

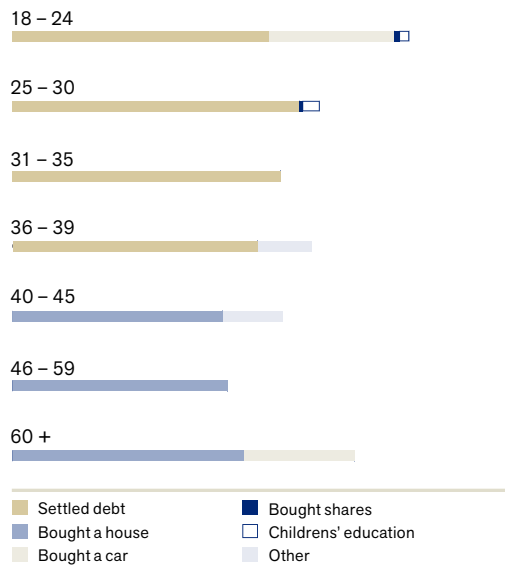
After the successes of Envision last year, 2012 was about focussing on Envision Phase 2.

Phase 2 of Envision began in November 2011, and will mature in November 2016. Currently there are 6,253 employees, below managerial level, enrolled in the scheme. During 2012, R206 million in dividends were paid out: R106 million in March 2012 and R100 million in August 2012. Financial fitness training will continue in this phase, with an emphasis placed on helping our employees to understand the tax implications of such payouts.

The Envision employee share scheme began in 2006, as a way to make sure that all employees are able to benefit financially from Kumba's success, no matter what their job. It targets employees below managerial level, and recognises each person's contribution to the company. Participants in the scheme received up to R55,000 in dividends during the first five years, as well as a payout of up to R570,000 at the end of 2011.

PHASE 2 OF ENVISION UNDERWAY

ENVISION SPENDING PATTERN IN 2012 PER AGE GROUP



ENVISION HAS CREATED THE OPPORTUNITY TO CHANGE LIVES.

Images

01 Kumba's employees benefit from various incentive schemes rewarding good performance.

03 Pit operations at the South Western pit at Sishen mine.

02 Marilyn Zenda, fitter, and Jacqueline Monare, maintenance operator, work on the stacker at Kolomela mine.

R206 million

PAID OUT AS DIVIDENDS TO 6,253 KUMBA EMPLOYEES DURING 2012



"Envision has undoubtedly been one of our most significant successes in recent years."

Norman Mbazima
Chief executive, Kumba Iron Ore



REMUNERATION REPORT

Kumba's vision is to be a leading, value-adding supplier of iron ore to the global steel industry. Attracting, retaining and developing the group's human resources are thus considered critical priorities for the group. In support of our business strategy and with the view to being the best mining company to work for, Kumba's remuneration strategy has an holistic approach; incorporating competitive remuneration, accredited and ongoing training and development, fair employment practices, the provision of benefits for a good quality of life for our employee and his/her dependents, as well as the provision of personal and professional growth prospects for individual self-fulfilment.

GOVERNANCE

The Human Resources, Remuneration and Nominations Committee of the board of directors (Remco) has been tasked with applying principles of accountability and transparency to remuneration matters in accordance with competitive market practices, legislation and guidelines. It is responsible for making recommendations to the board on performance-linked remuneration policies and practices for the company's executive directors, non-executive directors, senior management and personnel in support of the group's strategy which is aimed at creating value for shareholders. In its deliberations on the remuneration of directors and senior management, Remco considers both external market factors relating to remuneration matters, as well as the interest of shareholders. In addition, Remco maintains oversight of Kumba's competitive remuneration policies across the company.

Remco undertakes the following:

- approves reward policies and programmes in line with company strategy and objectives;
- reviews and approves targets and objectives for all performance-related pay, fixed and variable, as cascaded throughout the company;
- provides guidance on the evaluation of performance of executive directors;
- reviews and recommends to the board the remuneration of executive directors and executive management, including short-term incentive payments and long-term share awards;
- approves the overall cost of remuneration increases awarded to employees;
- approves the overall cost of short-term incentives awarded;
- approves the basis on which all grants in terms of Kumba's long-term incentive schemes are made; and
- approves the annual performance targets for both the chief executive and the executive management team.

The role of Remco in relation to the remuneration of directors and executive management is to:

- provide guidance on the evaluation of performance for executive directors;
- review and approve targets and objectives for all performance-related pay and incentive schemes for directors and executive management;
- review and recommend to the board, the remuneration of executive directors and executive management, including short-term awards; and
- approve the basis on which all grants in terms of Kumba's long-term incentive schemes are made.

See page 81 for further information on Remco and the company's website at www.angloamericankumba.com to access the Remco terms of reference.

REMUNERATION PHILOSOPHY

Kumba's remuneration philosophy ensures that employees are motivated and the positive performance of individuals is rewarded in an equitable, fair and consistent manner which is in line with:

- the company strategy, a key element of which is being a preferred employer;
- individual performance relevant to job accountability and responsibility; and
- the employment market.

Kumba's philosophy has been unchanged since its listing in 2006. However, reward elements are reviewed on an ongoing basis to ensure relevance and appropriateness in support of the business.

While competitive remuneration is part of Kumba's value offering, it is the complete offering that resulted in Kumba being voted the 'best employer to work for' in the mining category by Deloitte in 2012. The offering includes training, housing and medical benefits, and personal and professional growth prospects.

Kumba's employees are the heart of the company and the engine responsible for the company's success. As a result, Kumba does the following:

- expends considerable effort in recruiting employees, including a focussed drive to attract and recruit employees of colour;
- ensures that employees remain at the company by offering them competitive remuneration packages, and a range of training and development opportunities; and
- affords learners at secondary and tertiary education institutions the opportunity to complete their studies on Kumba's account, thus providing Kumba with the best talent from a young age.

REMUNERATION POLICY

The aim of the remuneration policy is to attract, retain and motivate talented, skilled and high-performing employees to execute the company's business strategy, and to create sustainable growth and value for all shareholders – see page 14 for further discussion on stakeholder engagement.

The remuneration policy indicates a reward mix of market-related base pay, aimed at the median of the market, combined with strong emphasis on variable pay. The fixed pay component ensures external competitiveness to attract and retain the correct skills required by Kumba, from a global market where skilled labour is in short supply, without unduly inflating the salary bill. Short-term incentives directly linked to company and/or individual performance supports the short- and medium-term objectives by rewarding performance over the period of the financial year. Long-term incentives form part of the

reward mix for all employees, to ensure alignment with shareholder objectives and in support of the company's long-term sustainability and growth.

For employees in the bargaining (unionised employees) category, a 'basic salary-plus allowances-plus benefits' model is used.

REPORTING

Kumba maintains the highest levels of corporate governance. Our remuneration disclosures are made in compliance with the King Code on Corporate Governance 2009 (King III) and best practice.

REWARD COMPONENTS

Benchmarking

All salaries are benchmarked annually against an appropriate comparator group within the South African market. For executives, industry, size of company and job content are used to benchmark against the external market. The last benchmarking exercise for non-bargaining employees was carried out during September 2012. The outcome of which compared well to the median of

the market. A similar benchmarking exercise was completed for bargaining unit employees during May 2012 prior to wage negotiations.

Approach to remuneration

Attracting scarce skills in a market where skilled labour within the mining industry is in short supply, remains a challenge. Employing people with the necessary skills to do their jobs is an imperative for the long-term sustainability of any business. Kumba recognises that it competes for these skills in a global market. Despite the pressure to increase base pay, especially for appropriately qualified and experienced HDSA candidates and legal appointments, the company aims to stay within its pay structure, and to provide a more holistic approach to reward through an integrated approach to remuneration for non-bargaining unit employees, with a reward model made up of total guaranteed packages, short-term incentives, long-term incentive programmes and development opportunities.

Robust talent management strategies are in place to ensure that gaps in the

Kumba skills profiles are identified, and that succession plans are developed and implemented. A special retention review was done during 2012 to identify scarce and critical skills, especially in respect of HDSA employees, with the focus on medium- to long-term retention through the allocation of additional shares. A scarcity allowance has been introduced for legal appointments in terms of the Mine Safety and Health Act (Act 85 of 1993)

In 2012, the reward components supported the strategy; contributing to the creation of short- and long-term value and high performance for shareholders by focusing on specific earnings before interest and tax (EBIT) and return on capital employed (ROCE) targets. Base salary is kept lean and targeted at the 50th percentile of the market while short-term incentives are market-related and directly linked to performance. The long-term incentives are derived directly from short-term incentives which fully support the 'pay-for-performance' principle.

The following table illustrates the key components and drivers of Kumba's integrated approach to remuneration:

Our remuneration policy aims to attract, retain and motivate talented, skilled and high-performing employees

REMUNERATION ELEMENTS		STRATEGIC INTENT	REWARD DELIVERY	ELIGIBILITY
Cost to company	Basic employment cost (BEC)	1. Attract people with the necessary competencies (knowledge, skill, attitude) to add value to our business	Monthly salary reviewed annually for non-bargaining unit employees and negotiated agreements with recognised trade unions	All employees
	Benefits	2. Retain competent, high performing employees who are engaged and demonstrate our values 3. Competitive and market related rewards 4. Compliant with legislative provisions and negotiated contractual commitments 5. Support high performing individuals and teams by aligning reward to performance	1. Employer contribution to selected retirement funds 2. Subsidised medical aid 3. Life and disability insurance 4. Housing allowances and/or 5 year mortgage subsidy plan 5. Study assistance for formal education	
	Circumstantial remuneration	6. Reinforce and enhance the principle that employees are key assets of our company	Job-specific Scarce skills	

REMUNERATION REPORT CONTINUED

REMUNERATION ELEMENTS		STRATEGIC INTENT	REWARD DELIVERY	ELIGIBILITY
Short-term incentives	Annual bonus scheme aligned to financial performance year	Aligned to the achievement of stretched targets at company/business unit/functional level: 1. Financial targets 2. Production targets 3. Safety performance	Annual bonuses, paid on monthly, quarterly or annual basis. Performance related payment	All employees
	Gain share	Group/business unit performance measures cascaded to individual performance level to align behaviour to achieve performance objectives. No adjustment allowed on performance measures (i.e. EBIT)	Gain share	
Long-term incentives		1. Achieve direct alignment with shareholder interests 2. Reward employees for contributing to long-term sustainable company performance 3. Attract and retain key employees	Participation in: Bonus Share Plan (BSP) Long Term Incentive Scheme (LTIP)	Executive directors and executive management nominated key employees
			Participation in Employee Share Ownership Plan (Envision)	Employees first line management and below

Split between fixed and variable remuneration

The split between fixed (guaranteed) and variable (performance-related) remuneration is linked to company strategy and individual KPIs. The company strategy, business objectives and targets are aligned and signed off by Remco on an annual basis. All executive management performance score cards speak directly to these business objectives and targets which are then cascaded throughout the business to operation, team and individual level.

