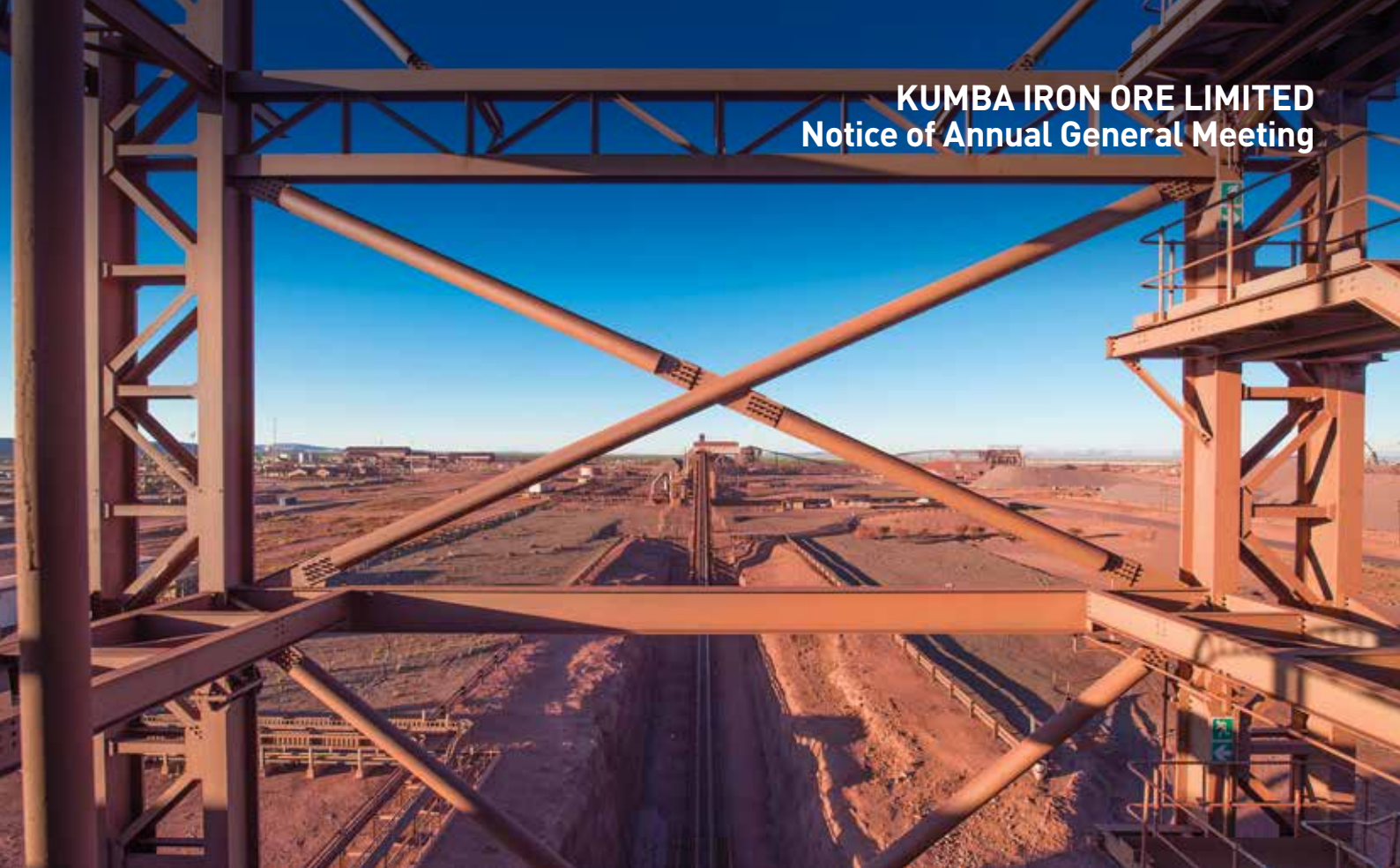


**KUMBA IRON ORE LIMITED**  
**Notice of Annual General Meeting**





# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given in terms of section 62(1) of the Companies Act No. 71 of 2008, as amended (the "Companies Act") that the ninth annual general meeting ("AGM") of members of Kumba Iron ore Limited ("Kumba" or the "company") will be held at the Kumba Corporate Office, Centurion Gate, Building 2B, 124 Akkerboom Road, Centurion at **09:00am (CAT) on Friday, 8th May 2015**, to (i) consider, and if deemed fit, to pass the following ordinary and special resolutions with or without modification/s; and (ii) deal with such other business as may be dealt with at the AGM. The board of directors of the company has determined, in accordance with section 59 of the Companies Act, that the record date for the purposes of determining which shareholders of the company are entitled to receive a notice of the AGM is **Friday, 20 March 2015** and the record date for purposes of determining which shareholders are entitled to attend, participate in and vote at the AGM is **Thursday, 30th April 2015**. Accordingly, the last day to trade in the company's shares in order to be recorded on the securities register of the company in order to be able to attend, participate and vote at the AGM is **Wednesday, 22 April 2015**.

## ORDINARY BUSINESS

### Percentage of voting rights – ordinary resolutions

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

## 1. PRESENTATION OF THE AUDITED ANNUAL FINANCIAL STATEMENTS

To present the audited annual financial statements of the company and the group for the year ended 31 December 2014, including the directors' report, the Audit Committee report and the report of the independent auditors, in terms of section 30(3) of the Companies Act. The company's Annual Financial Statements 2014 are available on the company's website: [www.angloamericankumba.com](http://www.angloamericankumba.com) and a summarised version of the company's Annual Financial Statements 2014 accompanies this notice.

