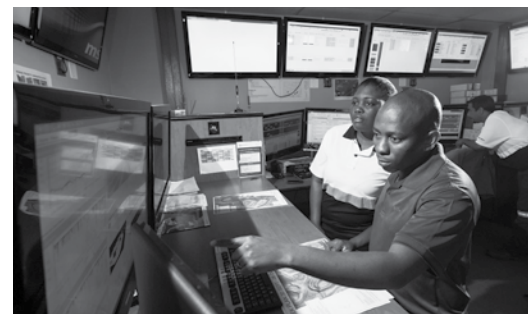


KUMBA IRON ORE LIMITED

Notice of Annual General Meeting

11 May 2017



DELIVERING CHANGE BUILDING RESILIENCE FOCUSED EXCELLENCE



Real Mining. Real People. Real Difference.

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 eleventh annual general meeting ("AGM") of shareholders of Kumba Iron Ore Limited ("Kumba" or the "Company") will be held at the Kumba Corporate Office, Centurion Gate, Building 2B, 124 Akkerboom Road, Centurion at 09:00 am (CAT) on Thursday, 11 May 2017, 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, 31 March 2017 and the record date for purposes of determining which shareholders are entitled to attend, participate in and vote at the AGM is Friday, 5 May 2017. 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 Tuesday, 2 May 2017.

ORDINARY BUSINESS

Percentage of voting rights – ordinary resolutions

Ordinary resolutions numbered 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 AUDITED ANNUAL FINANCIAL STATEMENTS

To present the audited annual financial statements of the Company and the group for the year ended 31 December 2016, 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 2016 are available on the Company's website: www.angloamericankumba.com and a summarised version of the Company's Annual Financial Statements 2016 accompanies this Notice.

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

To present the report of the Social, Ethics and Transformation Committee of the Company and the group for the year ended 31 December 2016, in terms of Regulation 43 of the Companies Regulations 2011 (the "Regulations"). The report is available on the Company's website: 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 annual general meeting 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 annual general meeting.

Ordinary resolution number 1

"RESOLVED that Deloitte & Touche be hereby re-appointed as independent external auditors of the Company, to hold office until the conclusion of the next annual general meeting in terms of Section 90(1) of the Companies Act."

4. ORDINARY RESOLUTION NUMBER 2

(Comprising separate ordinary resolutions numbered from 2.1 to 2.7)

Rotation of directors

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

2.1 Allen Morgan*

2.2 Buyelwa Sonjica**

2.3 Dolly Mokgatlhe*

2.4 Nonkululeko Dlamini***

2.5 Seamus French***

2.6 Stephen Pearce***

2.7 Terence Goodlace***

* These directors are standing for re-election due to tenure of more than nine years as at April 2017. Shareholders are advised that a rigorous evaluation of the directors' independence has been conducted and the Board hereby recommends their re-election without reservation.

** Retiring due to the one-third rotation requirement

*** These directors were appointed by the Board after the tenth annual general meeting of the shareholders of the Company on 13 May 2016 and are required, in terms of clause 24.2 of the Mol, to cease to hold office at the termination of this AGM unless re-elected.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

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

Ordinary resolution number 2.1

"**RESOLVED** that Allen Morgan be and is hereby re-elected as a director of the Company with effect from 11 May 2017."

Ordinary resolution number 2.2

"**RESOLVED** that Buyelwa Sonjica be and is hereby re-elected as a director of the Company with effect from 11 May 2017."

Ordinary resolution number 2.3

"**RESOLVED** that Dolly Mokgatle be and is hereby re-elected as a director of the Company with effect from 11 May 2017."

Ordinary resolution number 2.4

"**RESOLVED** that Nonkululeko Dlamini be and is hereby re-elected as a director of the Company with effect from 11 May 2017."

Ordinary resolution number 2.5

"**RESOLVED** that Seamus French be and is hereby re-elected as a director of the Company with effect from 11 May 2017."

Ordinary resolution number 2.6

"**RESOLVED** that Stephen Pearce be and is hereby re-elected as a director of the Company with effect from 11 May 2017."

Ordinary resolution number 2.7

"**RESOLVED** that Terence Goodlace be and is hereby re-elected as a director of the Company with effect from 11 May 2017."

5. ORDINARY RESOLUTION NUMBER 3

(comprising separate ordinary resolutions numbers 3.1 to 3.3)

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. 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 election/re-election:

3.1 Allen Morgan*

3.2 Dolly Mokgatle*

3.3 Terence Goodlace*

* Subject to re-election as a director pursuant to ordinary resolution numbers 2.1, 2.3 and 2.7 respectively.

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

Ordinary resolution number 3.1

“**RESOLVED** that Allen Morgan, who is an independent non-executive director, be and is hereby re-elected, with effect from 11 May 2017, as a member of the group Audit Committee.”