DIRECTORS' FEES AND REMUNERATION

The directors are appointed by the Kumba board based on their competence, ability and appropriate experience to contribute to achievement of the company's objectives as a leading, value-adding iron-ore supplier to the global steel industry. The policy is to ensure that executive directors receive remuneration that is appropriate to their scope of responsibility and contribution to the operating and financial performance, taking into account industry norms and external market and country benchmarks.

The application of the remuneration principles is aimed at encouraging long-term performance and the continual alignment of such performance with the strategic direction and specific value drivers of the business.

Executive directors

The remuneration of executive directors of Kumba consists of two components: a fixed and a variable component of an annual executive performance incentive and long-term incentives in terms of Kumba's Bonus Share Plan and a Long-term Incentive Plan.

Both fixed and variable components 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 improving shareholder value.

Fixed remuneration

Following established practice, the fixed salaries of executive directors are reviewed every year in January. Adjustments to the fixed packages are determined with reference to the scope and nature of an individual's role and their performance and experience. The fixed packages are also compared

to the median pay levels of other companies of comparable size and complexity to ensure market competitiveness and performance excellence. The review also takes into account any change in the scope of the role performed by the individual, changes required to meet the principles of the remuneration policy and market competitiveness. Reward benchmarking is conducted bi-annually when reward elements are compared with those of peer companies.

In addition to a basic cash salary, executive directors receive benefits that include a contribution towards membership of one of the group's approved medical health care schemes, vehicle benefits, vehicle insurance and security services. No other material benefits are paid.

Retirement and risk benefits, including life cover and death-in-service benefits, are provided to executive directors subject to the rules of the Kumba Selector Pension and Provident funds. During the year, contributions calculated as a percentage of the pensionable income are paid to contributory retirement schemes established and/or approved by the

group, and subject to the rules of the pension and provident funds.

The employer's retirement contribution is 11% of pensionable emoluments for 2012. The rate of contribution for each executive director is calculated on the basis of the assumption that executive directors will retire at the age of 60 years.

The emoluments paid/payable to the executive directors are presented in the table on the right.

Variable remuneration

Annual performance incentives

From 2012 onwards, executive directors participate in the Anglo American Performance Standard that is linked to a group-wide annual incentive scheme. The incentive scheme is designed to reward and motivate the achievement of agreed company financial, strategic and performance objectives, linked to key performance areas that form part of their respective portfolios.

The performance targets for executive directors within Kumba's operations will vary depending on business-specific strategic value drivers and key objectives approved by the board.

In 2012, emphasis was placed on operational targets, including production, waste volumes and unit cash costs. Other strategic objectives such as growth, safety, financial and people measures were some of the key performance indicators that the executive directors delivered on.

During February 2013, Remco considered an overall assessment of company performance for the 2012 financial year. In addition, executive directors and members of the executive team were assessed in terms of achievement against strategic and key performance objectives within their respective areas of accountability. Following this, the Remco reported the outcome to the board which then approved annual incentive payments for 2012.

EXECUTIVE DIRECTORS' EMOLUMENTS

Executive directors	Base salary ^{1,2}	Benefits (retirement and medical aid) ³	Cash bonus based on 2012 performance (paid in March 2013)	Face value of BSP shares awarded in respect of 2012 performance (awarded in March 2013)	LTIP – value earned in respect of performance period 2010 to 2012 (vesting in 2013)	Total emoluments 2012	Total emoluments 2011
CI Griffith ⁵	3,181	422	1,377	–	3,029	8,009	13,929
NB Mbazima ⁵	2,290	276	1,084	4,123	–	7,773	–
FT Kotzee ⁶	1,828	228	715	1,001	–	3,772	–
VP Uren	–	–	–	–	–	–	11,465
Total	7,299	926	3,176	5,124	3,029	19,554	25,394

- (1) Executive directors do not receive any fees for their services as members of the board of directors or members of board committees.
- (2) Base salary includes travel allowance.
- (3) Benefits include company contributions to the Kumba Retirement Fund and medical aid.
- (4) Value based on the average Kumba Iron Ore share price in the period 1 October 2012 to 31 December 2012.
- (5) Mr CI Griffith resigned from the board of directors with effect from 1 September 2012 to assume the role of chief executive officer of Anglo American Platinum Limited. Mr NB Mbazima was appointed as chief executive officer and a member of the board of directors, with effect from 1 September 2012.
- (6) Mr FT Kotzee was appointed as chief financial officer and a member of the board of directors with effect from 1 June 2012. The recruitment process was conducted by an extended nominations group and the appointment was made by the Kumba board. Mr VP Uren, who was appointed to the board of directors on 7 April 2006, stepped down from his role as chief financial officer and as a member of the board of Directors on 31 December 2011. He continued his employment with Kumba, working exclusively on legal issues, until 30 June 2012. Emoluments exclude retention payment of R2.5 million.
- (7) Emoluments paid in 2012 to Mr CI Griffith included cash payments determined and paid in terms of separate employment agreements concluded between Kumba International Trading SA (KITSA) and the respective executive director for services rendered outside of South Africa.

Long-term incentive plans

Executive directors and executive management participate in one or more of the long-term incentive schemes described below as proposed by Remco and approved by the board:

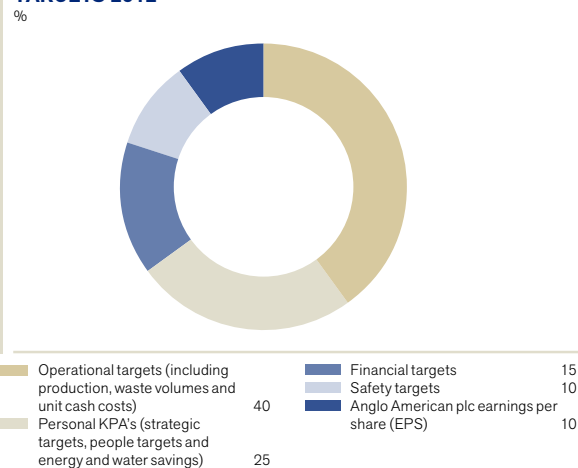
- the BSP;
- the LTIP;
- the share appreciation rights scheme (no new grants made since 2008);
- the deferred bonus plan (no new grants will be made); and
- Kumba management share incentive scheme (no grants awarded since unbundling).

Bonus share plan

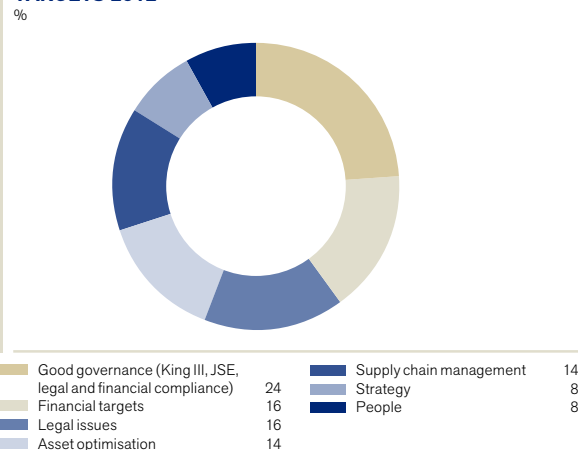
The BSP was approved by shareholders at the AGM on 20 March 2009 and was implemented in 2009. It is offered to executive directors and senior managers who have the opportunity and the responsibility to contribute towards the group's overall strategic objectives. The rationale for implementing the BSP was to:

- provide a mechanism for wealth creation for participants that is

CHIEF EXECUTIVE'S PERFORMANCE TARGETS 2012



CHIEF FINANCIAL OFFICER'S PERFORMANCE TARGETS 2012



REMUNERATION REPORT CONTINUED

linked to wealth creation for the group's shareholders;

- strengthen the performance culture and provide a direct link between annual performance objectives and share-based incentives;
- encourage participants to build up a shareholding in the company and thus increase the alignment of employees' interests with shareholders; and
- increase the effectiveness of the overall remuneration and enable the company to attract, motivate and retain key management talent.

The BSP has two components:

- a payment of an annual cash bonus, more fully described above; and
- a forfeitable award of shares linked to the participant's annual cash bonus award – these shares are known as bonus shares. The split between the cash and bonus share elements is determined by the employees' grade.

The number of bonus shares awarded is determined by the value of the annual cash bonus awarded to each participant. The bonus shares are held by an escrow agent and released to the participant three years after the award date (conditional upon the participant still being in the employment of the Anglo American Group). During the three-year period, the participant is entitled to all rights attaching to the bonus shares, including dividend entitlements and voting rights. No performance conditions are linked to the bonus shares although the individual performance determines the actual bonus amount on which these shares are based.