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

To present the report of the Social and Ethics Committee of the company and the group for the year ended 31 December 2014, in terms of Regulation 43 of the Companies Regulations 2011 (the "Regulations"). The report is available on the company's website: [www.angloamericankumba.com](http://www.angloamericankumba.com).

## 3. ORDINARY RESOLUTION NUMBER 1

### Re-appointment of independent external auditors

To re-appoint Deloitte & Touche as independent auditors of the company to hold office until the conclusion of the next AGM in terms of Section 90(1) of the Companies Act. The Audit Committee has evaluated the independence and effectiveness of the external auditors and accordingly has recommended the re-appointment of Deloitte & Touche as independent auditors until the conclusion of the next AGM.

### Ordinary resolution number 1

"**RESOLVED** that Deloitte & Touche be and are hereby re-appointed as independent external auditors of the company, to hold office until the conclusion of the next AGM in terms of Section 90(1) of the Companies Act."

## 4. ORDINARY RESOLUTION NUMBER 2

(Comprising separate Ordinary Resolutions numbers 2.1 to 2.4)

### Rotation of directors

To re-elect, by way of separate resolutions, the following independent non-executive directors, each of whom retire in terms of the provisions of article 24.2 of the memorandum of incorporation ("Mol") of the company, and, each being eligible, offer themselves for re-election:

2.1 Buyelwa Sonjica

2.2 Fani Titi

2.3 Dolly Mokgatle\*

2.4 Allen Morgan\*

\* These directors are standing for re-election due to tenure of nine years as at April 2015. Shareholders are advised that a rigorous evaluation of the directors' independence has been conducted and the board hereby recommends their re-election without reservation.

Gert Gouws will retire from the board at this AGM due to tenure of nine years and will not be standing for re-election.

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

**Ordinary resolution number 2.1**

"**RESOLVED** that Buyelwa Sonjica be and is hereby re-elected as a director of the company with effect from 8 May 2015."

**Ordinary resolution number 2.2**

"**RESOLVED** that Fani Titi be and is hereby re-elected as a director of the company with effect from 8 May 2015."

**Ordinary resolution number 2.3**

"**RESOLVED** that Dolly Mokgatle be and is hereby re-elected as a director of the company with effect from 8 May 2015."

**Ordinary resolution number 2.4**

"**RESOLVED** that Allen Morgan be and is hereby re-elected as a director of the company with effect from 8 May 2015."

**5. ORDINARY RESOLUTION NUMBER 3**

(comprising separate Ordinary Resolutions numbers 3.1 to 3.4)

**Election of Audit Committee members**

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

3.1 Zarina Bassa (Chairman)

3.2 Litha Nyhonyha

3.3 Dolly Mokgatle\*

3.4 Allen Morgan\*

\* Subject to re-election as a director pursuant to ordinary resolution number 2.3 & 2.4 respectively.

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

**Ordinary resolution number 3.1**

"**RESOLVED** that Zarina Bassa, who is an independent non-executive director, be and is hereby re-elected, with effect from 8 May 2015, as a member of the group Audit Committee."

**Ordinary resolution number 3.2**

"**RESOLVED** that Litha Nyhonyha, who is an independent non-executive director, be and is hereby re-elected, with effect from 8 May 2015, as a member of the group Audit Committee."

### **Ordinary resolution number 3.3**

“**RESOLVED** that Dolly Mokgatle, who is an independent non-executive director, be and is hereby re-elected, with effect from 8 May 2015, as a member of the group Audit Committee.”

### **Ordinary resolution number 3.4**

“**RESOLVED** that Allen Morgan, who is an independent non-executive director, be and is hereby re-elected, with effect from 8 May 2015, as a member of the group Audit Committee.”

## **6. ORDINARY RESOLUTION NUMBER 4**

### **Approval of remuneration policy**

In accordance with Principle 2.27 of the King Code of Governance Principles for South Africa 2009 (“King III”), shareholder approval is sought for the company’s remuneration policy by way of a non-binding advisory vote. The non-binding vote enables shareholders to express their views on the company’s remuneration policy and on its implementation.

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

### **Ordinary resolution number 4**

“**RESOLVED** that the company’s remuneration policy and its implementation be and is hereby approved by way of a non-binding advisory vote, as recommended in King III.”

## **7. ORDINARY RESOLUTION NUMBER 5**

### **General authority for directors to control 5% of the authorised but unissued shares**

In terms of clause 7.2.2 of the company’s Mol, subject to the approval of the JSE Limited (“JSE”) and the Listings Requirements, the approval by way of an ordinary resolution of shareholders is required for the allotment and issue of shares (including options in respect thereof), in circumstances other than as contemplated in sections 41(1) and (3) of the Companies Act. Under section 41(1) of the Companies Act, any issue of shares or grant of options contemplated in section 42, or grant of any rights exercisable for securities, must be approved by a special resolution of the shareholders of a company, if the shares, securities, options or rights are issued to (a) a director, future director, prescribed officer or future prescribed officer of the company; (b) a persons related or interrelated to the company; or (c) a nominee of a person contemplated in (a) or (b). Under section 41(3) of the Companies Act, an issue of shares, securities convertible into shares, or rights exercisable for shares in a transaction, or a series of integrated transactions requires the approval of the shareholders by special resolution if the voting power of the class of shares that are issued or issuable as a result of the transaction or series of integrated transactions exceed 30% of the voting power of all the shares of that class held by shareholders immediately before the transaction or series of transactions. Unless renewed, the existing authority granted by shareholders at the eighth AGM of the shareholders of the company on 9 May 2014 expires at the forthcoming AGM.

