



**NOTICE OF ANNUAL GENERAL MEETING**

# DRIVING CHANGE, DEFINING OUR FUTURE



**KUMBA IRON ORE LIMITED**



# 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 tenth 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 09:00am (CAT) on Friday, 13 May 2016, 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, 1 April 2016 and the record date for purposes of determining which shareholders are entitled to attend, participate in and vote at the AGM is Friday, 6 May 2016. 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 Thursday, 28 April 2016.

## 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 AUDITED ANNUAL FINANCIAL STATEMENTS

To present the audited annual financial statements of the Company and the group for the year ended 31 December 2015, 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 2015 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 2015 accompanies this Notice.

### 2. PRESENTATION OF SOCIAL AND ETHICS 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 2015, 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 with the designated audit partner being Mr S Carter, 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 recommends the re-appointment.

#### 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 numbers 2.1 to 2.5)

#### Rotation of directors

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

- 2.1. Z Bassa\*\*
- 2.2. D Mokgatle\*
- 2.3. AJ Morgan\*
- 2.4. A Sangqu\*\*\*
- 2.5. N Viljoen\*\*\*\*

\* Retiring due to having reached more than 9 years of service as a director. A review of these directors' independence has been conducted via an external service provider. The Board is satisfied that these directors remain independent despite their tenure.

\*\* Retiring due to the one third rotation requirement.

\*\*\* Standing for re-election before shareholders as appointed after 2015 AGM.

\*\*\*\* Standing for re-election as appointed on 8th Feb 2016 (prior to 2016 AGM).

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 Zarina Bassa be and is hereby re-elected as a director of the Company with effect from 13 May 2016."

**Ordinary resolution number 2.2**

"**RESOLVED** that Dolly Mokgatle be and is hereby re-elected as a director of the Company with effect from 13 May 2016."

**Ordinary resolution number 2.3**

"**RESOLVED** that Allen Morgan be and is hereby re-elected as a director of the Company with effect from 13 May 2016."

**Ordinary resolution number 2.4**

"**RESOLVED** that Andile Sangqu be and is hereby re-elected as a director of the Company with effect from 13 May 2016."

**Ordinary resolution number 2.5**

"**RESOLVED** that Natascha Viljoen be and is hereby re-elected as a director of the Company with effect from 13 May 2016."

**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 Ms ZBM Bassa\*
- 3.2 Mr LM Nyhonyha
- 3.3 Ms DD Mokgatle\*
- 3.4 Mr AJ Morgan\*

\* Subject to re-election as a director pursuant to ordinary resolution numbers 2.1, 2.2 and 2.3 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 Ms ZBM Bassa, who is an independent non-executive director, be and is hereby re-elected, with effect from 13 May 2016, as a member of the group Audit Committee."

**Ordinary resolution number 3.2**

"**RESOLVED** that Mr LM Nyhonyha, who is an independent non-executive director, be and is hereby re-elected, with effect from 13 May 2016, as a member of the group Audit Committee."

**Ordinary resolution number 3.3**

"**RESOLVED** that Ms DD Mokgatle, who is an independent non-executive director, be and is hereby re-elected, with effect from 13 May 2016, as a member of the group Audit Committee."

**Ordinary resolution number 3.4**

"**RESOLVED** that Mr AJ Morgan, who is an independent non-executive director, be and is hereby re-elected, with effect from 13 May 2016, 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 by King III."

## 7. ORDINARY RESOLUTION NUMBER 5

### General authority for directors to allot and issue 5% (five percent) 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"), 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 persons 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 previous annual general meeting of the shareholders of the Company in May 2015, expires at this AGM.

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 5% of the authorised but unissued capital of the Company.

### Ordinary resolution number 5

**"RESOLVED** that the unissued shares in the Company, limited to 5% of the authorised capital of the Company, 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 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 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, 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% (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 Listing Requirements of the JSE.

#### Reason and effect

In terms of paragraph 5.52(e), read with paragraph 5.50, of the Listings Requirements of the JSE, a general issue for cash (i) may only be undertaken with the approval of 75% (seventy five percent) of the majority of votes cast by equity securities holders (present or represented by proxy) in general/ annual general meeting by granting the board of directors of the Company the authority to issue a specified number of securities for cash pursuant to paragraph 5.52(c) of the Listings Requirements of the JSE (which paragraph sets out the requirements for general issues for cash), which authority is valid until the next 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 Company's 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% (being 16,104,298 shares), 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 & 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 remain unchanged, provided that the aforementioned authority shall be valid until the twelfth annual general meeting of the Company in 2018."