Ordinary resolution number 3.2

“**RESOLVED** that Dolly Mokgatle, who is an independent non-executive director, be and is hereby re-elected, with effect from 11 May 2017, as a member of the group Audit Committee.”

Ordinary resolution number 3.3

“**RESOLVED** that Terence Goodlace, who is an independent non-executive director, be and is hereby re-elected, with effect from 11 May 2017, as a member of the group Audit Committee.”

6. ORDINARY RESOLUTION NUMBER 4

Approval of the remuneration policy

In accordance with the King Code of Governance Principles for South Africa 2016 (“King IV”), shareholder approval is sought for the Company’s remuneration policy and its implementation thereof 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 the implementation thereof.

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 thereof be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV.”

7. ORDINARY RESOLUTION NUMBER 5

General authority for directors to allot and issue ordinary shares

In terms of clause 7.2.2 of the Company’s MoI, subject to the approval of the JSE Limited (“JSE”), the approval, by way of an ordinary resolution of shareholders is required for the allotment and issue of ordinary shares (including options in respect thereof), in circumstances other than as contemplated in Sections 41(1) and (3) of the Companies Act. In terms of Section 41(1) of the Companies Act, any issue of shares or grant of options contemplated in Section 42, or grant of any rights exercisable for securities, must be approved by a special resolution of the shareholders of a Company, if the shares, securities, options or rights are issued to (a) a director, future director, prescribed officer or future prescribed officer of the Company; (b) a person related or interrelated to the Company; or (c) a nominee of a person contemplated in (a) or (b). In terms of Section 41(3) of the Companies Act, an issue of shares, securities convertible into shares, or rights exercisable for shares in a transaction, or a series of integrated transactions requires the approval of the shareholders by special resolution if the voting power of the class of shares that are issued or issuable as a result of the transaction or series of integrated transactions exceed 30% of the voting power of all the shares of that class held by shareholders immediately before the transaction or series of transactions. Unless renewed, the existing authority granted by shareholders at the tenth annual general meeting of the shareholders of the Company on 13 May 2016 expires at the forthcoming eleventh AGM to be held on Thursday, 11 May 2017.

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

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

Ordinary resolution number 5

"RESOLVED that the unissued shares in the Company, limited to 5% of the number of shares in issue at the date of this notice (being 16,104,298 shares), and the number of listed equity securities in issue as at the date of this notice being 322,085,974 shares, be and are hereby placed under the control of the directors until the next annual general meeting 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 numbered 1 to 5, 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 2 (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.

8. SPECIAL RESOLUTION NUMBER 1

Approval of the revised Memorandum of Incorporation

"RESOLVED that the existing Memorandum of Incorporation ("Mol") be and is hereby substituted and replaced in its entirety with a new Mol, a copy of which has been tabled at the meeting at which this special resolution will be considered and has been initialled by the Chairman of the meeting for purposes of identification. This substitution will take effect from the date on which the notice of amendment in respect of the new Mol is filed with the Companies and Intellectual Property Commission ("CIPC") and CIPC has confirmed that the new Mol has been accepted and placed on file."

In terms of the Companies Act, the passing of special resolution 1 requires approval of a 75% majority of the voting rights exercised by shareholders present or represented by proxy at this general meeting.

Reason and effect of special resolution number 1

In order to ensure compliance with the Companies Act, the JSE Listings Requirements and other relevant legislation, as well as in order to optimise its governance processes in an evolved regulatory environment, the Company has undertaken a process of reviewing its existing Mol. Further, the Board wishes to take this opportunity to modernise and simplify the Mol through plain language drafting. The salient features of the new Mol are set out in **ANNEXURE 4** attached hereto. A copy of the revised Mol will be made available on the Company's website: www.angloamericankumba.com and will be open for inspection during normal business hours at the registered office of the Company from 25 April 2017 until the conclusion of the annual general meeting.

9. SPECIAL RESOLUTION NUMBER 2

General authority to issue shares for cash

"RESOLVED that in terms of the Listings Requirements of the JSE, the directors are hereby authorised by way of a general authority, to issue the authorised but unissued ordinary shares of 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 annual general meeting of the Company but shall not extend beyond 15 months from the date this authority is given;

- a paid press announcement giving full details 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; including:
 - the number of securities issued;
 - the average discount to the weighted average traded price of the equity securities over the 30 business days prior to the date that the issue is agreed in writing between the issuer and the party/ies subscribing for the securities; and
 - in respect of the issue of options and convertible securities pursuant to paragraph 5.53, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of comprehensive income, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share; or
 - in respect of an issue of shares pursuant to paragraph 5.52, an explanation, including supporting information (if any), of the intended use of the funds;
- any such general issues are subject to exchange control regulations and approval at that point in time;
- in respect of securities which are the subject of the general issue of shares for cash, such issue may not exceed 5% (being 16,104,298 shares), of the number of listed equity securities as at the date of this notice of annual general meeting, 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 annual general meeting, 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% of the majority of votes cast by equity securities holders (present or represented by proxy) in general/ annual general meeting by granting the Board of directors of the Company the authority to issue a specified number of securities for cash pursuant to paragraph 5.52(c) of the Listings Requirements of the JSE (which paragraph sets out the requirements for general issues for cash), which authority is valid until the next annual general meeting 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 2 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% (being 16,104,298 shares), of the number of listed equity securities as at the date of this notice, being 322,085,974 shares.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

