conducted annually.

The Chairman and the Company Secretary are responsible for preparing a report to the Board on the results of the assessment and to develop a work plan for the ensuing year.

4.9 Mechanisms for shareholder communication with the Board

The formal mechanisms in place for communication with shareholders include one-on-one meetings with investors, presentations, the annual general meetings, press announcements of the interim and year-end results, the Company's website, its annual report to shareholders and the proxy form shareholders use to exercise their voting rights.

5. Company Secretary

All directors have direct access to the Company Secretary who provides guidance and assistance in line with the requirements outlined in King III and the Listings Requirements of the JSE, the Companies Act and other legislation.

The Company Secretary is also responsible for ensuring that the proceedings and affairs of the directorate, the Company itself and, where appropriate, owners of securities in the Company are properly administered in accordance with the relevant laws.

6. Conflicts of interest

Kumba has a conflict of interest policy in place which is designed to assist directors in identifying situations that could present potential conflicts of interest and to provide a procedure, such as recusal, which can be followed in the case of a conflict of interest.

7. Dealing in securities

In accordance with the Listings Requirements of the JSE, the group has adopted a code of conduct for dealing in the Company's securities. During a closed period, as defined in the Listings Requirements of the JSE, directors and designated employees are prohibited from dealing in the Company's securities.

8. The Executive Committee

The Executive Committee chaired by the Chief Executive Officer consists of the executive directors (Chief Executive Officer and Chief Financial Officer), executive heads, the mine general managers and the Company Secretary. It is responsible for implementing the strategies and policies determined by the Board, managing the business and affairs of the Company, prioritising the allocation of capital, technical and human resources and establishing best management practices. The Chief Executive Officer is also responsible for senior management appointments and monitoring their performance.

9. Board committees

The Board has established four standing committees through which it executes its duties. The committees are the Audit Committee, the Risk Committee, the Safety and Sustainable Development Committee and the Human Resources, Remuneration and Nomination Committee. The terms of reference and composition of the committees are determined and approved by the Board. The Board renewed the terms of reference of the Audit Committee to ensure they are in line with the provisions of the Companies Act and the King III Report. Further revision of the terms of reference of the Safety and Sustainable Development Committee and the Human Resources, Remuneration and Nomination Committee are planned for 2011, to ensure compliance with the King III Report guidelines on remuneration practices and the regulations to the Companies Act with respect to a social and ethics committee. The respective chairmen of the committees report back to the Board on the deliberations of the committees and the minutes of the committee meetings are included in the Board meeting papers.

The Audit Committee maintains a non-audit services policy for auditors.

	Audit committee	Risk committee	Safety and sustainable development committee	Human Resources, Remuneration and Nomination committee
Directors				
Executives				
Chris Griffith				
Vincent Uren				
Independent non-executives				
Allen Morgan (Interim Chairman)	✓	✓	✓	✓*
Dolly Mokgatle	✓	✓	✓*	
Litha Nyhonyha	✓			
Peter Matlare			✓	✓
Zarina Bassa	✓*	✓*		
Non-executives				
David Weston				
Gert Gouws		✓		
Godfrey Gomwe		✓		

✓ Member

* Chairman of the committee

KUMBA IRON ORE LIMITED

A member of the Anglo American plc group
Incorporated in the Republic of South Africa
Registration number: 2005/015852/06
Share code: KIO ISIN: ZAE000085346
("Kumba" or "the Company")

NOTICE OF GENERAL MEETING OF KUMBA SHAREHOLDERS

The definitions and interpretations commencing on page 6 of the Circular to which this Notice of the Kumba Shareholders Meeting is attached apply, *mutatis mutandis*, to this Notice of General Meeting.

Kumba Shareholders are reminded that:

- a Shareholder entitled to attend and vote at the general meeting of the shareholders of Kumba ("General Meeting") is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the General Meeting in the place of the Kumba Shareholder, and Kumba Shareholders are referred to the attached form of proxy (blue);
- a proxy need not also be a Shareholder of the Company;
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification and the person presiding at the general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as Shareholder or as proxy for a Shareholder) has been reasonably verified.

Notice is hereby given that a General Meeting of shareholders recorded in the register as at Friday, 28 October 2011, will be held on Wednesday, 2 November 2011 at 11:00 at the registered office of Kumba, Centurion Gate – Building 2B, 124 Akkerboom Road, Centurion, 0157, South Africa, for the purpose of considering and, if deemed fit, passing, with or without modification, of the special and ordinary resolutions included below.