Board/Committee	2015 Fees	2016 Fees (0% increase)
Chairman of Board	1,242,150.00	1,242,150.00
Non-executive director	209,265.00	209,265.00
Audit Committee Chairman	279,300.00	279,300.00
Audit Committee member	138,915.00	138,915.00
Risk Committee Chairman	279,300.00	279,300.00
Risk Committee member	138,915.00	138,915.00
Human resources and Remuneration Committee Chairman	279,300.00	279,300.00
Human resources and Remuneration Committee member	138,915.00	138,915.00
Social, Ethics & Transformation Committee Chairman	279,300.00	279,300.00
Social, Ethics & Transformation Committee member	138,915.00	138,915.00
Nominations and Governance Committee Member	138,915.00	138,915.00
Special Board Sub-Committee* (Committee member)	Not applicable	138,915.00

\* Shareholders are being requested to approve the payment of additional remuneration to members of the ad hoc Special Board Sub-Committee that has been constituted, following an announcement by Anglo American plc of its intention to dispose of its controlling interest in Kumba. Authority to remunerate members shall only be valid until the next AGM in 2017. The Company will seek further approval from shareholders, should the Company intend to continue remunerating members of this Special Board Sub-Committee after the authority expires at the 2017 AGM.

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

**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 twelfth annual general meeting of the Company in 2018 in accordance with Section 66 of the Companies Act. The fees payable to the non-executive directors are detailed on page 4.

The effect of special resolution number 2 is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors, as detailed above, without requiring further shareholder approval until the twelfth annual general meeting of the Company in 2018.

Shareholders are advised that should the need arise to increase directors' fees in 2017, the Company will table a special resolution to this effect at the eleventh annual general meeting of the Company in 2017.

**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 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)".

Such authority to endure for two years, until the twelfth annual general meeting of the Company in 2018.

**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 annual general meeting of the Company in 2018 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 repurchase 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 operated by the JSE trading system 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 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, any shares purchased in terms of this general repurchase authority, in any one financial year, shall not exceed in the aggregate, 5% (five percent) of the ordinary shares in issue, as at the beginning of the financial year;
- 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 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. The repurchase programme must indicate relevant dates of trade, together with the quantity of shares to be traded, which shall not be subject to any variation.

### 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 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 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 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 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 6th May 2016) 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 9:00am Wednesday, 11 May 2016. 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  
12 April 2016

# 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 ninth annual general meeting of the Company to be held at 09:00am (CAT) on Friday, 13 May 2016 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 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 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 (as amended) (the "Companies Act") 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 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 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 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> To re-appoint Deloitte & Touche as independent auditors			
2. <b>Ordinary resolution number 2</b> To re-elect, by way of separate resolutions, the following non-executive directors who retire in terms of the Memorandum of Incorporation:			
2.1 ZB Bassa			
2.2 DD Mokgatle			
2.3 AJ Morgan			
2.4 A Sangqu			
2.5 N Viljoen			

	Number of votes (one vote per share)		
	In favour	Against	Abstain
3. <b>Ordinary resolution number 3</b> 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 ZBM Bassa			
3.2 LM Nyhonyha			
3.3 DD Mokgatle			
3.4 A J Morgan			
4. <b>Ordinary resolution number 4</b> Approval of Remuneration Policy by way of a non-binding advisory vote			
5. <b>Ordinary resolution number 5</b> General authority for directors to control 5% of the authorised but unissued shares			
6. <b>Special resolution number 1</b> General authority to issue shares for cash			
7. <b>Special resolution number 2</b> Remuneration of non-executive directors			
8. <b>Special resolution number 3</b> 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> 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 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 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 Annual General Meeting. Any form of proxy not received by the 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 any 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 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 Wednesday 9:00am, 11 May 2016. 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**

Ground Floor, 70 Marshall Street, Johannesburg, 2001

PO Box 61051, Marshalltown 2107

[www.computershare.com](http://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](http://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

## BOARD OF DIRECTORS

### Andile Sangqu | Non-executive director (49)

*BAcc, BCom (Hons), MBL*

Andile joined the Kumba board on 29 June 2015. He is a member of the board's Risk Committee and the Social, Ethics and Transformation Committee. He is currently the executive head of Anglo American South Africa and is appointed to the Company's board as a shareholder representative of Anglo American plc. He currently also serves as the vice president of the Chamber of Mines.

### Allen Morgan\* | Independent non-executive director (68)

*BSc, BEng (Elect), Pr Eng*

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 AECl Limited on 1 July 2010 and also holds several corporate directorships. Allen was previously the chairman of Kumba Resources Limited.

### Buyelwa Sonjica | Independent non-executive director (66)

*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 committees.