10. SPECIAL RESOLUTION NUMBER 3

Remuneration of non-executive directors

"RESOLVED that, in terms of Sections 66(8) and 66(9) of the Companies Act and on recommendation of the Human Resources and Remuneration Committee, the Company be and is hereby authorised to remunerate its non-executive directors for their services as directors and/or pay any fees related thereto as detailed in the following table, which reflects that the directors' fees be increased by 6,5%, provided that the aforementioned authority to remunerate directors shall be valid until the thirteenth annual general meeting of the Company in 2019."

	2016 actual fees	2017 proposed fees
Chairman	1,242,150	1,322,890
Director	209,265	222,867
Audit Committee Chairman	279,300	297,455
Audit Committee member	138,915	147,944
Risk Committee Chairman	279,300	297,455
Risk Committee member	138,915	147,944
Social, Ethics and Transformation Committee Chairman	279,300	297,455
Social, Ethics and Transformation Committee member	138,915	147,944
Nomination and Governance Committee Chairman*	–	–
Nominations and Governance Committee member	138,915	147,944
Human Resources and Remuneration Committee Chairman	279,300	297,455
Human Resources and Remuneration Committee member	138,915	147,944

Reason and effect

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

In determining the increase in the proposed fees as detailed above, regard was given to the fact that fees have not been adjusted in the past two years.

Therefore, the reason for and effect of special resolution number 3 is for the Company to obtain the approval of shareholders by way of special resolution for the payment of remuneration to its non-executive directors for their services as directors of the Company until the thirteenth annual general meeting of the Company in 2019 in accordance with Section 66 of the Companies Act. Shareholders are advised that should the need arise to increase directors' fees in 2018, the Company will table a special resolution to this effect at the twelfth annual general meeting of the Company in 2018.

* The Chairman of the Board chairs the Nominations and Governance Committee and does not receive any additional remuneration in this regard.

11. SPECIAL RESOLUTION NUMBER 4

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 interrelated to the Company, for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or interrelated Company, or for the purchase of any securities of the Company or a related or interrelated Company as contemplated under Section 44 of the Companies Act; and/or

- to any person who is a participant in any of the share or other employee incentive schemes of the Kumba group, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or interrelated Company, or for the purchase of any securities of the Company or a related or interrelated Company, where such financial assistance is provided in terms of any such scheme that does not constitute an employee share scheme that satisfies the requirements of Section 97 of the Companies Act.

Such authority to endure for two years, until the thirteenth annual general meeting of the Company in 2019.

Reason and effect

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

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

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

The reason for and effect of special resolution number 4 is to grant the directors of the Company the authority until the thirteenth annual general meeting of the Company in 2019 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, insofar as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that –

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

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

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

12. SPECIAL RESOLUTION NUMBER 5

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

Reason and effect

The reason for and effect of special resolution number 5 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 annual general meeting of the Company (provided it shall not extend beyond 15 months from the date the resolution is passed) to authorise the Company and any of its subsidiary companies to acquire the Company's issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the limitations set out above. In terms of clause 7.1 of the Mol, the repurchase of securities must be undertaken in accordance with the Listings Requirements of the JSE.

In special resolution number 5, reference is made to Sections 46 and 48 of the Companies Act.

Section 46 regulates the making of "distributions" by a Company, which includes the transfer by a Company of money or other property of a Company, other than its own shares, to or for the benefit of one or more holders of any of the shares, or to the holder of a beneficial interest in any such shares, of that Company or of another Company within the same group of companies, as consideration for the

acquisition (i) by a Company of any of its shares, as contemplated in Section 48 of the Companies Act; or (ii) by any Company within the same group of companies, of any shares of a Company within that group of companies. Section 46 of the Companies Act prohibits the making of such a distribution unless (a) the distribution is pursuant to an existing legal obligation of the Company, or a court order or the Board of the Company, by resolution, has authorised the distribution; (b) it reasonably appears that the Company will satisfy the solvency and liquidity test immediately after completing the proposed distribution; and (c) the Board of directors of the Company, has, by resolution, acknowledged that it has applied the solvency and liquidity test, as set out in Section 4 of the Companies Act, and reasonably concluded that the Company will satisfy the solvency and liquidity test after completing the proposed distribution.