The special resolutions below will be required to be passed by the ordinary shareholders holding ordinary shares representing at least 75% of the voting rights exercisable by the ordinary shareholders, present in person or by proxy and voting at the General Meeting:

SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE KUMBA SPECIFIC REPURCHASE IN TERMS OF THE KUMBA SPECIFIC REPURCHASE AGREEMENT

"RESOLVED THAT specific authority for the repurchase by the Company of the Kumba Repurchase Shares, as defined in the Circular of which this resolution forms part and as defined in the Kumba Specific Repurchase Agreement, a signed copy of which agreement has been tabled at the General Meeting at which this resolution is considered and initialled for identification purposes by the chairperson, and as permitted by the provisions of Article 36 of the Company's MOI, be and is hereby granted by the shareholders of the Company, excluding the votes of any shareholders who are to participate in the repurchase and the votes of any associates of those shareholders who are to participate in the repurchase, it being recorded that the shareholders participating in the repurchase are represented, for the purposes of the repurchase and all matters incidental thereto including the consideration of this resolution, by the Trustees of the SIOC ESPS Trust in accordance with the provisions of the SIOC ESPS Trust Deed."

The Directors' statement as to the solvency and liquidity of the Company appears in paragraph 3.8 of the Circular to which the notice of the General Meeting is attached and, subject to the passing of this special resolution, the Directors shall by way of a resolution approve the repurchase of shares contemplated herein and confirm that since the application of the solvency and liquidity test there have been no material changes to the financial position of the Company.

The ordinary resolutions below will be required to be passed by the simple majority of the ordinary shareholders present in person or by proxy and voting at the General Meeting:

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE ISSUE OF KUMBA SHARES FOR PURPOSES OF THE SUBSEQUENT SHARE SWAP

“RESOLVED THAT so many ordinary shares of R0.01 each in the authorised but unissued share capital of the Company, be and are placed under the control of the directors of the Company as a specific authority and approval in terms of Article 3 of the MOI of the Company, to allot and issue such shares to the Trustees for the time being of the SIOC ESPS Trust, acting as agent for and on behalf of the employee beneficiaries of the SIOC ESPS Trust, in terms of the Share Swap Agreement which has been tabled at the General Meeting at which this resolution is considered and initialled for identification purposes by the chairperson.”

Although the Share Swap and the SIOC Specific Repurchase do not, strictly speaking, fall within the ambits of the Listings Requirements, they are collectively classified as a specific issue of shares for cash in terms of the Listings Requirements. In terms of the Listings Requirements, the approval of a 75% majority vote cast by shareholders present or represented by proxy at the general meeting is required for this ordinary resolution to be passed.

The number of Kumba Swapped Shares that will be issued will not exceed six million and will therefore be less than 5% of the authorised share capital of Kumba.

ORDINARY RESOLUTION NUMBER 2 – APPROVAL OF THE ISSUE OF KUMBA SHARES FOR THE PURPOSES OF THE SUBSEQUENT SHARE SWAP

“RESOLVED THAT so many ordinary shares of R0.01 each in the authorised but unissued share capital of the Company, be and are placed under the control of the directors of the Company as a specific authority and approval in terms of Article 3 of the MOI of the Company, to allot and issue such shares to the Trustees for the time being of the SIOC ESPS Trust, acting as agent for and on behalf of the employee beneficiaries of the SIOC ESPS Trust, in terms of the Subsequent Share Swap to be effected at the end of the Second Capital Appreciation Period; and give effect to the Subsequent Share Swap Agreement.”

SPECIAL RESOLUTION NUMBER 2 – APPROVAL TO THE GRANTING OF FINANCIAL ASSISTANCE IN TERMS OF SECTIONS 44 AND 45 OF THE ACT

“RESOLVED THAT, to the extent required by the Companies Act, 2008 (“Act”), the Board of directors of the Company may, subject to compliance with the requirements of the Company’s MOI, the 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 by way of loan, guarantee, the provision of security or otherwise, to:

1. any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related 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 inter-related company, or for the purchase of any securities of the company or a related or inter-related company; and/or
2. any of the present or future directors or prescribed officers of the Company and/or another company related or inter-related to the Company (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the share or other employee incentive schemes operating in 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 inter-related company, or for the purchase of any securities of the Company or a related or inter-related 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 Act,

such authority to endure until the forthcoming annual general meeting of the Company.”