### Dolly Mokgatle | Independent non-executive director (59)

*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 Nominations and Governance 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 (53)

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

Fani joined the Kumba board on 1 October 2012, chairs the Nominations and Governance Committee and is a member of the Human Resources and Remuneration Committee. He is a non-executive chairman of Investec Bank Limited, and joint chairman of Investec plc and Investec Limited. He is a non-executive director of a number of companies associated with the Investec group. He was previously non-executive chairman of AECl Limited and deputy chairman of the Bidvest Group Limited.

### Frikkie Kotzee | Chief financial officer (44)

*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.

### Litha Nyhonyha | Independent non-executive director (57)

*BCom, CA (SA)*

Litha joined the Kumba board on 14 June 2011, chairs the Risk Committee and is a member of the Audit and Nominations Governance Committees. He is the executive chairman of Regiments Capital Proprietary Limited and serves as a non-executive director on the boards of AECl Limited, Sovereign Food Investments Limited and Plessey Proprietary Limited.

### Natascha Viljoen | Non-executive director (46)

*BEng (PrEng), EMBA*

Natascha joined the Kumba board on 8 February 2016. She is the Group Head of Processing for Anglo American plc. Her career stretches over various commodities and disciplines in the mining industry, with 10 years' experience in senior management roles.

### Norman Mbazima\*\* | Chief executive (57)

*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.

### Zarina Bassa | Independent non-executive director (51)

*BAcc, CA (SA)*

Zarina joined the Kumba board on 2 December 2008, chairs the Audit Committee and is a member of the Risk and Nominations and Governance Committees. She is the executive chairman of Songhai Capital. She serves as a non-executive director of Vodacom South Africa, Sun International, Woolworths, Investec Limited 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 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.

\* Australian

\*\* Zambian

# 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:

- 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; and
- allow employees to share in the performance of the business

The Committee 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
<b>Base salary</b>	<ul style="list-style-type: none"> <li>• Attract people with the necessary competencies (knowledge, skill, attitude) to add value to our business</li> <li>• Retain competent, high-performing employees who are engaged and demonstrate company values</li> <li>• Ensure that pay is competitive and market-related</li> <li>• Comply with legislative provisions and negotiated contractual commitments</li> <li>• Support high-performing individuals and teams by aligning reward with performance</li> <li>• Reinforce and enhance the principle that employees are key assets of our company</li> </ul>	Salary	Monthly	All employees
		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> <li>• Study assistance for formal education</li> </ul>	Job specific Scarce skills Transformation

	Strategic intent	Remuneration elements	Pay delivery	Eligibility
<b>Performance incentives</b>	<ul style="list-style-type: none"> <li>Aim to align achievement of production, safety and cost targets at operational level</li> </ul>	Performance bonus	Cash paid on monthly, quarterly, bi-annual or annual basis, depending on circumstances at each mine	Bargaining unit employees
	<ul style="list-style-type: none"> <li>Encourage the achievement of stretch targets at company/business unit/functional/individual level</li> <li>Align management and shareholder interest</li> <li>Long term retention</li> </ul>		The incentive is delivered in two parts: <ul style="list-style-type: none"> <li>(i) Annual cash incentive</li> <li>(ii) Deferred cash bonus with a holding period of one year before vesting</li> </ul>	Entry level management (Band 6/12)
			The incentive is delivered in two parts: <ul style="list-style-type: none"> <li>(i) Annual cash incentive</li> <li>(ii) Deferred bonus shares with a holding period of three to five years (for the Chief executive) before vesting</li> </ul>	Senior management and above
<b>Long-term incentives</b>	Retention of skills and achievement of direct alignment with shareholder interest	Long Term Incentive Plan (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 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 OFFICER’S 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 that 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 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 page 99 of the Integrated Report.

#### 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

<b>Purpose</b>	The incentive is designed to reward and motivate the achievement of agreed company financial, strategic and operational objectives, linked to key performance areas within employees' respective portfolios. Through the deferred bonus arrangement, long-term sustained performance is encouraged.
<b>Eligible participants</b>	Executive directors, prescribed officers and management employees.
<b>Elements</b>	<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 March this year; and</li> <li>• A deferred bonus arrangement in which a proportion of the cash incentive is matched and awarded as: <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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 (Band 6).</li> </ul> </li> </ul> <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>
<b>Performance measures</b>	<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 2015, emphasis was placed on the following:</p> <ul style="list-style-type: none"> <li>• Leading and lagging <b>safety</b> indicators including safety leadership;</li> <li>• Total production and compliance to <b>mine plan</b>;</li> <li>• Cost optimisation (unit cost); and</li> <li>• <b>Financial</b> performance – EBIT, operating free cash flow, earnings per share (Kumba Iron Ore and Anglo American plc group).</li> </ul>