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

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

DISCLOSURES/INFORMATION REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

For the purposes of considering special resolution number 5 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 5 above, unless:

- the Company and the group are in a position to repay their debts in the ordinary course of business for a period of 12 months after the date of the repurchase;
- the assets of the Company and the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the Company and the group for a period of 12 months after the date of the repurchase;
- the share capital and reserves of the Company and the group are adequate for ordinary business purposes for a period of 12 months after the date of the repurchase; 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 5 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.

No material changes

Other than the facts and developments reported on in the Company's Integrated Report for 2016, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

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

- major shareholders of the Company; and
- share capital of the Company.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

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 4 May 2017) 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, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, **by 09:00 am, 9 May 2017**. 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
10 April 2017

FORM OF PROXY

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

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

For use and completion by registered members of Kumba at the eleventh annual general meeting of the Company to be held at 09:00 am (CAT) on Thursday, 11 May 2017 at the Kumba Corporate Office, Centurion Gate, Building 2B, 124 Akkerboom Road, Centurion or at any adjournment thereof (the annual general meeting).

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

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

Please note the following:

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

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

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

I/ We _____ (please print names in full)
of (address) _____ being the holder/s or custodians of _____

ordinary shares in the Company, do hereby appoint:

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

Continued overleaf

FORM OF PROXY CONTINUED

	Number of votes (one vote per share)		
	In favour	Against	Abstain
1. ORDINARY RESOLUTION NUMBER 1 To re-appoint Deloitte & Touche as independent auditors			
2. ORDINARY RESOLUTION NUMBER 2 To re-elect, by way of separate resolutions, the following non-executive directors who retire by rotation in terms of the Memorandum of Incorporation:			
2.1 Allen Morgan			
2.2 Buyelwa Sonjica			
2.3 Dolly Mokgatle			
2.4 Nonkululeko Dlamini			
2.5 Seamus French			
2.6 Stephen Pearce			
2.7 Terence Goodlace			
3. ORDINARY RESOLUTION NUMBER 3 To elect, by way of separate resolutions, the following directors as members of the Audit Committee in terms of Section 94 of the Companies Act No. 71 of 2008, as amended			
3.1 Allen Morgan			
3.2 Dolly Mokgatle			
3.3 Terence Goodlace			
4. ORDINARY RESOLUTION NUMBER 4 Approval of remuneration policy and its implementation thereof by way of a non-binding advisory vote			
5. ORDINARY RESOLUTION NUMBER 5 General authority for directors to allot and issue ordinary shares			
6. SPECIAL RESOLUTION NUMBER 1 Approval of the revised Memorandum of Incorporation			
7. SPECIAL RESOLUTION NUMBER 2 General authority to issue shares for cash			
8. SPECIAL RESOLUTION NUMBER 3 Remuneration of non-executive directors			
9. SPECIAL RESOLUTION NUMBER 4 Approval for the granting of financial assistance in terms of Sections 44 and 45 of the Companies Act No. 71 of 2008			
10. SPECIAL RESOLUTION NUMBER 5 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 _____ 2017

Signature _____ Assisted by me (where applicable)

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

NOTES TO PROXY

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

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

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

EXPLANATORY NOTES

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

INSTRUCTIONS ON SIGNING AND LODGING THE PROXY FORM

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

NOTES TO PROXY CONTINUED

to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. A member or the proxy is not obliged to use all the votes exercisable by the member or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the member or by the proxy.

3. Forms of proxy are requested to be lodged at, or posted to the transfer secretaries of Kumba, Computershare Investor Services Proprietary Limited at the address below, to be received **by 09:00 am, 9 May 2017**. Any forms of proxy not received by this date must be handed to the chairman of the annual general meeting immediately prior to the commencement of the annual general meeting.

For shareholders on the South African register:

Computershare Investor Services Proprietary Limited

15 Biermann Avenue, Rosebank, 2196, South Africa

www.computershare.com

Tel: +27 11 370 5000

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

American Depository Receipt Facility

BNY Mellon

101 Barclay Street, New York, NY 10286 www.adrbny.com

(00-1) 888 815 5133

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

ANNEXURE 1

1. Fani Titi (54)

Chairman, independent non-executive director

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

Joined the Board on 1 October 2012

A member of the Human Resources and Remuneration Committee and chairs the Nominations and Governance Committee. He is a non-executive chairman of Investec Group. He was previously non-executive chairman of AECI Limited and deputy chairman of the Bidvest Group Limited.

2. Themba Mkhwanazi (46)

Chief executive

BEng (Chemical), BEng (Hons)

Joined the Board on 1 September 2016

Was the CEO for Anglo American's thermal coal business in South Africa, as well as in the USA and Australia. Served as managing director for Huntsman Tioxide in South Africa until 2007 when he was appointed COO of Richards Bay Minerals, a joint venture between Rio Tinto and BHP Billiton.