In terms of the BSP rules, the combined unvested BSP shares allocated may not exceed 1% of shares issued (3,194,612 shares). The maximum value of BSPs that can be allocated in any one year is 140% of BEC for management, plus 50% additional forfeitable shares, which are restricted to top management levels.

Long-term incentive plan

Executive directors may receive, on a discretionary basis each year, a conditional award of Kumba shares.

Conditional shares are awarded at 100% of annual BEC at the face value of the underlying Kumba share, with 150% of annual BEC for chief executive and 100% for chief financial officer.

Any vesting of each of the annual LTIP awards made since the inception of the plan in 2007 is subject to the achievement of stretched performance targets relating to total shareholder return (TSR) (50% of the award) and to a financial measure (ROCE), (50% of the award) over a fixed three-year period. No retesting of the performance conditions is allowed. The part of the share award that is subject to the TSR performance condition is determined by the extent to which the company's TSR performance reaches certain hurdles relative to the TSR of an agreed peer group over the same three-year performance period. During 2010, Remco assessed the appropriateness of the peer group and changed it to be more representative of the mining sector. Currently Kumba's performance is targeted to be at the upper quartile of the peer group for shares subject to this performance condition to vest. ROCE targets attached to conditional shares are set and approved by the Remco at the time of the award. A threshold target is set at 95% of target with an upper limit set at 105% of target. Linear vesting takes place once the threshold is reached.

Upon vesting, the participant will be entitled to shares in Kumba to the value of the vested portion of the conditional award. Such portion of the conditional awards which does not vest at the end of the three-year period will lapse.

The table on the following page details the extent to which the executive directors participate in the company's share incentive plans.

Executive directors' service contracts

Executive directors are not employed on fixed-term contracts and have standard employment service agreements with notice periods of up to 12 months. No restraint of trade provisions apply

and no restraint payments have been made during the year. There are no changes to control provisions or any provisions relating to payment on termination of employment.

Non-executive directors

In order to attract and retain directors of sufficient calibre and experience that best serve the company and to fulfil roles that are becoming increasingly demanding, the company pays a fair market-related retainer to ensure that directors provide necessary leadership to meet the business strategy and to deliver on KPIs. Non-executive directors do not hold service contracts with the company.

Board fees are set annually and informed by a market benchmark study conducted by an independent external service provider. PwC conducted the benchmark study for 2012/2013. Fees payable are not dependent upon attendance of meetings and no other supplementary fees are payable unless special circumstances prevail. The proposed fees were determined following a benchmarking exercise using market data, including a survey of the top 40 companies listed on the JSE which indicated a need for an adjustment to bring the fees in line with the market. The board also considered the increased scope of responsibilities for its committees, taking into account, specifically, the fact that both Remco and the Social and Ethics Committee have additional roles as Nominations, and Social and Ethics Committees, thereby increasing the workload of their members. The board is of the view that the fee increase proposal is in line with the market and is appropriate.

Non-executive directors are prohibited from participating in the company's share incentives schemes.

Remco recommends fees payable to the non-executive directors for approval by shareholders. The annual fees payable to non-executive directors were approved by the shareholders at the annual general meeting of shareholders in May 2012.

Capacity and name	Number of awards at 1 January 2012	Awards granted			Awards vested			Outstanding awards		
		Number of awards	Grant date	Fair value of awards (R'000)	Number of awards	Vesting date	Notional value at vesting date (R'000)	Number of awards at 31 December 2012	Notional value (R'000)	Earliest date of vesting
Executive directors										
BSPs										
NB Mbazima	-	-	-	-	-	-	-	-	-	-
FT Kotzee	-	2,222	01-Jun-12	1,231	-	-	-	2,222	1,264	01-Jun-13
CI Griffith	21,032	6,709	01-Mar-12	3,864	7,328	01-Apr-12	3,847	20,413	11,613	22-Jul-13
VP Uren	20,509	5,454	01-Mar-12	3,141	9,528	01-Apr-12	5,002	16,435	9,350	22-Jul-13
LTIP										
CI Griffith	39,594	8,870	01-Mar-12	5,108	18,586	01-Apr-12	9,758	29,878	16,997	22-Jul-13
VP Uren	34,372	7,344	01-Mar-12	4,230	16,858	01-Apr-12	8,850	24,858	14,141	22-Jul-13
SARS										
CI Griffith	7,540	-	-	-	7,540	10-Feb-12	2,235	-	-	-
	123,047	30,599		17,574	59,840		29,692	93,806	53,365	

⁽¹⁾ Mr CI Griffith resigned from the board of directors with effect from 1 September 2012 to assume the role of chief executive of Anglo American Platinum Limited. Mr NB Mbazima was appointed as chief executive and a member of the board of directors with effect from 1 September 2012.

⁽²⁾ Mr FT Kotzee was appointed as chief financial officer and a member of the board of directors with effect from 1 June 2012. The recruitment process was conducted by an extended nominations group and the appointment was made by the Kumba board. Mr VP Uren, who was appointed to the board of directors on 7 April 2006, stepped down from his role as chief financial officer and as a member of the board of directors on 31 December 2011. He continued working for Kumba, exclusively on legal issues, until 30 June 2012.

The fees paid/payable to the non-executive directors are made up as follows:

Rands ('000)	2012			2011			
	Director fees	Committee fees	Total fees	Director fees	Committee fees	Additional directors' fees ¹⁴	Total fees
Non-executive directors							
ZBM Bassa ^{1,2,7}	185	361	546	177	356	75	608
GG Gomwe ^{2,5,8}	146	155	301	177	79	60	316
GS Gouws ^{2,3,15}	185	176	361	177	79	90	346
KT Kweyama ⁹	39	31	70	-	-	-	-
PB Matlare ^{1,3,4}	44	39	83	177	157	75	409
DD Mokgatle ^{1,2,4,7}	185	433	618	177	353	105	635
AJ Morgan ^{1,2,3,4,7,10}	880	146	1,026	1,100	-	105	1,205
LM Nyhonyha ^{1,2,7,11}	185	227	412	89	58	-	147
BP Sonjica ^{7,12}	110	122	232	-	-	-	-
F Titi ^{7,13}	279	-	279	-	-	-	-
DM Weston ⁶	185	-	185	177	-	75	252
Total non-executive directors	2,423	1,690	4,113	2,251	1,082	585	3,918

⁽¹⁾ Member of the Audit Committee

⁽²⁾ Member of the Risk Committee

⁽³⁾ Member of the Remco

⁽⁴⁾ Member of the Social and Ethics Committee

⁽⁵⁾ Directors' fees ceded to Anglo Operations Limited (AOL), a wholly owned subsidiary of Anglo American plc

⁽⁶⁾ Directors' fees ceded to Anglo American Services (UK) Limited, a wholly owned subsidiary of Anglo American plc

⁽⁷⁾ Independent non-executive director

⁽⁸⁾ Resigned from the board with effect from 15 October 2012

⁽⁹⁾ Appointed to the board with effect from 15 October 2012

⁽¹⁰⁾ Stepped down as interim chairman with effect from 1 October 2012 which he assumed on 15 December 2012. Retains position as the senior lead independent director of the board

⁽¹¹⁾ Appointed to the board with effect from 14 June 2011

⁽¹²⁾ Appointed to the board with effect from 1 June 2012

⁽¹³⁾ Appointed to the board and chairman with effect from 1 October 2012

⁽¹⁴⁾ Includes additional directors' board meeting fees paid in 2011 in respect of once-off additional board meetings held in 2010

⁽¹⁵⁾ Directors' fees ceded to Industrial Development Corporation

REMUNERATION REPORT CONTINUED

Non-executive directors are subject to retirement by rotation and re-election by shareholders in accordance with the terms of the Memorandum of Incorporation (MOI) of the company.

Prescribed officers' remuneration

In accordance with the requirements of King III and the Companies Act, the remuneration of prescribed officers of the company is to be disclosed. At its meeting held in November 2011, Remco approved the appointment of each Executive Committee member, other than executive directors, as a prescribed officer.

The fixed remuneration of members of the Executive Committee, other than executive directors, was reviewed by Remco at its meeting held in November 2011. The salaries of prescribed officers and executive directors were reviewed in November 2012 for implementation on 1 January 2013. The fixed salaries were compared with the median pay levels of other South African mining companies, based on the scope and nature of each individual's role, and his or her performance and experience.

NON-EXECUTIVE DIRECTORS FEES:

Capacity	2012/13 fees per annum
Chairman of the board	1,116,000
Director	188,000
Audit Committee chairman	251,000
Audit Committee member	124,800
Risk Committee chairman	167,000
Risk Committee member	83,500
Social and Ethics Committee chairman	251,000
Social and Ethics Committee member	124,800
Remco chairman	251,000
Remco member	124,800

PRESCRIBED OFFICERS' REMUNERATION Rands ('000)

Prescribed officers	Base salary ¹	Benefits (retirement and medical aid) ²	Cash bonus based on 2012 performance (paid in March 2013)	Face value of BSP shares awarded in respect of 2012 performance (awarded in March 2013) ³	Total emoluments 2012	Total emoluments 2011
CC Holtzhausen	1,618	206	485	1,361	3,670	3,689
AC Loots	2,141	275	696	1,877	4,989	4,889
FM Louw	2,156	277	1,034	2,584	6,051	5,457
VF Malie	1,530	197	306	1,074	3,107	3,326
Y Mfola	1,734	228	650	1,641	4,253	760
LL A Mgzah	1,618	214	566	1,475	3,873	1,703
SV Tyobeka	1,860	247	699	1,764	4,570	4,202
A van den Brink	1,852	240	879	2,011	4,982	4,181
C van Loggerenberg	2,168	278	1,040	2,598	6,084	5,490
Total prescribed officers	16,677	2,162	6,355	16,385	41,579	33,697

¹ Base salary includes travel allowance

² Benefits include company contributions to the Kumba Retirement Fund and medical aid

³ Value based on the average Kumba Iron Ore share price in the period 1 October 2012 to 31 December 2012

As is the case with the executive directors, the members of the group Executive Committee participate in the BSP. The table below details the extent of the prescribed officers' participation in the company's share incentive scheme:

Number of shares	CC Holtzhausen	AC Loots	FM Louw	VF Malie	Y Mfola	LLA Mgzah	SV Tyobeka	A van den Brink	C van Loggerenberg
Opening balance at 1 January 2012	5,134	13,252	17,465	9,823	–	7,124	17,944	13,144	20,209
Granted during 2012	2,734	3,849	5,152	2,776	2,265	2,873	3,309	3,391	5,021
Vested during 2012 (March 2012)	(1,477)	(5,179)	(7,271)	(4,486)	–	–	(4,486)	(6,500)	(9,928)
Closing balance at 31 December 2012	6,391	11,922	15,346	8,113	2,265	9,997	16,767	10,035	15,302
Notional value of awards at date of vesting (Rand)	775	2,719	3,817	2,355	–	–	2,355	3,413	5,212

DIRECTORS' AND PRESCRIBED OFFICERS' INTEREST IN SHARES

The interests of directors and prescribed officers in the ordinary shares of the company as at 31 December and their immediate families (none of which has a holding greater than 1%) in the issued shares of the company are detailed below. There have been no changes in these shareholdings since 31 December 2012 and the date of approval of the annual financial statements.