ORDINARY RESOLUTION NUMBER 3 – DIRECTORS’ AUTHORITY

“RESOLVED THAT any director of the Company and the Company Secretary be and are hereby authorised to do all such things and to sign all such documents as may be necessary to give effect to the resolutions set out above.”

ELECTRONIC PARTICIPATION

Should any Kumba Shareholder wish to participate in the General Meeting by way of electronic participation, that Kumba Shareholder should make application in writing (including details as to how the Shareholder or its representative can be contacted) to so participate to the Transfer Secretaries at the address below, to be received by the Transfer Secretaries at least five Business Days prior to the General Meeting in order for the

Transfer Secretaries to arrange for the Shareholder (and its representative) to provide reasonably satisfactory identification to the Transfer Secretaries for the purposes of section 63(1) of the Act and for the Transfer Secretaries to provide the Kumba Shareholder (or its representative) with details as to how to access any electronic participation to be provided. The Company reserves the right to elect not to provide for electronic participation at the General Meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the Kumba Shareholder so accessing the electronic participation.

VOTING AND PROXIES

A Kumba Shareholder entitled to attend, speak and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his or her stead. A proxy need not be a member of the Company. For the convenience of Certificated Kumba Shareholders and Dematerialised Kumba Shareholders with "own-name" registration, a form of proxy is attached (*blue*) hereto. Duly completed forms of proxy must be lodged with the Transfer Secretaries at either of the below addresses no less than 48 hours before the commencement of the General Meeting (or any adjournment of the General Meeting) or handed to the Chairman of the General Meeting before the appointed proxy exercises any of the relevant Kumba Shareholder's rights at the General Meeting (or any adjournment of the General Meeting), provided that should a Kumba Shareholder lodge a form of proxy with the Transfer Secretaries at either of the below addresses no less than 48 hours before the General Meeting, such Kumba Shareholder will also be required to furnish a copy of such form of proxy to the Chairman of the General Meeting before the appointed proxy exercises any of such Kumba Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).

Dematerialised Kumba Shareholders without "own-name" registration who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary Letter of Representation in terms of their Custody Agreement with their CSDP or Broker. Dematerialised Kumba Shareholders without "own-name" registration who do not wish to attend but wish to be represented at the General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised Kumba Shareholders without "own-name" registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

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

VF Malie
Company Secretary

5 October 2011

BUSINESS ADDRESS AND REGISTERED OFFICE

Centurion Gate – Building 2B
124 Akkerboom Road
Centurion, 0157
South Africa
(PO Box 9679, Centurion, 0046)

SOUTH AFRICAN REGISTRARS

Computershare Investor Services (Pty) Limited
Registration number 2004/003647/07
70 Marshall Street
Johannesburg, 2001
South Africa
(PO Box 61051, Marshalltown, 2107)
Fax number: +27 11 688 5238

SHAREHOLDER COMMUNICATION

Computershare Investor Services (Pty) Limited
Registration number 2004/003647/07
70 Marshall Street
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South Africa
(PO Box 61051, Marshalltown, 2107)
Toll-free: 0800 202 360
Tel: +27 11 870 8206 (if phoning from outside South Africa)



KUMBA IRON ORE

KUMBA IRON ORE LIMITED

A member of the Anglo American plc group
Incorporated in the Republic of South Africa
Registration number: 2005/015852/06
Share code: KIO ISIN: ZAE000085346
("Kumba" or "the Company")

FORM OF PROXY

FOR USE AT THE GENERAL MEETING

Only for use by Certificated Kumba Shareholders and Shareholders who hold Dematerialised Kumba Shares with "own name" registration.

All other Dematerialised Kumba Shareholders must contact their broker or CSDP to make the relevant arrangements concerning voting and/or attendance at the General Meeting.

For use only by Kumba Shareholders holding Certificated Kumba Shares or Shareholders who have dematerialised their Kumba Share certificates and have elected "own name" registration in the sub-register maintained by their CSDPs or brokers, at the General Meeting of Kumba Shareholders to be held at 11:00 (South Africa time) on Wednesday, 2 November 2011, at the registered offices of Kumba, Centurion Gate – Building 2B, 124 Akkerboom Road, Centurion, 0157, South Africa.

Kumba Ordinary Shareholders who have dematerialised their Kumba Share certificates and have not elected "own name" registration in the sub-register maintained by the CSDP must not complete this form of proxy, but should instruct their CSDPs or brokers to issue them with the necessary letter of representation to attend, or if they are unable to attend the General Meeting, but wish to be represented thereat, they may provide their CSDPs or brokers with their voting instructions in terms of the relevant custody agreements entered into between such shareholders and their CSDPs or brokers.