Seconded in 2011 to Rio Tinto's Australian coal business, before taking up the role of regional manager for the Americas in 2012.

3. Frikkie Kotzee (45)*

Chief financial officer

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

Joined the Board on 1 June 2012

He was the group financial director of African Oxygen Limited. Previously worked for Anglo American Platinum Limited as head of business development and Anglo American plc as general manager, corporate finance.

Developed in-depth commercial and strategic skills across a range of industries, including mining, gas and financial services.

4. Zarina Bassa (52)*

Independent non-executive director

BAcc, CA(SA)

Joined the Board on 2 December 2008

Chairs the Audit Committee and is a member of the Risk, Human Resources and Remuneration Committee and Nominations and Governance Committees. Serves as a non-executive director of Vodacom South Africa, Sun International, Woolworths, Oceana, the Financial Services Board, and Investec Group. She was a partner at Ernst & Young where she spent 17 years in the Durban, Johannesburg and UK offices. Spent six years at Absa Bank Limited as executive director.

5. Allen Morgan (69)

Independent non-executive director

BSc, BEng (Elect), Pr Eng, CDSA

Joined the Board on 9 February 2006

Chairs the Human Resources and Remuneration Committee, is a member of Nominations and Governance Committee and is the lead independent director.

Also a member of the Audit Committee, Risk Committee, and Social, Ethics and Transformation Committee.

He served as interim chairman of Kumba from 15 December 2010 to 30 September 2012 as well as 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.

6. Dolly Mokgatle (60)

Independent non-executive director

BProc, LLB, HDip Tax Law

Joined the Board on 7 April 2006

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

An executive director of Peotona Group Holdings and also holds several other corporate directorships, including non-executive board positions at Zurich Insurance and Total South Africa.

She was the CEO of Spoornet and managing director of Transmission at Eskom and also served as chairman of the State Diamond Trader until 2016.

* Frikkie Kotzee and Zarina Bassa will step down as directors of the Board after the conclusion of the 2017 AGM.

ANNEXURE 1 CONTINUED

7. Buyelwa P Sonjica (67)

Independent non-executive director

BA, BA (Hons)

Joined the Board on 1 June 2012

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.

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 trade and industry.

8. Nonkululeko Dlamini (44)

Non-executive director

BCom (Accounting); CA(SA)

Joined the Board on 1 November 2016

Currently the Chief Financial Officer of the Industrial Development Corporation (IDC).

Prior to joining the IDC in September 2015 she was with Eskom where she spent 14 years in various executive positions.

9. Terence Goodlace (57)

Independent non-executive director

H.Dip in Metalliferous Mining, BCom, MBA

Joined the Board on 24 March 2017

Was the CEO of Impala Platinum Holdings Ltd. from 1 July 2012 to 30 November 2016. Previously CEO of Metorex Ltd. He has also served as the COO of Gold Fields Limited and as its Executive Vice President and Head of the International Operations and subsequently the South African Operations. He has extensive mining experience having worked in the mining industry since the late 1970s.

He was an independent non-executive director at Impala Platinum Holdings Limited between August 2010 and June 2012 and is presently an independent non-executive director at Gold Fields Limited, having been appointed in July 2016.

10. Stephen Pearce (53)

Non-executive director

B.Bus, H.Dip in Cosec, Fellow of the Australian Institute of Chartered Accountants

Joined the Board on 24 March 2017

Joined Anglo American as Finance Director Designate in January 2017. He will be appointed to the Board of Anglo American plc as Finance Director on 24 April 2017, subject to shareholder approval. Stephen has more than 16 years of public company director experience and 30 years' experience in the mining, oil and gas, and utilities industries. Before joining Anglo American, Stephen served as Chief Financial Officer and an executive director of Fortescue Metals Group. Prior to that, he held the positions of Managing Director and CEO of Southern Cross Electrical Engineering Limited and was Chief Financial Officer of Alinta Limited.

Until January 2017, Stephen served as a Non-Executive Director of Cedar Woods Properties Limited, an Australia-listed property development company.

11. Seamus French (54)

Non-executive director

BSc (Eng) (Chemical)

Joined the Board on 24 March 2017

Joined Anglo American in 2007 and held the position of CEO for Anglo American Metallurgical Coal between 2009 and 2013. He was CEO of Coal until 2015, when he was appointed to his current position as CEO of Anglo American's Bulk Commodities business.

Seamus joined WMC Resources in Australia in 1994, in strategic planning and business development, before being appointed executive general manager of the Copper-Uranium division. He later joined BHP Billiton as a global vice-president Business Excellence, following its takeover of WMC in 2005

ANNEXURE 2

REMUNERATION PHILOSOPHY AND POLICY

REWARD APPROACH

Our remuneration philosophy underpins our strategy

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

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

- Ensure the fair, equitable and consistent application of our remuneration principles and policies
- Allow employees to share in the performance of the business.