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

### **Ordinary resolution number 5**

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

## SPECIAL RESOLUTIONS

### Percentage of voting rights – special resolutions

Special resolutions numbers 1 – 4, contained in this notice of the AGM, require approval of a minimum of 75% of the votes exercised on the resolutions by the shareholders present or represented by proxy at the AGM in order for the resolutions to be adopted. In terms of the Listings Requirements of the JSE Limited (the "JSE") special resolution number 1 (general authority to issue shares for cash) requires a 75% majority of votes exercised on the resolution by shareholders present or represented by proxy at the AGM in order for the resolution to be adopted. Clause 20.5 of the company's Mol provides that for so long as the company is listed on the JSE, if any of the JSE's Listings Requirements require an ordinary resolution to be passed with a 75% (seventy five per cent) majority, the resolution shall instead be required to be passed by a Special Resolution. Special resolution number 1 (general authority to issue shares for cash) is therefore required, in terms of clause 20.5 of the company's Mol, to be passed by a special resolution.

### 8. SPECIAL RESOLUTION NUMBER 1

#### General authority to issue shares for cash

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

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

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

#### Reason and effect

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

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

## 9. SPECIAL RESOLUTION NUMBER 2

### Remuneration of non-executive directors

"RESOLVED that, in terms of sections 66(8) and 66(9) of the Companies Act and on recommendation of the Human Resources and Remuneration Committee, the company be and is hereby authorised to remunerate its non-executive directors for their services as directors and/or pay any fees related thereto as detailed in the table below. The proposed fees reflect an increase of 5%, and shall be valid until the eleventh AGM in 2017."\*\*

| Board/Committee                                    | 2015 Proposed Fees |              |
|--|--------------------|--------------|
|  | 2014 Fees          | (5%)         |
| Chairman of Board                                  | 1,183,000.00       | 1,242,150.00 |
| Non-executive director                             | 199,300.00         | 209,265.00   |
| <b>Audit Committee</b>                             |                    |              |
| Chairman   | 266,000.00         | 279,300.00   |
| Member   | 132,300.00         | 138,915.00   |
| <b>Risk Committee</b>                              |                    |              |
| Chairman   | 266,000.00         | 279,300.00   |
| Member   | 132,300.00         | 138,915.00   |
| <b>Human Resources and Remuneration Committee</b>  |                    |              |
| Chairman   | 266,000.00         | 279,300.00   |
| Member   | 132,300.00         | 138,915.00   |
| <b>Social, Ethics and Transformation Committee</b> |                    |              |
| Chairman   | 266,000.00         | 279,300.00   |
| Member   | 132,300.00         | 138,915.00   |
| <b>Nominations and Governance Committee</b>        |                    |              |
| Member*  | 132,300.00         | 138,915.00   |

\* The Chairman of the Board chairs this committee and does not receive separate remuneration for this role.

\*\* The aforementioned authority shall be valid until the eleventh AGM of the company in 2017. However, should a decision be taken by the company to increase directors' fees prior to 2017, approval will be sought for such increase at the tenth AGM of the company in 2016.

### Reason and effect

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

Therefore, the reason for special resolution number 2 is for the company to obtain the approval of shareholders by way of special resolution for the payment of the remuneration payable by the company to its non-executive directors for their services as directors of the company until the eleventh AGM of the company in 2017 in accordance with section 66 of the Companies Act. The fees payable to the non-executive directors are detailed above.

## 10. SPECIAL RESOLUTION NUMBER 3

### Approval for the granting of financial assistance in terms of Sections 44 and 45 of the Companies Act

"RESOLVED that, to the extent required by the Companies Act, the board of directors of the company may, subject to compliance with the requirements of the company's Mol, the Companies Act, and the Listings Requirements of the JSE, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance as contemplated in section 44 and/or section 45 of the Companies Act, by way of loan, guarantee, the provision of security or otherwise, to:

- any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or 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 as contemplated under section 44 of the Companies Act; and/or
- to any other person who is a participant in any of the share or other employee incentive schemes of the Kumba group, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or 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 (i) an employee share scheme as contemplated by the Companies Act; or (ii) an employee share scheme that satisfies the requirements of section 97 of the Companies Act, including 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).

Such authority shall endure for two years, until the 2017 AGM of the company.

### Reason and effect

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

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

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

The reason for and effect of special resolution number 3 is to grant the directors of the company the authority until the AGM of the company in 2017 to provide financial assistance, when the need arises, in accordance with the provisions of sections 44 and 45 of the Companies Act. This means that the company is authorised, amongst other things, to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

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

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

## 11. SPECIAL RESOLUTION NUMBER 4

### General authority to repurchase shares

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

- the general repurchase of the shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next AGM of the company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue as at the date that this special resolution number 4 is passed, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- subject to section 48 of the Companies Act, the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the company's issued share capital at the beginning of the financial year, provided that the number of shares purchased and held by or for the benefit of a subsidiary or subsidiaries of the company, taken together, shall not exceed 10% in the aggregate of the number of issued shares in the company;
- a resolution has been passed by the board of directors of the company and/or any subsidiary of the company, as the case may be, approving the purchase, that the group has satisfied the solvency and liquidity test as defined in the Companies Act, and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the group;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the applicants securities have not traded in such five business day period;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf;
- any such general repurchases are subject to Exchange Control regulations and approval at that point in time; and
- the company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of 5.72(h) of the Listings Requirements of the JSE and full details thereof have been submitted to the JSE in writing prior to the commencement of the prohibited period."