A register detailing directors' and prescribed officers' interests in contracts is available for inspection at the company's registered and corporate office.

BARGAINING CATEGORY EMPLOYEES

Relations with employees and organised labour are governed by recognition agreements while conditions of employment are determined by a process of collective bargaining with representative trade unions. Employment equity practices, trade union access and membership, compensation for occupational illness or injury on duty, and the provision and financing of training programmes are managed in accordance with applicable labour legislation.

A minimum notice period of 60 days in respect of operational changes is prescribed by legislation and recognition agreements with unions which also regulate aspects such as participation in safety and health structures, and disciplinary and grievance procedures. Wages and other conditions of service are negotiated on an annual or biannual basis.

A two-year agreement was signed with Solidarity and NUM for the period 1 July 2012 to 30 June 2014. This provided for increases in basic salary ranging from 8.5% to 10.5% (including a 0.5% safety component) with effect from 1 July 2012. Kumba's pay levels compare favourably to the market median. Subsequently, housing allowances were also increased by 8.5% and the same range of increases, or CPI +2%, whichever is the greater will be awarded from 1 July 2013.

DIRECTORS' INTERESTS IN SHARES

	2012			2011		
	Number of shares	Long-term incentive scheme shares ¹	Total beneficial interest	Number of shares	Long-term incentive scheme shares ¹	Total beneficial interest
Executive directors						
CI Griffith ²	–	50,291	50,291	330	68,166	68,496
VP Uren ²	–	41,293	41,293	1,000	34,372	35,372
NB Mbazima	–	–	–	–	–	–
FT Kotzee	–	2,222	2,222	–	–	–
Non-executive directors						
GS Gouws [#]	213	–	213	213	–	213
DD Mokgatle [#]	428	–	428	428	–	428
Total	641	93,806	94,447	1,971	102,538	104,509

¹ Granted under the Bonus Share Plan, Long-term Incentive Plan and Kumba Share Appreciation Rights Scheme and disclosed in the tables above.

² The employment contract for Mr CI Griffith was terminated during 2012 and the employment contract for Mr VP Uren was terminated on 31 December 2011.

[#] Total indirect interests held by spouses

During the wage negotiations, the company proposed a continuous operation model to secure the principle of compulsory work on public holidays to ensure that all mines operate on a continuous basis. While no agreement was reached, the parties committed to formalise agreements to work on public holidays on a voluntary basis at the specific operations. The parties further agreed to a joint roadshow to encourage employees to avail themselves for voluntary work on public holidays.

In 2012, 57.6% of the total workforce were represented by recognised unions or catered for through agency-shop agreements.

Kumba recognises the following unions: the NUM, Solidarity and BAMCU.

STIs are awarded, based on achievements of direct drivers, such as production factors with waste and safety modifiers. The unprotected strike, which started on 3 October 2012 and ended

on 16 October 2012, impacted negatively on production to the extent that no STIs will be awarded for the 2012 financial year. For details of the unprotected strike, refer to page 62.

Envision was set up in 2006 as part of the company's BEE initiative, and to work towards compliance with the Mining Charter, which requires that mining companies are at least 26% black-owned. Some 26.1% of Kumba's shares are black-owned: 19.98% of SIOC's shares are owned by Exxaro Resources, 3% are held by SIOC-cdt and 3.1% are issued to Envision.

The aim of establishing Envision was to ensure that all Kumba employees, regardless of position, could share in the company's success. It was designed as a performance incentive and to encourage staff retention, as well as to promote BEE through the participation of HDSAs.

On 17 December 2011, the first phase of Envision matured, at which time

Location	NUM	Solidarity	Agency shop	BAMCU	Non-unionised
Corporate office	4.99%	8.07%	3.28%	0%	83.66%
Sishen mine	37.58%	32.54%	6.14%	6.26%	17.73%
Thabazimbi mine	41.83%	30.52%	7.05%	0%	24.12%
Kolomela mine	38.71%	14.62%	2.33%	0.13%	44.02%

* Granted in terms of the BSP, LTIP & forfeitable shares awarded

⁽¹⁾ Indirect interest held by spouses

REMUNERATION REPORT CONTINUED

R2.7 billion was paid to 6,209 employees below management level. A pre-tax cash payout of approximately R570,000 was made to each employee employed since 2006 with reducing payouts dependent on length of service. Each member also received dividends during the year amounting to R33,675 (pre-tax). Prior to the vesting of the Envision awards, all employee participants were given a choice of receiving shares in Kumba or receiving a cash payout. The majority of employees elected to receive the cash payout. Kumba provided employees with education programmes called "Financial Fitness", to prepare them for the substantial remuneration they would receive and to advise them on the best and most prudent way of spending and/or investing their payouts. The training was also extended to the wives and husbands of beneficiaries.

The emphasis of the training was on sound financial management and long-term planning, and subject matter ranged from the benefits of home ownership and education, to the need for estate planning and a will. It also included warnings against hazards such as pyramid schemes and information regarding the risks of misplaced entrepreneurship.

Pursuant to a survey conducted by Kumba, 37% of Envision members used their proceeds to settle debts; 11% bought a car; 33% bought a house; 1% bought shares; 6% provided for their children's education and 12% applied their proceeds for other uses.

For further details on Envision, refer to pages 41 and 67.

A second phase of Envision, which matures in 2016, is now underway and operates on similar terms.

CONTRACTORS

Kumba engages contractors and their employees at its operations to undertake specialist and fixed-term jobs. As a minimum, contractors receive benefits that are in line with the Basic Conditions of Employment Act 75 of 1997. At the end of 2012, the percentage ratio of full-time contractors to full-time employees within the group was 60.4% (2011: 89%).

Since poor performance by contractors in any aspect of the day-to-day management of its operations poses a reputational risk to Kumba, contractor engagement is a critical factor for the group's success. Company-wide programmes continue to be implemented to ensure that all contractors conform to Kumba's requirements across a wide range of

disciplines, including safety and health, training and development and fair employment practices. Kumba is fast-tracking performance-linked incentives for contractors and from the third quarter of 2011 contractors have taken part in the Kolomela Rapid Ramp-up Bonus Scheme, an incentive scheme tied strictly to stretched performance targets, for which payments are made on a quarterly basis provided that the performance conditions are met.

EMPLOYMENT

At the end of 2012, Kumba employed a total of 11,773 people (2011: 11,898) made up of full-time permanent employees, full-time contractors and 702 learnerships as detailed below. A further 8,806 fixed-term project contractors (2011: 4,131) were employed at Kumba's construction projects.

BREAKDOWN OF EMPLOYEES AND CONTRACTORS

	Full time, permanent 2012*	Full time, permanent 2011*	Full time, contractor 2012	Full time, contractor 2011	Total employment 2012*	Total employment 2011
Corporate office	125	120	-	20	125	140
Sishen mine	5,303	4,412	2,910	3,865	8,213	8,277
Kolomela mine	1,030	771	811	711	1,841	1,482
Thabazimbi mine	852	815	470	889	1,322	1,704
Technical services	120	91	-	35	120	126
Projects	45	43	2	56	47	99
Saldanha Bay and other	105	51	-	19	105	70
Group	7,580	6,303	4,193	5,595	11,773	11,898

* Including learnerships

CORPORATE GOVERNANCE

The Kumba board of directors is committed to the highest standards of corporate governance contained in the Code of Governance Principles for South Africa 2009 (King III), the Companies Act 71 of 2008, as amended, (the Act), the JSE's Listings Requirements (listings requirements) and other regulations.

It is the board's role to provide the leadership necessary to promote the application of the principles of good corporate governance throughout the group. The year under review saw the continuation of the implementation of the recommendations of King III, the Act and amendments to the listings requirements, with significant progress achieved.

KING III COMPLIANCE

In 2011 and 2012, the board prioritised and reported on progress with the implementation of the compliance framework, processes, controls, management of ethics, and regulatory and legislative compliance as recommended in Chapters 1 and 6 of King III. The board is of the view that the activities of the group should be underpinned by a strong ethical foundation and is satisfied that the company's Business Integrity Policy and management processes are adequate.



For information on the group's management of ethics, refer to pages 23 to 24 of the Sustainable Development Report 2012.

The South African legislative and regulatory environment is very dynamic. The development of the regulatory compliance framework continued in 2012 with a process plan approved by the Risk Committee. The following has been implemented:

- The regulatory universe of national legislation affecting the group was identified.
- A risk rating of the regulatory universe was conducted and key headline risk acts were identified.
- Compliance risk management plans were developed for each of the identified headline risk acts.