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

ELEMENTS OF REMUNERATION

The key elements of our remuneration framework and structure which guides payments to all employees are shown below, with a focus on executive directors and prescribed officers.

	STRATEGIC INTENT	REMUNERATION ELEMENTS	PAY DELIVERY	ELIGIBILITY
Base salary	<ul style="list-style-type: none"> ■ Attract people with the necessary competencies (knowledge, skill and attitude) to add value to our business ■ Retain competent, high-performing employees who are engaged and demonstrate company values ■ Ensure that pay is competitive and market-related ■ Comply with legislative provisions and negotiated contractual commitments ■ Support high-performing individuals and teams by aligning reward with performance ■ Reinforce and enhance the principle that employees are key assets of our Company 	Salary	Monthly	All employees
		Benefits	<ul style="list-style-type: none"> ■ Employer contribution to selected retirement funds ■ Subsidised medical aid ■ Life and disability insurance ■ Housing allowances and five-year mortgage subsidy plan ■ Study assistance for formal education 	
			<ul style="list-style-type: none"> ■ Other allowances 	Job specific Scarce skills Transformation

ANNEXURE 2

REMUNERATION PHILOSOPHY AND POLICY

CONTINUED

	STRATEGIC INTENT	REMUNERATION ELEMENTS	PAY DELIVERY	ELIGIBILITY
Performance incentives	<ul style="list-style-type: none"> ■ Aim to align achievement of production, safety and cost targets at operational level ■ Encourage the achievement of stretch targets at company/business unit/functional/individual level ■ Align management and shareholder interest ■ Long-term retention 	Performance bonus	Cash paid on monthly, quarterly or bi-annual basis, depending on circumstances at each site	Bargaining unit employees
			The incentive is delivered in two parts: (i) Annual cash incentive (ii) Deferred cash bonus with a holding period of one year before vesting	Entry-level management (Band 6/12)
			The incentive is delivered in two parts: (i) Annual cash incentive (ii) Deferred bonus shares with a holding period of three years (five years for the Chief executive) before vesting	Senior management and above
Long-term incentives	<ul style="list-style-type: none"> ■ Retention of skills and direct alignment with shareholder interest ■ Reward employees for contribution to long-term, sustainable Company performance ■ Attract and retain key employees ■ Long-term retention 	Long-term incentive plan (LTIP)	Delivered in conditional shares with specific performance conditions attached	Executive directors
		Forfeitable shares	Delivered in forfeitable shares with a holding period of three years before vesting	Prescribed officers and selected senior managers, excluding executive directors
		Participation in employee share ownership plan (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, external market and country benchmarks.

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

Fixed remuneration

The total package per role is compared to levels of pay at the market median in companies of comparable size and complexity within the industry. 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 performance incentive elements of the former Chief executive (N Mbazima) and the Chief financial officer is determined and paid in terms of separate employment agreements concluded between Kumba International Trading SARL (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 page 103 of the Company's Integrated Report for 2016.

Variable remuneration

Variable remuneration consists of two elements: an annual performance incentive; and long-term incentive plans that run 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 deferred bonus arrangement, long-term sustained performance is encouraged.
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"> ■ An annual cash incentive, linked to performance during the financial year, payable at the end of March of the year following the end of the financial year; and ■ A deferred bonus arrangement in which a proportion of the cash incentive is matched and awarded as: <ul style="list-style-type: none"> i. 140% (150% for the Chief executive) of the cash incentive in deferred shares, which is awarded after the end of the relevant financial year. These bonus shares are linked to performance during the financial year in the same manner as the annual cash incentive, and are subject to a three to five-year (only for the Chief executive) holding period before vesting, during which it remains restricted. This is applicable to executive directors, prescribed officers and senior management. ii. 70% of the cash incentive in deferred cash, which is awarded after the end of the relevant financial year. The deferred cash is linked to performance during the financial year in the same manner as the annual cash incentive, and is subject to a one-year holding period before vesting, during which it remains restricted. This is applicable to entry level management. <p>The deferred bonus shares as well as deferred cash will be forfeited if the participant leaves employment during the restricted period (except if the participant is a 'good leaver' under the DBA scheme rules). Participants earn dividends on the deferred bonus shares.</p>
Performance measures	<p>Managers within Kumba are measured on business-specific strategic value drivers aligned to operational and/or mine-specific strategic priorities as approved by the Board. In 2016 emphasis was placed on the following:</p> <ul style="list-style-type: none"> ■ Leading and lagging safety indicators including safety leadership. ■ Total production and compliance to mine plan. ■ Cost optimisation (unit cost, Sishen and Kolomela mines) ■ Financial performance – EBIT, operating free cash flow (Kumba Iron Ore), earnings per share (as per Anglo American plc)