### **Reason and effect**

The reason for and effect of special resolution number 4 is to grant the board of directors a general authority in terms of the Listings Requirements of the JSE, up to and including the date of the following AGM of the company (provided it shall not extend beyond 15 months from the date the resolution is passed) to authorise the company and any of its subsidiary companies to acquire the company's issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the company subject to the limitations set out above. In terms of clause 4.4 of the Mol, the repurchase of securities must be undertaken in accordance with the Listings Requirements of the JSE.

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

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

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

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

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

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

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

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

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

#### **Directors' responsibility statement**

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

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

- major shareholders of the company;
- material changes; and
- share capital of the company.

## GENERAL INFORMATION

### Electronic participation

The company intends to make provision for the shareholders of the company, or their proxies, to participate in the AGM by way of electronic communication. In this regard, should any Kumba shareholder or its proxy wish to participate in the AGM by way of electronic participation, such shareholder/proxy should contact the company's transfer secretaries in writing (including details as to how the shareholder/proxy or its representative can be contacted) by email at proxy@computershare.co.za at least five business days prior to the AGM (i.e. by no later than 30 April 2015) in order for the transfer secretaries to arrange for such shareholder/proxy (and its representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act (which include a green bar-coded identification document issued by the South African Department of Home Affairs, a smart identity card issued by the South African Department of Home Affairs, a valid driver's licence or a valid passport), and for the transfer secretaries to provide such shareholder/proxy (or its representative) with details as to how to access any electronic participation to be provided. The costs of accessing any means of electronic participation provided by the company will be borne by such shareholder/proxy so accessing the electronic participation.

### Voting and proxies

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

The person so appointed as a proxy need not be a member. It is requested that proxy forms be completed and forwarded to reach the company's transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001, South Africa, by Tuesday, 5 May 2015. Any forms of proxy not received by this date must be handed to the chairman of the AGM immediately prior to the meeting. Proxy forms must only be completed by members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

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

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

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

Members who have dematerialised their shares, other than those members who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

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

By order of the board

### Avanthi Parboosing

Company secretary

Centurion  
27 March 2015

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

# FORM OF PROXY

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

For use and completion by registered members of Kumba at the nineth AGM of the company to be held at 09:00am (CAT) on Friday, 8 May 2015 at the Kumba Corporate Office, Centurion Gate, Building 2B, 124 Akkerboom Road, Centurion or at any adjournment thereof (the "Annual General Meeting").

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

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

Please note the following:

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

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

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

I/ We \_\_\_\_\_ (please print names in full)

of (address) \_\_\_\_\_ being the holder/s or custodians of \_\_\_\_\_

ordinary shares in the company, do hereby appoint:

1. \_\_\_\_\_ or failing him/ her
2. \_\_\_\_\_ or failing him/ her
3. The chairman of the AGM, as my/our proxy to act, attend, participate and speak, for me/us and/or on my/our behalf at the AGM which be held for the purpose of considering and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for me/us and/or on my/our behalf or to abstain from voting on such resolutions in respect of the ordinary share/s in the issued capital of the company registered in my/our name/s with the following instructions:

**Number of votes (one vote per share)**

|   | In favour | Against | Abstain |
|---|-----------|---------|---------|
| 1. <b>Ordinary resolution number 1</b><br>To re-appoint Deloitte & Touche as independent auditors   |           |         |         |
| 2. <b>Ordinary resolution number 2</b><br>To re-elect, by way of separate resolutions, the following non-executive directors who either retire by rotation in terms of article 24.2 of the Memorandum of Incorporation, or due to tenure of nine years: |           |         |         |
| 2.1 Buyelwa Sonjica   |           |         |         |
| 2.2 Fani Titi   |           |         |         |
| 2.3 Dolly Mokgatle  |           |         |         |
| 2.4 Allen Morgan  |           |         |         |

|  | Number of votes (one vote per share) |         |         |
|--|--------------------------------------|---------|---------|
|  | In favour                            | Against | Abstain |
| 3. <b>Ordinary resolution number 3</b><br>To elect, by way of separate resolutions, the following directors as members of the Audit Committee in terms of Section 94 of the Companies Act No. 71 of 2008, as amended |                                      |         |         |
| 3.1 Zarina Bassa   |                                      |         |         |
| 3.2 Litha Nyhonyha   |                                      |         |         |
| 3.3 Dolly Mokgatle   |                                      |         |         |
| 3.4 Allen Morgan   |                                      |         |         |
| 4. <b>Ordinary resolution number 4</b><br>Approval of remuneration policy by way of a non-binding advisory vote  |                                      |         |         |
| 5. <b>Ordinary resolution number 5</b><br>General authority for directors to control 5% of the authorized but unissued shares  |                                      |         |         |
| 6. <b>Special resolution number 1</b><br>General authority to issue shares for cash  |                                      |         |         |
| 7. <b>Special resolution number 2</b><br>Remuneration of non-executive directors in terms of Sections 66(8) and 66(9) of the Companies Act, as amended   |                                      |         |         |
| 8. <b>Special resolution number 3</b><br>Approval for the granting of financial assistance in terms of Sections 44 and 45 of the Companies Act No. 71 of 2008, as amended  |                                      |         |         |
| 9. <b>Special resolution number 4</b><br>General authority to repurchase shares  |                                      |         |         |

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

Signed at \_\_\_\_\_ on \_\_\_\_\_

Signature \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

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

# NOTES TO PROXY

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

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

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

## EXPLANATORY NOTES

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

## INSTRUCTIONS ON SIGNING AND LODGING THE PROXY FORM

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairman of the AGM", but any such deletion must be initialled by the member. Should this space be left blank, the chairman of the AGM will exercise the proxy. The person whose name appears first on the proxy form and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's instructions to the proxy must be indicated by the insertion of an "X" or the relevant numbers of votes exercisable by the member in the appropriate box provided. An "X" in the appropriate box provided indicates the maximum number of votes exercisable by that member. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the member's votes exercisable thereat. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.
3. Forms of proxy are requested to be lodged at, or posted to the transfer secretaries of Kumba, Computershare Investor Services Proprietary Limited at the address below, to be received by Tuesday, 5 May 2015. Any forms of proxy not received by this date must be handed to the chairman of the AGM immediately prior to the commencement of the AGM.