In February 2013, the board, through its Risk Committee, reviewed the process and considered the compliance risk report for the MPRDA. The board is satisfied that the group has adequate controls in place to manage compliance

risk regarding this act. The journey to full maturity continues with further compliance risk reports scheduled for development in 2013.

The board is satisfied that the group complies fully with the principles and recommendations of King III, most of which are entrenched in the group's internal controls, policies and procedures, with the following exceptions:

- Principle 2.24: The development of a governance framework between Anglo American plc and Kumba is in progress.
- Principle 2.25: The board believes that it is not necessary to implement an attendance fee per meeting for non-executive directors as the directors consistently attend meetings and where attendance is not possible, they contribute to matters to be considered at meetings.

COMPANIES ACT

The Act came into effect on 1 May 2011, and provided the board with an opportunity to review a number of areas within the group's corporate governance system and processes. The board conducted a workshop in July 2012 to review the MOI and the treatment of alterable provisions in the Act. The MOI was subsequently approved by the board for adoption by the shareholders. The company secretary consulted with a number of stakeholders regarding the proposed MOI. Meetings were held with some significant South African shareholders and correspondence was entered with a few offshore shareholders after the publication of the MOI circular on 4 December 2012. The first important issue that was discussed extensively by the board at its workshop and with stakeholders was the requirement for the rotation of executive directors. Guidance was sought from the company's sponsors and legal advisors. The board took the view that executive directors are first and foremost, employees of the company and have employment contracts which regulate

their relationship with the company. As such requiring executive directors to rotate every three years would contradict the terms of employment. The board is satisfied that the right of the shareholders to remove a director of the company is entrenched in the Act. The MOI was presented to and adopted by the shareholders on 18 January 2013.

The other important issue that was discussed was that of board tenure and director independence. This is discussed further on page 79.

JSE LISTINGS REQUIREMENTS

There were a number of amendments and guidance notes issued by the JSE on the listings requirements during 2012. The board is satisfied that the group is fully compliant with the listings requirements, and the annual compliance certificate for the year under review has been submitted to the JSE.

KUMBA GOVERNANCE STRUCTURE

The Kumba governance process is regulated by applicable corporate governance principles, legislation and the Kumba Delegated Authority Framework (DAF). Kumba's operating entity, SIOC, in which Kumba has a majority shareholding, has in place a fully operational board of directors consisting of executive and non-executive directors. The non-executive directors are drawn from SIOC's minority shareholders. The DAF regulates the authority limits and relationship between the Kumba and SIOC boards to ensure that decisions pertaining to either of the companies are taken by the correct board. Accordingly, SIOC directors retain unfettered discretion with respect to SIOC matters and, in appropriate circumstances, SIOC shareholders, of which Kumba is the majority, make recommendations which are taken into account by the SIOC board. Kumba's governance structure is depicted on page 78.

CORPORATE GOVERNANCE CONTINUED

KUMBA GOVERNANCE STRUCTURE



THE BOARD

Board composition

Kumba has a unitary board which is led by an independent non-executive chairman. The board consists of two executive directors and nine non-executive directors, six of whom are independent, as outlined in the table. The non-executive directors have the necessary skills, qualifications and experience to provide judgement that is independent of management on issues material to the group.

Biographical details of each director are provided on page 12.

Role of the board

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

Board charter

The Kumba board charter deals with the following:

- regulates the parameters within which the board operates;
- sets out specific responsibilities to be discharged by the board members; and
- requires directors to adhere to the provisions of the MOI.

The board charter also addresses board governance and key issues which the board considers in the course of its

DIRECTOR	DESIGNATION	APPOINTMENT DATE
Zarina BM Bassa	Independent non-executive director	02 December 2008
Gert S Gouws	Non-executive director	09 February 2006
Frederick (Frikkie) T Kotzee	Executive director (chief financial officer)	01 June 2012
Khanyisile T Kweyama	Non-executive director	15 October 2012
Norman B Mbazima*	Executive director (chief executive)	01 September 2012
Dolly D Mokgatle	Independent non-executive director	07 April 2006
Allen J Morgan	Lead independent non-executive director	09 February 2006
Litha M Nyhonyha	Independent non-executive director	14 June 2011
Buyelwa P Sonjica	Independent non-executive director	01 June 2012
Fani Titi	Independent non-executive director (chairman)	01 October 2012
David M Weston†	Non-executive director	10 February 2010

*Zambian
†British

direction of the company, including the following matters which are specifically reserved for the board:

- Reviewing the strategic direction of the company and adopting business plans proposed to achieve the company's objectives.
- Approving specific financial objectives, including budgets, and non-financial objectives and policies proposed by management.
- Overseeing the company's performance against agreed targets and objectives.
- Reviewing the process for management of business risk and ensure there is an effective risk-based internal audit.

- Reviewing the regulatory compliance framework and processes to ensure the company complies with the relevant laws, regulations and codes of best business practice.
- Delegating appropriate authority to the chief executive for capital expenditure and reviewing investment, capital and funding proposals reserved for board approval in terms of the DAF.
- Appointing the chief executive and executive and non-executive directors on recommendation from the Human Resources, Remuneration and Nomination Committee (Remco).
- Approving succession planning for the board and key positions within the group.

- Ensuring the integrity of financial reporting and the full and timely disclosure of material matters concerning the group.

Changes to the board during the year

A formal procedure exists for the appointment of directors to the board. This procedure is transparent and a matter for the board as a whole. The Remco applies identified criteria in conducting the search for a director and takes into account the balance of skills, experience and diversity before making a recommendation to the board.

There were a number of changes to the board to both executive and non-executive directors during the year under review. Peter Matlare resigned as a non-executive director on 31 March 2012. On 1 June 2012, Frikkie Kotzee was appointed as an executive director and chief financial officer, following the resignation of Vincent Uren at the end of 2011, and Buyelwa Sonjica was appointed as a non-executive director. On 1 September 2012, Chris Griffith resigned as executive director and chief executive and was replaced by Norman Mbazima. On 1 October 2012, Fani Titi was appointed to the board as the non-executive chairman. He took over from Allen Morgan who had been the interim chairman since 14 December 2010.

On 15 October 2012, Godfrey Gomwe resigned from the board and Khanyisile Kweyama was appointed to the board.

Board meetings and attendance during the year

The board met four times for normal business and twice for special business during the year under review. The special meetings were convened at short notice on 5 and 11 October 2012 to discuss the Sishen unprotected strike. The board held its annual strategy workshop on 24 and 25 May 2012. The board also held a risk and corporate governance workshop on 12 July 2012. See table above for attendance details.

Conflict of interest

Kumba has a conflict of interest policy in place which is designed to assist directors in identifying situations that could present potential conflict of interest and to provide a procedure, such as recusal, which can be followed in the case of a conflict of interest. The policy is intended to comply with the procedures prescribed in the Act as well as the listings requirements. A comprehensive register of directors' interests is maintained and updated and signed by each director individually. The register is circulated at each board meeting and formally noted by the board. The directors are called upon to apply their minds to situations where a perception of conflict could arise and appropriate action is recommended.

Director	Scheduled board meetings				Special board meetings*		Board strategy workshop	Governance and risk workshop
	7 Feb	18 May	18 Jul	16 Nov	5 Oct	11 Oct	24 and 25 May	12 Jul
ZBM Bassa	✓	✓	✓	✓	✓	✗	✓	✓
CI Griffith	✓	✓	✓	n/a	n/a	n/a	✓	✓
GG Gomwe	✗	✓	✓	n/a	✗	✓	✓	✗
GS Gouws	✓	✓	✓	✓	✗	✓	✓	✓
FT Kotzee	n/a	n/a	✓	✓	✓	✓	n/a	✗
KT Kweyama	n/a	n/a	n/a	✓	n/a	n/a	n/a	n/a
PB Matlare	✓	n/a	n/a	✓	n/a	n/a	n/a	n/a
NB Mbazima	n/a	n/a	n/a	✓	✓	✓	n/a	n/a
DD Mokgatle	✓	✓	✓	✓	✓	✗	✓	✓
AJ Morgan	✓	✓	✓	✓	✗	✗	✓	✓
LM Nyhonyha	✓	✓	✓	✓	✗	✓	✓	✓
BP Sonjica	n/a	n/a	✓	✓	✗	✗	n/a	✓
F Titi	n/a	n/a	n/a	✓	✓	✓	n/a	n/a
DM Weston	✓	✓	✓	✓	✓	✗	✓	✓

✓ indicates attendance

✗ indicates absence with an apology

n/a indicates individual was not a director of the company at date of meeting

* Special board meetings were called on short notice

Independence

The company secretary and lead independent director assessed the independence of the non-executive directors against the criteria set out in King III, the listings requirements and the Act. The assessment confirmed that six non-executive directors were independent. During the stakeholder engagement in the development of the MOI, the issue of length of term and independence of non-executive directors was discussed. The board is of the view that tenure on its own is not an indicator of independence. The Remco will develop a policy to evaluate independence on any director that has been on the board for more than nine years.

Responsibilities of chairman and chief executive

A clear separation is maintained between the responsibilities of the chairman and the chief executive to also ensure that no one person or a block of persons has unfettered power and that there is and remains an appropriate balance of power and authority on the board. This is documented in the board charter. The chairman is responsible for leadership of the board and ensuring the integrity and overall effectiveness of the board and its committees. The chief executive's responsibility is to focus on the operation of the business, ensuring it is run efficiently and effectively in accordance with the strategy that is approved by the board.