I/We

(Full name in block letters)

of

(Address)

being the holder/s of Kumba Shares, hereby appoint (see note 1)

1.

of

or failing him/her,

2.

of

or failing him/her,

3. the Chairman of Kumba, or failing him, the chairman of the General Meeting,

as my/our proxy to vote for me/us on my/our behalf at the General Meeting of Kumba to be held at the registered offices of Kumba, Centurion Gate – Building 2B, 124 Akkerboom Road, Centurion, 0157, South Africa at 11:00 (South Africa time) on Wednesday, 2 November 2011, or at any adjournment thereof.

I/We desire to vote as follows (see note 2):

Insert the number of Shares to be voted in respect of each resolution in the appropriate box (one vote per Kumba Share)

	In favour of	Against	Abstain
Special Resolution Number 1: Approval of the Kumba Specific Repurchase in terms of the Kumba Specific Repurchase Agreement			
Ordinary Resolution Number 1: Approval of the issue of Kumba Shares for the purposes of the Share Swap (implied issue of shares for cash)			
Ordinary Resolution Number 2: Approval of the issue of Kumba Shares for the purposes of the Subsequent Share Swap			
Special Resolution Number 2: Approval of the provision of financial assistance in terms of sections 44 and 45 of the Companies Act			
Ordinary Resolution Number 3: Directors' Authority			

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed at

on

2011

Signature

Assisted by me (where applicable)

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a Kumba Shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a Kumba Shareholders' meeting on behalf of such Kumba Shareholder;
- a proxy may delegate her or his authority to act on behalf of a Kumba Shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 15);
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant Kumba Shareholder chooses to act directly and in person in the exercise of any of such Kumba Shareholder's rights as a Kumba Shareholder (see note 5);
- any appointment by a Kumba Shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a Kumba Shareholder 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 the relevant company; and
- a proxy appointed by a Kumba Shareholder is entitled to exercise, or abstain from exercising, any voting right of such Kumba Shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 3).

NOTES:

1. Each Kumba Shareholder is entitled to appoint one (or more) proxies (none of whom need be a member of Kumba) to attend, speak and vote in place of that Kumba Shareholder at the General Meeting.
2. A Kumba Shareholder may insert the name of a proxy or the names of two alternative proxies of the General Member's choice in the space/s provided with or without deleting "the Chairman of the General Meeting" but the Kumba Shareholder must initial any such deletion. The person whose name stands first on this form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Kumba Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Kumba Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the Chairman of the General Meeting, if the Chairman is the authorised proxy, to vote in favour of the General, or any other proxy to vote or abstain from voting at the General Meeting as he/she deems fit, in respect of all the Kumba Shareholder's votes exercisable at the General Meeting.
4. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries at Computershare Investor Services Proprietary, 70 Marshal Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107) at any time before the commencement of the General Meeting (or any adjournment of the General Meeting) or handed to the Chairman of the General Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting), provided that should a Kumba Shareholder lodge a form of proxy with the Transfer Secretaries at either of the above addresses less than 48 hours before the General Meeting, such Shareholder will also be required to furnish a copy of such form of proxy to the Chairman of the General Meeting before the appointed proxy exercises any of such Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).
5. The completion and lodging of this form of proxy will not preclude the relevant Kumba Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Kumba Shareholder wish to do so.
6. The Chairman of the General Meeting may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the Memorandum of Incorporation of Kumba.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by Kumba or the Transfer Secretaries.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has been registered by Kumba or the Transfer Secretaries or waived by the Chairman of the General Meeting.
10. Where Shares are held jointly, all joint holders are required to sign this form of proxy.
11. A Kumba Shareholder who is a minor must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by Kumba or the Transfer Secretaries.
12. Dematerialised Kumba Shareholders who do not own Kumba Shares in "own-name" dematerialised form and who wish to attend the General Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the General Meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the Kumba Shareholder and his/her CSDP or Broker.
13. This form of proxy shall be valid at any resumption of an adjourned General Meeting to which it relates, although this form of proxy shall not be used at the resumption of an adjourned General Meeting if it could not have been used at the General Meeting from which it was adjourned for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This form of proxy shall, in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Transfer Secretaries before the commencement of the meeting or adjourned meeting at which the proxy is used.
15. Any proxy appointed pursuant to this form of proxy may not delegate his/her authority to act on behalf of the relevant Kumba Shareholder.
16. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this form of proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.