For shareholders on the South African register:

### Computershare Investor Services Proprietary Limited

Ground Floor, 70 Marshall Street, Johannesburg, 2001  
PO Box 61051, Marshalltown 2107  
www.computershare.com  
Tel: +27 11 370 5000

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

### American Depository Receipt Facility

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

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

# ANNEXURE 1

## Board of Directors

### Allen Morgan | Independent non-executive director (67)

*BSc, BEng (Elect), Pr Eng, CDSA\**

Allen joined the Kumba board on 9 February 2006, chairs the Remco and is the lead independent director. He is also a member of the audit, risk, social ethics and transformation and nominations & governance committees. He served as interim chairman of Kumba from 15 December 2010 to 30 September 2012. He served as the CEO of Eskom between 1994 and 2000 and was a non-executive director of Eskom Holdings. He was appointed a non-executive director of AECI Limited on 1 July 2010 and also holds several corporate directorships. Allen was previously the chairman of Kumba Resources Limited.

\* Chartered Director (South Africa).

### Buyelwa Sonjica | Independent non-executive director (65)

*BA, BA (Hons)*

Buyelwa joined the Kumba board on 1 June 2012 and is a member of the risk committee and the social ethics and transformation committee. She is a member of the World Wide Assessment Programme Advisory Group on gender equality and former Minister of Water and Environmental Affairs, and Minerals and Energy with the cabinet of the government of South Africa. She previously chaired the Parliamentary Select Committee on childcare facilities and the portfolio committee on water and forestry. She has also served as a member in the parliamentary portfolio committees of arts and culture, finance, and the trade and industry.

### Dolly Mokgatle | Independent non-executive director (58)

*BProc, LLB, HDip Tax Law*

Dolly joined the Kumba board on 7 April 2006, chairs the social ethics and transformation committee and is a member of the audit, risk and NomGov committees. She is an executive director of Peotona Group Holdings and also holds several other corporate directorships. She was the CEO of Spoornet and managing director of transmission at Eskom. Dolly was appointed as chairman of the State Diamond Trader and Zurich Insurance in October 2012 and as a director of Total South Africa Proprietary Limited in December 2012.

### Fani Titi | Chairman, Independent non-executive director (52)

*BSc Hons (Maths), MA (Maths), MBA*

Fani joined the Kumba board on 1 October 2012, chairs the NomGov committee and is a member of Remco. He is a non-executive chairman of Investec Bank Limited, and chairman of Investec plc and Investec Limited. He is also a non-executive director of MTN Group Limited. He was previously non-executive chairman of AECI Limited and deputy chairman of the Bidvest Group Limited.

### Frikkie Kotzee | Chief financial officer (43)

*BCom (Hons), BProc, LLB, CA (SA)*

Frikkie joined the Kumba board on 1 June 2012. He was the group financial director of African Oxygen Limited. Frikkie previously worked for Anglo American Platinum Limited as head of business development and Anglo American as general manager, corporate finance. He has developed in-depth commercial and strategic skills across a range of industries, including mining, gas and financial services.

### Gert Gouws | Non-executive director (56)

*BCom (Law), BCom (Hons), CA(SA), FCMA, CGMA*

Gert joined the Kumba board on 9 February 2006 and is a member of the risk committee and Remco. He is the chief financial officer and an alternate director of the IDC and previously served as its chief operating officer. He also holds several corporate directorships.

### Khanyisile Kweyama | Non-executive director (50)

*MA (Management)*

Khanyisile joined the Kumba board on 15 October 2012. She is the executive director of Anglo American South Africa and has previously served on the executive committee of Anglo American Platinum Limited and has held executive roles at Barloworld, Altech and BMW South Africa. She is also an independent non-executive director of Telkom SA SOC Limited and a trustee of the Walter Sisulu University Foundation. She has previously served as a non-executive director on the Sovereign Foods Limited board. She has been seconded for a term of two (2) years as the CEO of Business Unity South Africa ("BUSA") with effect 2 January 2015.

### Litha Nyhonyha | Independent non-executive director (56)

*BCom, CA (SA)*

Litha joined the Kumba board on 14 June 2011, chairs the risk committee and is a member of the audit and NomGov committees. He is the executive chairman of Regiments Capital Proprietary Limited and serves as a non-executive director on the boards of AECI Limited and Sovereign Food Investments Limited. In 2004 Litha and his partners established Regiments Capital. He is responsible for building and growing Regiment's investments in its areas of focus including financial advisory, specialist fund management, proprietary investing and property development.

### Norman Mbazima\* | CEO (56)

*FCCA, FZICA*

Norman joined the Kumba board on 1 September 2012. He joined the Anglo American Group in 2001 at Konkola Copper Mines plc. He was the global chief financial officer for Anglo Coal and became executive director of finance at Anglo American Platinum Limited in June 2006, and later stepped in as joint acting CEO. He served as CEO of Scaw Metals in 2008 and as CEO of Anglo American Thermal Coal from October 2009 to August 2012.

\* Zambian.

### Tony O'Neill† | Non-executive director (57)

*BASc (Eng), MBA*

Tony joined the board of Kumba on 30 September 2013. He is also a member of the Anglo American Group management committee and a non-executive director of Anglo American Platinum Limited. He has previously the executive vice president business and technical development at AngloGold Ashanti and served as joint acting CEO until July 2013. His 35-year career in the mining industry has spanned iron ore, copper, nickel and gold.