Election and rotation of directors

Directors are subject to rotation in accordance with the provisions of the MOI of the company and the Act. At least one third of directors in office retire and can offer themselves for re-election at every AGM. Zarina Bassa, Dolly Mokgatle and Allen Morgan will retire by rotation at the AGM to be held on

10 May 2013 and offer themselves for re-election. Directors appointed by the board after the AGM are elected at the next AGM following their appointment. Khanyisile Kweyama, Buyelwa Sonjica and Fani Titi will offer themselves for election at the AGM to be held on 10 May 2013. The board is satisfied that all the directors are eligible for election or re-election.

Director induction and on-going training

All newly appointed directors attend both formal and informal inductions related to the company and their duties as directors.

The company secretary discusses a tailor-made board induction process with newly appointed directors. The induction process covers, as a minimum, the following areas:

- an overview of the operations;
- one-on-one discussions with executive and operational management;
- site visits to all operations and logistics facilities;
- corporate governance training;
- statutory and common law obligations of directors' training; and
- full briefing by the company's sponsor on directors' continuing obligations in terms of the listings requirements.

Non-executive directors can, where necessary, obtain independent professional advice at the expense of the company. Ongoing director training is a key focus area to ensure that directors are informed of the changes in the governance landscape. A governance and risk workshop was held on 12 July 2012 at which the directors were trained on the Competition Amendment Act, the Prevention and Combating of Corrupt Activities Act, the Companies Act and latest amendments to the listings requirements. The directors also

CORPORATE GOVERNANCE CONTINUED

re-evaluated the group's strategic risk areas and reviewed the group's headline risk matrix.

Board and committee performance evaluation

The board evaluates its performance, processes, and procedures on an annual basis. The board carries out an external assessment every two years in which one-on-one interviews with each of the directors is conducted. A comprehensive report of the issues highlighted for focus to improve board performance is presented to the board.

The issues in the report form part of the board affairs agenda for the year under the stewardship of the lead independent director. The results of the 2011 assessment were presented to the board on February 2012. The following areas were highlighted in the process:

- board composition and independence;
- director development;
- succession planning;
- board committee performance; and
- performance of the chairman.

The chairman holds one-on-one meetings with individual directors to deal with any issues that they have raised in their respective responses.

Mechanisms for shareholder communication with the board

The formal mechanisms in place for communication with shareholders include one-on-one meetings with investors, presentations, the AGMs, press announcements of the interim and year-end results, the company's website, its Integrated Report to shareholders and the proxy form shareholders use to exercise their voting rights. Furthermore, in 2013, the chairman and the chairmen of the various board committees will engage directly with the investment community.

COMPANY SECRETARY

All directors have full and timely access to all information that may be relevant to the proper discharge of their duties and obligations. This includes information such as agenda items for board meetings, corporate announcements, investor communications and any other developments, which may affect Kumba or its operations. They have direct access to the company secretary who provides guidance and assistance in line with the requirements outlined in King III and the listings requirements. Kumba's

company secretary is not a director of the company or its subsidiaries and therefore, maintains an arms length relationship with the board of directors. It is the responsibility of the company secretary to provide the board as a whole, and directors individually, with guidance as to how their responsibilities should be properly discharged in the best interests of the group.

The company secretary is also responsible for ensuring that the proceedings and affairs of the board, the company itself and, where appropriate, owners of securities in the company are properly administered in accordance with the relevant laws. The board is satisfied that the company secretary has the competence, qualification and experience required.

Biographical details of the company secretary, Vusani Malie, are provided on page 23.

DEALING IN SECURITIES

In accordance with the listings requirements, the group has adopted a code of conduct for dealing in the company's securities. During a closed period, as defined in the listings requirements, directors, their associates and designated employees are prohibited from dealing in the company's securities. Subsequent to the commencement of each closed period, a formal notification is circulated to all directors and employees advising of the closed period which specifies dates of prohibited dealings in the company's securities.

THE EXECUTIVE COMMITTEE

The Executive Committee, chaired by the chief executive, consists of the executive directors, executive function heads, the mine general managers and the company secretary. It is responsible for implementing the strategies and policies determined by the board, managing the business and affairs of the company, prioritising the allocation of capital, technical and human resources, and establishing best management practices. The Executive Committee is also responsible for senior management appointments and monitoring their performance.

BOARD COMMITTEES

The board has established four standing committees through which it executes some of its duties. The committees are the Audit Committee, Risk Committee,

Social and Ethics Committee, and Human Resources, Remuneration and Nomination Committee. The terms of reference and composition of the committees are determined and approved by the board. The respective chairmen of the committees report back to the board on the deliberations of the committees and the minutes of the committee meetings are circulated to the board. Further information on the committees is contained in the subsequent pages.

RISK COMMITTEE

Introduction

The Risk Committee was established to assist the board with its responsibilities for the governance of risk. The committee's broad mandate is the monitoring, development and communication of the processes for managing risks across the group.

The committee has terms of reference in place and its mandate includes:

- overseeing the development and annual review of a policy and plan for risk management;
- reviewing and assessing the effectiveness of the integrated risk management system including the group's risk philosophy;
- assessing whether information management risks are adequately managed;
- reviewing the regulatory compliance framework and whether the regulatory compliance risks are adequately managed;
- assessing whether the combined assurance model on risk is appropriate and that assurance received is adequate; and
- reviewing the adequacy of the group insurance programme.

Composition

The committee is constituted of all the members of the Audit Committee and two additional non-executive directors. The committee comprises the following members:

- LM Nyhonyha (chairman)
- ZBM Bassa
- GS Gouws
- DD Mokgatle
- AJ Morgan
- BP Sonjica

Zarina Bassa was chairman of the committee until 30 June 2012.

Frequency and attendance of committee meetings

The committee met four times during the period under review. In addition, the committee facilitated the board risk workshop in which the board identified headline risks to be mitigated and managed. The committee will convene further risk workshops in 2013 to assist the board in reviewing the group strategy and determining the risks attendant to the strategy and to set the group's risk appetite. In addition to the committee members, the chief executive, chief financial officer, head of internal audit and the risk managers attend meetings of the committee. Attendance of meetings held during the year under review is presented below:

Member	3 Feb	10 May	12 Jul	8 Nov
LM Nyhonyha	n/a	n/a	✓	✓
ZBM Bassa	✓	✓	✓	✓
DD Mokgatle	✓	✓	✓	✓
AJ Morgan	✓	✓	✓	✓
GS Gouws	✓	✓	✓	✓
GG Gomwe	✓	n/a	n/a	n/a
BP Sonjica	n/a	n/a	✓	✓

✓ indicates attendance
n/a indicates individual was not a member of the committee at date of meeting

The risk management report on page 24 provides further detail on the governance of risk in the group.

SOCIAL AND ETHICS COMMITTEE Introduction

The Social and Ethics Committee is constituted as a statutory committee in terms of the Act, as well as a board committee approved by the board.

The committee is responsible for developing policies and guidelines to manage social, economic and sustainable development, safety, health and environmental matters. The committee normally meets three times every year which includes a visit to a community project supported by Kumba. The committee has terms of reference in place and its mandate includes both statutory and board delegated duties which include monitoring the company's activities, having regard to any relevant legislation, regulator, best practice and codes with respect to:

- social and economic development;
- good corporate citizenship;
- environmental management, safety and health of employees and communities in which the company operates; and
- labour and employment practices.

The committee performs the following duties on behalf of the board:

- reviews recommendations of group

standards and national and international regulation on safety, sustainable development, health and environmental management; and

- ensures that the group Business Integrity Policy and performance standards are managed effectively through the leadership of the audit committee.

Composition

The committee comprises the following non-executive directors:

- DD Mokgatle (chairman)
- KT Kweyama
- AJ Morgan
- BP Sonjica

Frequency and attendance of committee meetings

In addition to the committee members, the chief executive, the executive head of Safety and Sustainable Development, the executive head of Public Affairs and the executive head of Human Resources attend meetings of the committee.

During the review period, the committee met four times. Attendance of meetings held during the year under review is presented below:

Member	6 Feb	14 Mar	10 May	8 Nov
DD Mokgatle	✓	✓	✓	✓
AJ Morgan	✓	✓	✓	✓
BP Sonjica	n/a	n/a	n/a	✓
KT Kweyama	n/a	n/a	n/a	✓
GG Gomwe	✓	✗	✓	n/a
PB Matlare	✓	✗	n/a	n/a

✓ indicates attendance
✗ indicates absence with an apology
n/a indicates individual was not a member of the committee at date of meeting

The Sustainable Development Report contains further information on the activities of the company that the committee oversees.

HUMAN RESOURCES, REMUNERATION AND NOMINATION COMMITTEE (REMCO)

Introduction

The Remco is responsible for making recommendations to the board on the appointment, remuneration policies and practices of the chief executive, Executive Committee members and senior management. The committee makes recommendations to the board on the composition of the board and board committees and ensures that the board comprises suitably qualified individuals. It consults other directors in its evaluation of the chairman of the board, the chief executive and individual directors.

The committee has terms of reference in place and its mandate includes:

- ensuring alignment of the remuneration and human resource practices with the group's business strategy;
- approving the group's remuneration and benefits policy;
- monitoring the succession plan for the board and senior management;
- regularly reviewing board composition and diversity;
- nominating candidates for appointment to the board as and when vacancies arise;
- recommending adjustments to non-executive directors remuneration to the board for approval by the shareholders; and
- reviewing the performance of the board and its committees and senior management.

Composition

The committee comprises the following non-executive directors:

- AJ Morgan (chairman)
- GS Gouws
- KT Kweyama
- F Titi

Frequency and attendance of committee meetings

In addition to the committee members, the chief executive and the executive head of human resources attend meetings of the committee. The committee met four times. Attendance of meetings held during the year under review is presented below:

Member	2 Feb	16 Mar	8 May	6 Nov
AJ Morgan	✓	✓	✓	✓
F Titi	n/a	n/a	n/a	n/a
GS Gouws	n/a	✓	✓	✓
KT Kweyama	n/a	n/a	n/a	n/a
GG Gomwe	n/a	n/a	✓	n/a
PB Matlare	✓	✓	n/a	n/a

✓ indicates attendance
n/a indicates individual was not a member of the committee at date of meeting

 Detail of the activities of the committee for the period under review are provided in the remuneration report on pages 20 to 26 of the Annual Financial Statements 2012.