ANNEXURE 2

REMUNERATION PHILOSOPHY AND POLICY

CONTINUED

ANNUAL PERFORMANCE INCENTIVE *continued*

Maximum value of annual performance incentive	<p>The values of the annual performance incentive for executive directors and prescribed officers are:</p> <p>Chief executive The Chief executive's annual incentive is determined by measuring performance against overall Company targets (75%) and specific, individual key performance measures (25%) approved by the Board. The cash element of the incentive is capped at 70% of basic employment cost (BEC).</p> <p>Chief financial officer The Chief financial officer participates in the Anglo American plc group performance management standard. This is based on a maximum on-target cash bonus percentage of 30%, an individual performance modifier (IPM) and a business multiplier (BM) that is determined at the end of the year, taking into account Kumba business performance against the targets set for the year.</p> <p>Prescribed officers As with the case of the Chief financial officer, prescribed officers participate in the Anglo American plc group performance management standard. This is based on a maximum on-target cash bonus percentage of 25% or 30% of 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 business multiplier has ranged between 0.5 and 1.3 over the past 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 performance incentive for prescribed officers.
Changes in 2016	There were no changes in 2016.

KEY PERFORMANCE FOCUS AREAS FOR 2017

Key results area	Measure
Safety	Leading and lagging indicators including safety leadership, fatalities, LTIFR, TRCFR and operational risk management.
Production	<ul style="list-style-type: none"> ■ Total production ■ Compliance to mine plan
Cost	<ul style="list-style-type: none"> ■ Unit costs ■ Additional agreed initiatives
Financial	<ul style="list-style-type: none"> ■ EBIT ■ Operating free cash flow (Anglo American plc) ■ Earnings per share (Anglo American plc)

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.																						
2016 performance measures	<p>Two performance conditions, measured over a three-year performance period, apply to each award:</p> <table border="1"> <thead> <tr> <th>Performance indicator</th> <th>Weighting</th> <th>Threshold target</th> <th>Stretch target</th> </tr> </thead> <tbody> <tr> <td>Attributable return on capital employed (ROCE) achieved</td> <td>50%</td> <td>3%</td> <td>13%</td> </tr> <tr> <td>Total shareholder return (TSR) achieved</td> <td>50%</td> <td>Median TSR ranking</td> <td>Upper quartile TSR ranking</td> </tr> </tbody> </table> <p>TSR is further split into a 25% weighted JSE/FTSE mining index (this index is compiled by the FTSE but consists of JSE mining companies only) and 25% global iron ore peer group. The global iron ore companies comparator group comprises Fortescue Metals (Australia), Ferrexpo (Great Britain), Atlas Iron (Australia), Mount Gibson (Australia), Vale (Brazil), China Vanadium (China), Rio Tinto Ltd (Australia).</p> <div data-bbox="469 1077 1099 1361"> <p>VESTING SCHEDULE</p> <table border="1"> <caption>Vesting Schedule Data</caption> <thead> <tr> <th>Performance Level</th> <th>Vesting Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Below threshold</td> <td>0</td> </tr> <tr> <td>Threshold</td> <td>30</td> </tr> <tr> <td>Maximum</td> <td>100</td> </tr> <tr> <td>Above maximum</td> <td>100</td> </tr> </tbody> </table> </div> <p>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.</p>	Performance indicator	Weighting	Threshold target	Stretch target	Attributable return on capital employed (ROCE) achieved	50%	3%	13%	Total shareholder return (TSR) achieved	50%	Median TSR ranking	Upper quartile TSR ranking	Performance Level	Vesting Percentage (%)	Below threshold	0	Threshold	30	Maximum	100	Above maximum	100
Performance indicator	Weighting	Threshold target	Stretch target																				
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Performance Level	Vesting Percentage (%)																						
Below threshold	0																						
Threshold	30																						
Maximum	100																						
Above maximum	100																						
Changes in 2016	The threshold and stretched targets on the ROCE achieved performance indicator, of respectively 3% and 13%, was agreed by Remco in 2016. The targets were previously 12% and 18% for threshold and stretch respectively. The reduction in the threshold and stretch ROCE targets for 2016 was a result of a much lower ROCE realisation potential anticipated over the performance period (2016 to 2018), based on the slump in the iron ore market and prolonged negative outlook during the time of award. The comparator group was changed by removing Cliffs Natural Resources (USA) and MMX Mineracao (Brazil) due to these companies no longer being suitable comparators on the TSR condition for the global iron ore peer group. However, seven global peer companies still remain in the comparator group which is a sufficient number for the calculation of the median and upper quartile of the TSR condition.																						
Company limits	The aggregate limit for the DBA and LTIP is 10% of the issued share capital. Shares are purchased in the market and not issued for purposes of settlement of the DBA or LTIP. The current level of outstanding shares is less than 1% of total issued share capital.																						