† Australian.

### Zarina Bassa | Independent non-executive director (50)

*BAcc, CA (SA)*

Zarina joined the Kumba board on 2 December 2008, chairs the audit committee and is a member of the risk and NomGov committees. She is the executive chairman of Songhai Capital. She is chairman of Yebo Yethu Limited and serves as a non-executive director of Vodacom South Africa, Sun International, Woolworths, Senwes, Oceana, Investec Limited, Investec plc and the Financial Services Board. She was a partner at Ernst & Young where she spent 17 years in the Durban, Johannesburg and UK offices. She then spent six years at ABSA Bank limited as executive director. She has also 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 the Association for the Advancement of Black Accountants of South Africa.

# ANNEXURE 2

## REMUNERATION PHILOSOPHY AND POLICY

### KUMBA'S APPROACH TO REWARD

#### Our remuneration philosophy supports our strategy

Kumba's reward philosophy forms an integral part of our employment offer and supports company strategy. Our reward strategy aims to:

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

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

#### Elements of remuneration

The following table describes the key elements of the Kumba remuneration framework and structure which guides payments to all employees, with a focus on executive directors and prescribed officers.

|                    | Strategic intent is to:  | Remuneration elements | Pay delivery  | Eligibility                                     |
|--------------------|--|-----------------------|---|---|
| <b>Base salary</b> | Attract people with the necessary competencies (knowledge, skill, attitude) to add value to our business | Salary                | Monthly   | All employees                                   |
|                    | Retain competent, high-performing employees who are engaged and demonstrate company values               |                       |   |   |
|                    | Ensure that pay is competitive and market related  | Benefits              | <ul style="list-style-type: none"> <li>• Employer contribution to selected retirement funds</li> <li>• Subsidised medical aid</li> <li>• Life and disability insurance</li> <li>• Housing allowances and five-year mortgage subsidy plan</li> </ul> | All employees                                   |
|                    | Comply with legislative provisions and negotiated contractual commitments                                |                       |   |   |
|                    | Support high-performing individuals and teams by aligning reward with performance                        |                       | <ul style="list-style-type: none"> <li>• Other allowances</li> </ul>  | Job specific<br>Scarce skills<br>Transformation |
|                    | Reinforce and enhance the principle that employees are key assets of our company                         |                       |   |   |

|                               | Strategic intent is to:   | Remuneration elements     | Pay delivery   | Eligibility  |
|-------------------------------|---|---------------------------|--|--|
| <b>Performance incentives</b> | Aim to align achievement of production, safety and cost targets at operational level  | Performance bonus         | Cash paid on monthly, quarterly, bi-annual or annual basis, depending on circumstances at each mine      | Bargaining unit employees  |
|                               | Encourage the achievement of stretch targets at company/ business unit/functional/ individual level                         |                           | The incentive is delivered in two parts:   |  |
|                               | Align management and shareholder interest   |                           | (i) annual cash incentive<br>(ii) shares allocated under the BSP rules vesting after a three-year period | (i) Senior management and above<br>(ii) Entry-level management and above                     |
|                               | A portion of the annual cash incentive is deferred into bonus shares for long-term retention, applicable to senior managers |                           |  |  |
| <b>Long-term incentives</b>   | Encourage the retention of skills and achievement of direct alignment with shareholder interest                             | LTIP                      | Delivered in conditional shares with specified performance conditions attached                           | Executive directors  |
|                               | Reward employees for contribution to long-term sustainable company performance  | Forfeitable shares        | Delivered in forfeitable shares  | Prescribed officers and selected senior managers, excluding executive directors              |
|                               | Attract and retain key employees  | Participation in Envision | Units awarded in terms of the rules of the ownership plan  | Junior management and below that do not participate in any of the other long-term incentives |

## EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

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

This remuneration consists of fixed and variable components that are designed to ensure a substantial portion of the remuneration package is linked to the achievement of the company's strategic objectives, thereby aligning incentives awarded to improving shareholder value.

### Fixed remuneration

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

The company contributes 12% of pensionable salary to approved retirement funds. Medical aid is subsidised at 60% of the contribution to a maximum amount determined by market comparisons. Risk insurance benefits include life cover and death-in-service benefits subject to the rules of the approved Kumba retirement funds.

A portion of the approved fixed package and the annual cash bonus of the chief executive and the chief financial officer is determined and paid in terms of separate employment agreements concluded between Kumba International Trading SA (KITSA) and the respective executive director for services rendered to KITSA outside South Africa. The remuneration paid by KITSA is calculated according to the time spent by the executive director on services performed offshore. These figures are included in the emoluments table on pages 130 to 131 of this report.

### Variable remuneration

Variable remuneration consists of two elements: an annual performance incentive; and a long-term incentive plan that runs over a three-year performance period (and an additional two-year holding period in the case of the chief executive).