REPORT OF THE AUDIT COMMITTEE

for the year ended 31 December 2012

Introduction

The committee is pleased to present its report for the financial year ended 31 December 2012 as recommended by the King Report's principles of good corporate governance (King III) and in line with the Companies Act.

The Audit Committee is constituted as a statutory committee of the group, as well as a board committee approved by the board.

The committee has terms of reference in place, which include both its statutory duties and those assigned to it by the board.

Its mandate includes:

- monitoring the integrity of the group's integrated reporting and regarding all factors and risks that may impact on the reporting;
- nominating of external auditors annually for appointment by the shareholders;
- monitoring and reviewing the effectiveness of the group's internal audit function;
- annually reviewing the expertise, appropriateness and experience of the finance function;
- ensuring that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities;
- reviewing developments in governance and best practice;
- ensuring that there is an ethics policy in place that is aligned to the strategy of the company; and
- evaluating the effectiveness of the committee.

Composition

The Audit Committee, appointed by the board and approved by the shareholders in respect of the financial year ended 31 December 2012, comprised the following independent non-executive directors, who have the requisite financial skills and experience to fulfil the committee's duties:

- ZBM Bassa (chairman)
- DD Mokgatle
- AJ Morgan
- LM Nyhonyha

 Details of the members of the Audit Committee are available on pages 12 and 13 as well as on the company website at: www.angloamericankumba.com/au_directorate.php.

During the year under review the current members of the committee were nominated by the board for re-election and all the members having availed themselves for re-election by shareholders at the 2012 annual general meeting were re-elected accordingly.

Frequency and attendance of Audit Committee meetings

In addition to the committee members, the chief executive, chief financial officer, the risk manager, heads of finance and internal auditors and external audit attend meetings of the committee by invitation.

The committee or the chairman meets separately with management, internal audit and external audit prior to or at every meeting. During the year under review, the committee met five times. Attendance of meetings held during the year under review is presented in the following table:

Member	3 Feb	14 March	10 May	16 July	8 Nov
ZBM Bassa	✓	✓	✓	✓	✓
DD Mokgatle	✓	✓	✓	✓	✓
AJ Morgan	✓	✓	✓	✓	✓
LM Nyhonyha	✓	✓	✓	✓	✓

✓ Indicates attendance

Oversight for risk management

Although the board has a Risk Committee to assist with the discharge of its duties with regard to the integrated risk management process, the Audit Committee has an interest in risk management as a result of its responsibility for internal controls. The chairman of the group's Risk Committee, Litha Nyhonyha, is a member of the Audit Committee and the chairman of the Audit Committee, Zarina Bassa, is a member of the Risk Committee, to ensure that the Audit Committee is aware of matters canvassed by the Risk Committee which may impact the control environment. Zarina Bassa was chairman of the Risk Committee until 30 June 2012. All the other members of the Audit Committee are also members of the Risk Committee.

Internal audit

The group's internal audit function is fulfilled by Anglo Business Assurance Services (ABAS) and provides the board with assurance on the key areas of the group's internal and internal financial controls.

The internal audit plan for the 2012 financial year was reviewed and approved by the committee. The year under review saw an extensive rollout of internal financial controls testing for effectiveness and adequacy as elaborated on below.

Internal audit provides assurance that the company operates in a responsibly governed manner by performing the following functions:

- evaluating ethics management;
- objectively assuring effectiveness of risk management and the internal control framework;
- analysing and assessing business processes and associated controls; and
- reporting audit findings and recommendations to management and the Audit Committee.

ABAS has tested the group's internal financial controls in order to provide the board with assurance on the key areas of the group's internal financial controls. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets, as well as to detect and minimise significant fraud, potential liability, loss and material misstatement, while complying with applicable laws and regulations.

The committee is of the opinion, having considered the positive assurance statement provided by ABAS, that the group's system of internal financial controls is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements.

Duties carried out in 2012

The committee is satisfied that, during the financial year ended 31 December 2012, it has considered and discharged its duties and responsibilities as required by section 94(2) of the Companies Act, King III, the committee's terms of reference and in accordance with its annual plan.

Statutory duties of the committee:

- evaluated the independence and effectiveness of the external auditors, Deloitte, and having conducted such assessment, accordingly nominates Deloitte as independent auditors to continue in office until the conclusion of the 2013 annual general

meeting, noting that Grant Krog would be withdrawing from the Deloitte partnership and Sebastian Carter is proposed to take over from him. The committee agreed to recommend the approval of Sebastian Carter as the lead partner to the board and shareholders;

- considered and approved the audit fee payable to the external auditors for the year ended 31 December 2012;
- ensured and satisfied itself that the appointment of the external auditor is in compliance with the Companies Act, The Auditing Professions Act, 2005 and the Listings Requirements of the JSE; and
- considered and pre-approved non-audit services and fees provided by the external auditors in terms of an established policy to ensure that the independence of the external auditors is not compromised.
- performed the Audit Committee functions for subsidiaries within the group as contemplated in section 90 of the Companies Act.
- reviewed the findings of the external assurance provider, PwC, emanating from the performance of an independent assurance exercise on the sustainability content of the integrated report. The committee is satisfied with the findings of the independent assurance exercise and in addition has reviewed the sustainability information set out in the integrated report and is satisfied that the sustainability information is reliable and consistent with the information contained in the annual financial statements.

The committee performed the following additional duties:

- reviewed the group financial statements and declaration of compliance with statutory requirements;
- reviewed interim reports, results announcements and release of price sensitive information;
- reviewed the quality, independence and effectiveness of the internal audit process, as well as the positive assurance opinion of the internal auditor on internal financial controls;
- reviewed the external auditor's management letters and management responses;
- reviewed significant judgements and unadjusted differences resulting from the audit, as well as any reporting decisions made;
- monitored compliance with accounting standards and legal requirements;
- reviewed and was satisfied that the external auditors and engagement partner were independent;
- recommended the reappointment of the external auditors and engagement partner to shareholders;
- ensured that the appointments of the external auditors complied with all relevant legislation;
- reviewed the fees to be paid to the external auditors and ensured that they were fair and equitable;
- maintained a non-audit services policy;
- reviewed and was satisfied with the process of risk management and monitoring of legal governance compliance within the company and ensured that the combined assurance model addressed the significant risks within the company including:
 - financial risks;
 - internal financial controls;
 - fraud risks;
 - strategic risks;
 - operational risks;
 - IT governance risks;
- reviewed and were satisfied with the expertise of the chief financial officer; and

- reviewed the group's compliance with the requirements of King III, the Companies Act and JSE's listing requirements.

Combined assurance

The Audit Committee has reviewed the company's combined assurance model and has satisfied itself as to its completeness, that the level of unmitigated risks both individually and in totality are within the risk appetite of the group and that there is sufficient assurance provided to manage risks and the control environment through both internal and external assurance providers.

Legal matters

Updates on the legal matters are provided at the committee's meetings.

Ore reserves and mineral resources

The group's ore reserves and mineral resources and changes thereto are reviewed annually by the committee.

Finance function and chief financial officer

The committee conducted an assessment of the appropriateness, skills, expertise and resourcing of the finance function and was satisfied with the overall adequacy and appropriateness of the function.

The committee further reviewed the expertise and experience of the chief financial officer, Frikkie Kotzee (view Mr Kotzee's abridged profile on page 12) and was satisfied with the appropriateness of the expertise and experience of the chief financial officer, as well as the acting chief financial officer, Martin Poggiolini, who acted in this capacity from 1 January 2012 to 31 May 2012.

Going concern

The Audit Committee has reviewed a documented assessment, including key assumptions, prepared by management of the going concern status of the group and has made recommendation to the board in accordance therewith. The board's statement on the going concern status of the group, as supported by the Audit Committee, is found on page 17 of the Annual Financial Statements 2012.

Annual financial statements

The Audit Committee has evaluated the group and company annual financial statements for the year ended 31 December 2012 and concluded that they comply, in all material aspects, with the requirements of the Companies Act and IFRS.

The committee has therefore recommended the approval of the annual financial statements to the board.

Integrated report

The committee fulfils an oversight role regarding the group's integrated report and its reporting processes and having regard to material factors that may impact on the integrity of the information, has recommended the integrated report for approval by the board.

Conclusion

The committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and terms of reference during the year under review.

ZBM Bassa

Chairman, Audit Committee

8 February 2013

ORE RESERVES AND MINERAL RESOURCES

Kumba continuously strives to deliver in terms of quality, reliability and consistency.

In line with this ethos, the Kumba corporate office as well as site technical service departments have spent a considerable amount of effort on the annual estimation and subsequent reporting of Kumba's Ore Reserves and Mineral Resources.

INTRODUCTION AND SCOPE

Our reporting is governed by the SAMREC Code (2007 edition - July 2009 amended version), Kumba's Resource and Reserve Reporting Policy (http://www.angloamericankumba.com/sd_policies.php), and supporting reporting procedures and templates derived from the latter.

The material contained in this document serves as an indication of Kumba's Ore Reserve and Mineral Resource status at 31 December 2012. It is not an inventory of all mineral occurrences drilled or sampled but is a realistic record of those which, under assumed and justifiable technical and economic conditions, may be economically extractable at current and in the future. The term 'Ore Reserves' in the context of this report has the same meaning as 'Mineral Reserves', as defined by the SAMREC Code. In the case of Kumba, the term 'Ore Reserves' is preferred because it emphasises the difference between these and Mineral Resources.