<b>Maximum value of annual performance incentive</b>	<p>The values of the annual performance incentive for executive directors and prescribed officers are:</p> <p><b>Chief executive</b> 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> 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><b>Prescribed officers</b> 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>
<b>Business multiplier (BM)</b>	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 seven years.
<b>Individual Performance Modifier (IPM)</b>	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.
<b>Maximum value of deferred bonus shares award</b>	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 and Chief financial officer.
<b>Changes in 2015</b>	All employees in band 6 are awarded cash in place of shares. Cash is deferred for one year before vesting. The Bonus Share Plan will be referred to as the Deferred Bonus Arrangement (DBA). The changes are aligned to market best practice.

## KEY PERFORMANCE FOCUS AREAS FOR 2016

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"> <li>Total production</li> <li>Compliance to mine plan</li> <li>Stripping ratio</li> </ul>
Cost	<ul style="list-style-type: none"> <li>Unit costs</li> <li>Additional agreed initiatives</li> </ul>
Financial	<ul style="list-style-type: none"> <li>EBIT</li> <li>Operating free cash flow</li> <li>Earnings per share [Kumba Iron Ore (KIO) and Anglo American plc group]</li> </ul>

## LONG-TERM INCENTIVES

### Long-term incentive plan ("LTIP")

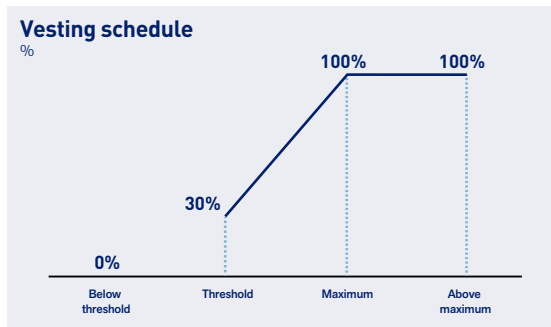
<b>Description</b>	The LTIP is consists of conditional awards of shares vesting after three years, subject to the achievement of stretching performance conditions. Full voting and dividend rights will only accrue from the vesting date.
<b>Eligible participants</b>	Executive directors
<b>Maximum value of the award</b>	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.

2015 performance measures

Two performance conditions, measured over a three-year performance period, apply to each allocation:

Performance indicator	Weighting	Threshold target	Stretch target
Return on capital employed (ROCE) achieved	50%	12%	18%
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 of 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 Ltd (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 2015

The threshold and stretched targets on the ROCE achieved performance indicator, of respectively 12% and 18%, was agreed by the Committee in July 2015. The targets were previously 55% and 70% for the threshold and stretch respectively.

Company limits

The aggregate limit for the BSP and LTIP 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.

**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. Although restrictions apply for six months after termination of service, no restraint of trade provisions apply and no restraint payments have been made during the year. There are no changes of control provisions or any provisions relating to payment on termination of employment.

**External appointments of executive directors and prescribed officers**

External appointments are subject to approval by the board and are governed by the business integrity policy.

**Non-executive directors' fees**

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

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. However, for FY2016, shareholders will be requested to approve additional remuneration to all members of an *ad hoc* Special Board Sub-committee that has been constituted following Anglo American plc's announcement of its intention to dispose of its stake in Kumba.

# ANNEXURE 3

## TOP 10 INVESTOR ANALYSIS

Institution	Location	Holding as at 24 December 2015	% ISC*	Holding at 24 December 2014
1. Anglo South Africa Capital	Johannesburg	224,535,915	69.71	224,535,915
2. Industrial Development Corporation	Johannesburg	41,498,615	12.88	41,498,615
3. Foord Asset Management	Cape Town	5,273,417	1.64	–
4. Public investment corporation	Pretoria	4,470,801	1.39	8,511,121
5. Franklin Templeton Investments	Singapore	4,215,160	1.31	2,552,497
6. Schroder Investment Management	London	3,588,185	1.11	1,612,233
7. GMO	Berkeley	2,859,232	0.89	–
8. Futuregrowth Asset Management	Cape Town	1,544,860	0.48	–
9. GMO	Boston	1,361,522	0.42	–
10. Northern Trust Global Investments	Chicago	1,260,034	0.39	–

\*Issued share capital

## MATERIAL CHANGES

Other than the facts and developments reported in the Annual Financial Statements 2015 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 2015 being 9 February 2016.

## 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)

A member of the Anglo American plc group

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

 Find us on Facebook

 Follow us on Twitter