## ANNUAL PERFORMANCE INCENTIVE

|   |   |
|---|---|
| Purpose                                       | The incentive is designed to reward and motivate the achievement of agreed company financial, strategic and operational objectives, linked to key performance areas within cited employees' respective portfolios. Through the delivery of deferred bonus shares, long-term sustained performance is ensured.   |
| Eligible participants                         | Executive directors, prescribed officers and management employees.  |
| Elements                                      | <p>There are two elements to the incentive:</p> <ul style="list-style-type: none"> <li>• An annual cash incentive, linked to performance during the financial year, payable at the end of the relevant financial year</li> <li>• An award of deferred bonus shares based on the annual cash payment received, which is awarded after the end of the relevant financial year. These bonus shares are linked to performance during the financial year in the same manner as the annual cash incentive, and are subject to a three- to five-year (only for the chief executive) holding period before vesting, during which it remains restricted. The bonus shares will be forfeited if the participant leaves employment during the restricted period (except if the incumbent is a 'good leaver' under the scheme rules). Participants earn dividends on the bonus shares.</li> </ul>   |
| Performance measures                          | <p>Managers within Kumba are measured on business-specific strategic value drivers aligned to operational and/or mine-specific strategic business plans as approved by the board. In 2014 emphasis was placed on the following:</p> <ul style="list-style-type: none"> <li>• <b>Safety</b> – leading and lagging indicators including safety leadership, fatalities and LTIFR</li> <li>• <b>Operational performance</b> – total production, waste stripping, operational improvement, staff training and transformation</li> <li>• <b>Financial performance</b> – cost efficiency, operating profit, operating free cash flow, Anglo American plc Group earnings per share.</li> </ul>  |
| Maximum value of annual performance incentive | <p>The values of the annual performance incentive for executive directors and prescribed officers are calculated as follows:</p> <p><b>Chief executive</b><br/>The chief executive's annual incentive is determined by measuring performance against overall company targets (75%) and specific, individual key performance measures (25%) approved by the board. The cash element of the incentive is capped at 70% of basic employment cost (BEC).</p> <p><b>Chief financial officer</b><br/>The chief financial officer participates in the Anglo American plc Group performance management standard. This is based on a maximum on-target bonus percentage of 30%, an individual performance modifier (IPM) and a business multiplier (BM) that is determined at the end of the year taking into account Kumba business performance against the targets set for the year.</p> <p><b>Prescribed officers</b><br/>As with the case of the chief financial officer, prescribed officers participate in the Anglo American plc Group performance management standard that is linked to an Anglo American plc Group-wide annual performance incentive. This is based on a maximum on-target cash bonus percentage of 25% or 30% of BEC, an IPM and a BM that is determined at the end of the year taking into account Kumba business performance against the targets set for the year.</p> |
| Business multiplier (BM)                      | The BM is determined and approved by the Anglo American plc Group management committee (GMC) at the end of the year taking into account Kumba business performance against the targets set for the year. The BM has ranged between 0.5 and 1.3 over the past five years.  |
| Individual performance modifier (IPM)         | An IPM is based on individual performance ratings and is determined at business unit level and approved by the GMC. It ranges from 0 to 2.0.  |
| Maximum value of deferred bonus shares award  | The maximum face value of the deferred bonus shares award is 150% for the chief executive and 140% of the annual cash bonus for prescribed officers.  |
| Changes in 2014                               | Changes to the chief executive's performance incentive have been approved to align with Anglo American plc Group peers. This will result in 40% of incentives delivered in cash, 40% in shares deferred for three years and 20% in shares deferred for five years, in line with institutional preference for longer holding periods.  |

**LONG-TERM INCENTIVES**

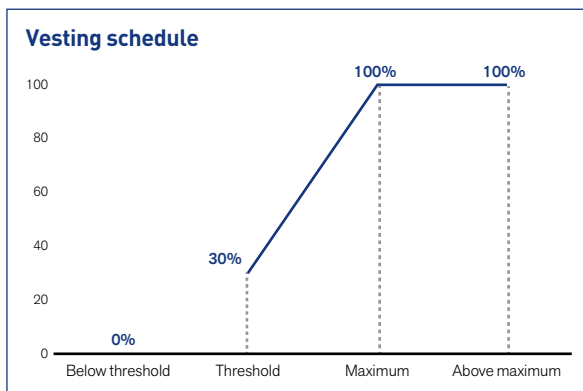
**Long-term incentive plan (LTIP)**

|                            |   |
|----------------------------|---|
| Description                | The LTIP consists of conditional awards of shares vesting after three years, subject to the achievement of stretching performance conditions. Full voting and dividend rights will only accrue from the vesting date. |
| Eligible participants      | Executive directors   |
| Maximum value of the award | The maximum annual face value of the LTIP award is 150% of base salary for the chief executive and 100% of base salary for the chief financial officer.   |

2014 performance measures Two performance conditions, measured over a three-year performance period, apply to each award:

| Performance Indicator                      | Weighting | Threshold target   | Stretch target             |
|--|-----------|--------------------|----------------------------|
| Return on capital employed (ROCE) achieved | 50%       | 55%                | 70%                        |
| Total shareholder return (TSR) achieved    | 50%       | Median TSR ranking | Upper quartile TSR ranking |

TSR is further split 25% JSE/FTSE mining index (this index is compiled by the FTSE but consists of JSE mining companies only) and 25% global iron ore peer group. The global iron ore companies comparator group comprises Fortescue Metals (Australia), Cliffs Natural Resources (USA), MMX Mineracao (Brazil), Ferrexpo (Great Britain), Atlas Iron (Australia), Mount Gibson (Australia), Vale (Brazil), China Vanadium (China), Rio Tinto Limited (Australia).