ANNEXURE 2

REMUNERATION PHILOSOPHY AND POLICY

CONTINUED

Executive directors' and prescribed officers' contracts of employment

Executive directors and prescribed officers are not employed on fixed-term contracts but have standard employment contracts with notice periods of up to 12 months.

There are no change of control provisions or any provisions relating to payment on termination of employment.

External Board and statutory appointments of executive directors and prescribed officers

External Board and other statutory appointments are subject to approval by the Board and are governed by the business integrity policy.

NON-EXECUTIVE DIRECTORS' FEES

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

Remco recommends the level of fees payable to non-executive directors to the Board for approval by the shareholders. Non-executive directors' remuneration is determined 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. Fees have not been increased in the past two years.

Therefore, an increase of 6,5% is being proposed for 2017.

ANNEXURE 3

TOP 10 SHAREHOLDERS

Institution	Location	Holdings as at 30 December 2016	% ISC
Anglo South Africa Capital	Johannesburg	224,535,915	69.71
Industrial Development Corporation	Johannesburg	41,498,615	12.88
Public Investment Corporation	Pretoria	7,350,059	2.28
Artemis Investment Mgt	London	3,271,009	1.02
Foord Asset Mgt	Cape Town	3,221,704	1.00
Schroder Investment Mgt	London	2,348,967	0.73
RMB Morgan Stanley	Johannesburg	2,040,314	0.63
Quoniam Asset Mgt	Frankfurt	1,877,880	0.58
Fairtree Capital	Cape Town	1,866,444	0.58
AJO Partners	Philadelphia	1,765,417	0.55
Total		289,776,324	89.97

MATERIAL CHANGES

Other than the facts and developments reported in the annual financial statements 2016 which are available on the Company's website www.angloamericankumba.com, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the signature date of the annual financial statements for 2016, being 14 February 2017.

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.

ANNEXURE 4

KEY AMENDMENTS TO THE COMPANY'S MEMORANDUM OF INCORPORATION

The table below represents a summary of the key amendments made to the Memorandum of Incorporation (Mol) of Kumba Iron Ore Limited (the Company).

REFERENCE	AMENDMENTS
1. General	The majority of the changes to the Mol constitute amendments to the drafting in order to improve the language and flow of the document. Sentences have been restructured and simplified. If necessary, each amendment has been explained with a comment, in text.
2. General	The reference to numbers in square brackets are references to the relevant sections of Schedule 10 of the JSE Listings Requirements. This Schedule prescribes the requirements for an Mol of a public company. Clause 1.3 has been inserted, explaining the foregoing. Further, the exact JSE Listings Requirements reference has been provided in text, where relevant.
3. General	<p>Clauses have been rearranged under the following headings, to provide structure to the content:</p> <ul style="list-style-type: none"> ■ Part A – The Memorandum of Incorporation; ■ Part B – Status and Powers of the Company; ■ Part C – Capitalisation and Securities of the Company; ■ Part D – Shareholders rights and proceedings; ■ Part E – Powers and proceedings of directors; ■ Part F – Organs of the Company; ■ Part G – Company records; and ■ Part H – General provisions.
4. Clause 5	This clause gives the impression that the Board has limited power to make and amend rules relating to the governance of the Company. Section 10.4 of Schedule 10 of the JSE Listings Requirements explicitly prohibits the Board from making rules. This clause has been amended to reflect the prohibition as per the JSE Listings Requirements.
5. Clause 24	This clause has been amended to allow for a maximum of 14 directors to be appointed to the Board, being an increase of two from the previous maximum of 12. The rationale for the increase is based on the need of the Board to sometimes appoint directors, ahead of the departure of an existing member, to allow for the transfer of skills and knowledge, over a period of time, between the incoming and outgoing directors.

ADMINISTRATION

COMPANY REGISTRATION NUMBER

2005/015852/06

JSE share code: KIO

ISIN code: ZAE000085346

COMPANY SECRETARY AND REGISTERED OFFICE

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Chartered Accountants (SA)

Registered Auditors

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South Africa

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Registered Auditors

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Fax: +27 (0) 11 647 8000

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(A division of FirstRand Bank Limited)

Registration number: 1929/001225/06

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BNY Mellon

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PO Box 61051, Marshalltown, 2107

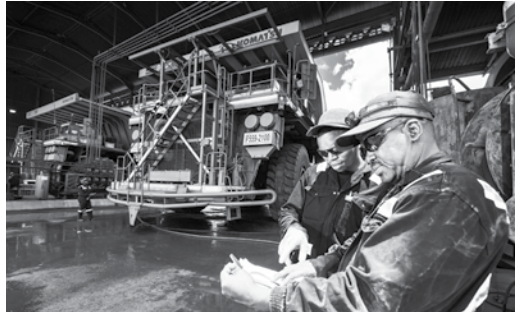
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