Targets are approved by Remco for each allocation and no re-testing of performance conditions is allowed. Shares that do not vest after three years in terms of the performance conditions will lapse.

|                 |   |
|-----------------|---|
| Changes in 2014 | <ul style="list-style-type: none"> <li>• Methodology for setting the ROCE target was changed to align to Anglo American plc Group</li> <li>• Vesting will be evaluated based on attributable ROCE. Attributable ROCE is the return on the adjusted capital employed attributable to equity shareholders of Kumba, and therefore excludes the portion of the return and capital employed attributable to non-controlling interests in operations where Kumba has control but does not hold 100% of the equity. The key changes are that: <ul style="list-style-type: none"> <li>• adjustments for changes in the commodity price of iron ore are no longer applicable</li> <li>• adjustments for changes to the rand/US Dollar exchange rate are no longer applicable</li> <li>• adjustment for capital work-in-progress/non-productive assets are no longer applicable</li> </ul> </li> </ul> |
|-----------------|---|

|                |   |
|----------------|---|
| Company limits | The aggregate limit for the BSP and LTIP awards is 10% of the issued share capital. Shares are purchased in the market and not issued for purposes of settlement of the BSP or LTIP. The current level of outstanding shares is less than 1% of total issued share capital. |
|----------------|---|

### NON-EXECUTIVE DIRECTORS' FEES

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

Remco recommends the level of fees payable to non-executive directors for approval by the shareholders. Non-executive directors' remuneration is determined by benchmarking using market data, including a survey of the top 40 companies listed on the JSE, by an independent external service provider. Fees are not dependent upon meeting attendance, and no other supplementary fees are payable.

## ANNEXURE 3

### TOP 10 SHAREHOLDERS

| Institution                              | City          | Holding as at<br>24 December 2014 | % ISC* |
|--|---------------|-----------------------------------|--------|
| 1. Anglo South Africa Capital            | Johannesburg  | 224,535,915                       | 69.71  |
| 2. Industrial Development Corporation    | Johannesburg  | 41,498,615                        | 12.88  |
| 3. Public Investment Corporation         | Pretoria      | 8,511,121                         | 2.64   |
| 4. BlackRock Investment Management       | London        | 4,177,618                         | 1.30   |
| 5. Franklin Templeton Investments        | Singapore     | 2,552,497                         | 0.79   |
| 6. Blackrock Investment Management (BGI) | San Francisco | 1,840,460                         | 0.57   |
| 7. Vanguard Group                        | Philadelphia  | 1,682,799                         | 0.52   |
| 8. Schroder Investment Management        | London        | 1,612,233                         | 0.50   |
| 9. TD Asset Management                   | Toronto       | 1,485,822                         | 0.46   |
| 10. State Street Global Advisors         | Boston        | 1,342,666                         | 0.42   |

\* Issued share capital.

### MATERIAL CHANGES

Other than the facts and developments reported in the Annual Financial Statements 2014 which are available on the company's website [www.angloamericankumba.com](http://www.angloamericankumba.com), there have been no material changes in the financial or trading position of the company and its subsidiaries since the signature date of the Annual Financial Statements 2014 being 6 February 2015.

### ISSUED SHARE CAPITAL OF THE COMPANY

The issued share capital of the company is 322,085,974 ordinary shares.

### AUTHORISED SHARE CAPITAL OF THE COMPANY

The authorised share capital of the company is 500,000,000 ordinary shares.





# ADMINISTRATION

## COMPANY REGISTRATION NUMBER:

2005/015852/06

JSE share code: KIO

ISIN code: ZAE000085346

## COMPANY SECRETARY AND REGISTERED OFFICE

Avanthi Parboosing  
Centurion Gate – Building 2B  
124 Akkerboom Road  
Centurion, Pretoria, 0157  
South Africa  
Tel: +27 (0) 12 683 7000  
Fax: +27 (0) 12 683 7009  
avanthi.parboosing@angloamerican.com

## AUDITORS

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

## ASSURANCE PROVIDERS

PricewaterhouseCoopers SA  
Registered Auditors  
2 Eglin Road, Sunninghill, 2157  
South Africa  
Private Bag X36, Sunninghill, 2157  
Tel: +27 (0) 11 797 4000  
Fax: +27 (0) 11 797 5800

## SPONSOR

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

## CORPORATE LAW ADVISORS

Norton Rose  
15 Alice Lane  
Sandton, 2196  
South Africa

## UNITED STATES ADR DEPOSITORY

BNY Mellon  
Depository Receipts Division  
101 Barclay Street, 22nd Floor  
New York, New York, 10286  
Tel: +1 (0) 212 815 2293  
Fax: +1 (0) 212 571 3050/1/2  
www.adrbny.com

## TRANSFER SECRETARIES

Computershare Investor Services  
Proprietary Limited  
70 Marshall Street  
Johannesburg, 2001  
South Africa  
PO Box 61051, Marshalltown, 2107

## INVESTOR RELATIONS

Nerina Bodasing  
Investor relations manager  
Tel: +27 (0) 12 683 7000  
nerina.bodasing@angloamerican.com

## FORWARD-LOOKING STATEMENTS

Certain statements made in this report constitute forward-looking statements. Forward-looking statements are typically identified by the use of forward-looking terminology such as 'believes', 'expects', 'may', 'will', 'could', 'should', 'intends', 'estimates', 'plans', 'assumes' or 'anticipates' or the negative thereof, or other variations thereon, or comparable terminology, or by discussions of, for example, future plans, present or future events, or strategy that involves risks and uncertainties. Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the company's control and all of which are based on the company's current beliefs and expectations about future events. Such statements are based on current expectations and, by their nature, are subject to a number of risks and uncertainties that could cause actual results and performance to differ materially from any expected future results or performance, expressed or implied, by the forward-looking statement. No assurance can be given that future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the company and its subsidiaries. The forward-looking statements contained in this report speak only as of the date of this report and the company undertakes no duty to update any of them and will not necessarily do so, in light of new information or future events, except to the extent required by applicable law or regulation.




**Kumba Iron Ore**


Centurion Gate – Building 2B  
124 Akkerboom Road  
Centurion  
0157

[www.angloamericankumba.com](http://www.angloamericankumba.com)

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