The declaration of Ore Reserves in this document is derived

from Indicated and Measured Mineral Resources only (those modified or converted into RoM reserves and which have been scheduled for processing). Commodity prices and exchange rates used to estimate the current economic viability of Ore Reserves and reasonable prospects for future economic extraction of Mineral Resources are based on Anglo American plc's long-term forecasts.

Ore Reserve estimates for the mining operations were updated two months before the end of the financial year while Mineral Resource estimates, reported in addition to Ore Reserves, were reported according to the latest available geological models. Typically, these are updated six to eight months before the end of the year of reporting.

This estimate of Kumba's Ore Reserves and Mineral Resources starts with a broad overview, and is followed by a more detailed description of the Ore Reserves and Mineral Resources of Kumba's operations and growth projects.

These operations and projects (seen in the map below) are:

- Kolomela mine in the Northern Cape Province near the town of Postmasburg;
- Sishen mine in the Northern Cape Province near the town of Kathu which accounts for the bulk of Kumba's production;
- Thabazimbi mine in Limpopo Province near the town of Thabazimbi; and
- the Zandriverspoort project, approximately 25 km northeast of Polokwane in Limpopo Province.

Geographic locations of Kumba operations and projects for which Ore Reserves and Mineral Resources have been declared

OPERATIONS IN SOUTHERN AFRICA





01 Sishen mine accounts for the bulk of Kumba's production.

01

ATTRIBUTABLE SHAREHOLDING

Kumba, as the parent holding company, has access to its iron ore Reserves and Resources through SIOC via a 73.93% shareholding. Ore Reserve and Mineral Resource estimates are stated in full (as if for 100% shareholding).

The shares of mineral assets attributable to SIOC, Kumba and Anglo American are summarised in the table below.

Mineral assets held by SIOC, attributable to Kumba and Anglo American plc (%)

Mineral asset	% attrib. to SIOC	% attrib. to Kumba	% attrib. to other	% attrib. to AAplc via Kumba ¹
Kolomela mine	100.0	73.9	26.1	51.5
Sishen mine	100.0	73.9	26.1	51.5
Thabazimbi mine	100.0	73.9	26.1	51.5
Phoenix project	100.0	73.9	26.1	51.5
Zandrievspoor project ²	50.0	37.0	63.0	25.8

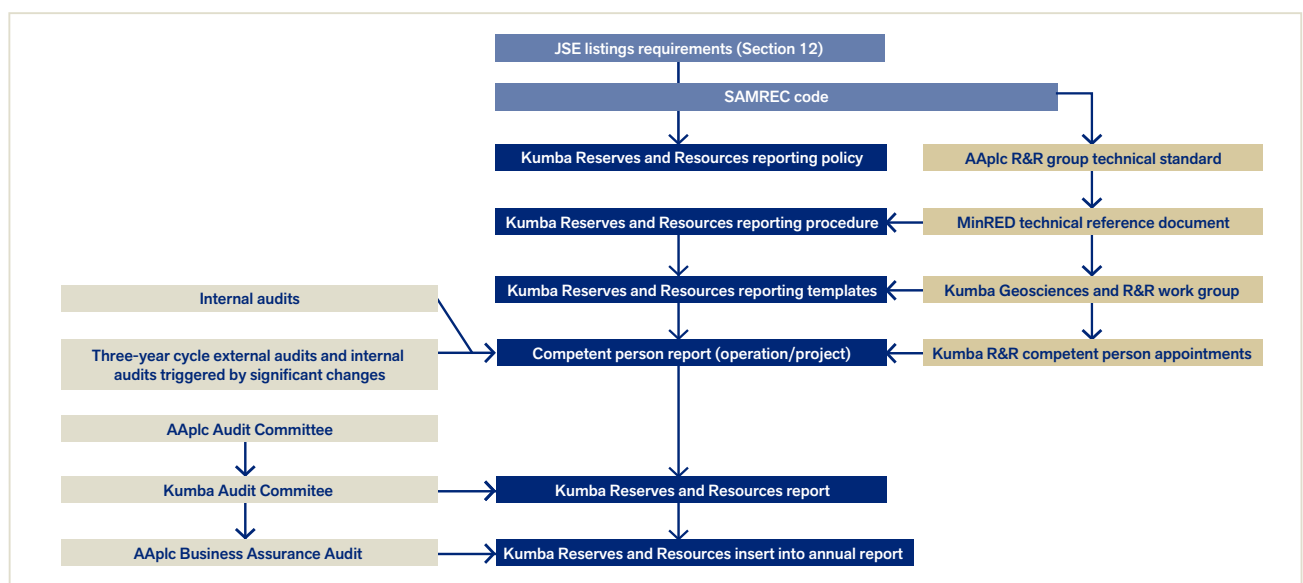
¹ SIOC is 73.93% owned by Kumba, which in turn is 69.72% owned by Anglo American plc (as at 31 December 2012)

² Zandrievspoor is a 50:50 JV between AMSA and SIOC

GOVERNANCE AND COMPETENCE

Kumba's Ore Reserve and Mineral Resource reporting framework is summarised in the diagram below.

The Kumba reserve and resource reporting framework



ORE RESERVES AND MINERAL RESOURCES CONTINUED

KUMBA'S ORE RESERVE AND MINERAL RESOURCE REPORTING FRAMEWORK

Ore Reserve and Mineral Resource estimation governance and execution processes are continually refined. Kumba's Executive Committee identified the Mineral Resource estimation and LoM optimisation and scheduling processes as critical to the company's success and sanctioned the development of standardised responsibilities and accountabilities across the company.

All competent persons (see table that follows) have been duly appointed and made aware of their responsibility to

undertake unbiased Ore Reserve and/or Mineral Resource estimation at an operational or project level. They have sufficient relevant experience in the style of mineralisation, type of deposit and mining method, as well as in the activity for which they have taken responsibility, to qualify as a competent person, as defined by the 2007 SAMREC Code (July 2009 amended version). The Ore Reserve and Mineral Resource estimates have been signed off by the relevant competent persons who consent to the inclusion of the information in this report in the form and context in which it appears.

Kumba's competent persons register 2012

Operation	Field	Name	Years relevant experience	Designation	Professional organisation	Registration number
COMPANY						
Kumba Iron Ore	Mineral Resources	Jean Britz	8	Principal, Mineral Resources	SACNASP	400423/04
Kumba Iron Ore	Ore Reserves	Theunis Otto	8	Head, Mining Process	ECSA	990072
MINING OPERATIONS						
Sishen mine	Mineral Resources	Johan J Pretorius	18	Senior Resource Geologist	SACNASP	400100/2000
Thabazimbi mine	Mineral Resources	Venter J Combrink	13	Senior Resource Geologist	SACNASP	400053/08
Kolomela mine	Mineral Resources	Mike D Carney	13	Mineral Resource Manager	SACNASP	400096/99
Sishen mine	Ore Reserves	Jaco F Van Graan	6	LoM Planning Manager	ECSA	20100342
Thabazimbi mine	Ore Reserves	Hermanus J Kriel	17	Consulting Mining Engineer	ECSA	20080140
Kolomela mine	Ore Reserves	Terence Jordaan	8	Senior Mining Engineer	ECSA	20110246
PROJECTS						
Zandriviervoorpoort	Mineral Resources	Pieter J Mienie	25	Commodity Leader Ferrous	SACNASP	400093/88
Zandriviervoorpoort				No Ore Reserve declared in 2012		

MINERAL RIGHTS AND SECURITY OF TENURE

All Ore Reserves and Mineral Resources quoted in this report are contained within areas that have new order mining and prospecting rights held by SIOC. Kumba has ensured that the lives of the granted and executed new order mining rights are of sufficient duration to support the production schedules from which the 2012 Ore Reserves and subsequent saleable product figures have been derived.

The same applies to all Mineral Resources stated for 2012. They are contained within areas for which new order mining or prospecting rights have been granted and executed. Kumba's portfolio of prospecting rights, which is held through SIOC, comprises seven registered new order prospecting rights. With the exception of two prospecting rights adjacent to Thabazimbi mine, where rights have been granted for three years, all SIOC prospecting rights granted since 2006 have been for five-year periods. The first of the new order prospecting rights expired in 2011. In cases where Kumba has a continued interest, the necessary renewal or conversion applications were timeously submitted.

It is public knowledge that SIOC instituted a High Court review application in 2010 to challenge the grant by the DMR of an iron ore prospecting right application by a third party, Imperial Crown Trading 189 Proprietary Limited (ICT),

for the residual 21.4% of the existing iron ore mining right area at Sishen mine. SIOC had also applied to be granted the residual 21.4% mining right for iron ore. This application was rejected by the DMR, a decision which was challenged by SIOC in appeal proceedings.

In December 2011, judgment was delivered in the High Court regarding the status of the mining rights at the Sishen mine. The High Court held that, upon the conversion of SIOC's old order mining right relating to the Sishen mine properties in 2008, SIOC became the exclusive holder of a converted mining right for iron ore and quartzite in respect of the Sishen mine properties. The High Court held further that as a consequence, any decision taken by the DMR after such conversion in 2008, to accept or grant any further rights to iron ore at the Sishen mine properties was void.

Finally, the High Court reviewed and set aside the decision of the DMR to grant a prospecting right to ICT relating to iron ore as to a 21.4% share in respect of the Sishen mine properties.

On 3 February 2013 both the DMR and ICT submitted applications for leave to appeal against the High Court judgment. SIOC applied for leave to present a conditional cross-appeal in order to protect its rights. The SCA hearing was held on 19 February 2013 and the SCA judgment is expected to be received in the second quarter of 2013.

RISK, LIABILITY AND ASSURANCE

Kumba provides assurance for the quoted estimates through a rolling audit schedule. This means that each site undergoes an external audit once every three years. Apart from validating adherence to the SAMREC Code as far as reporting practices and actual reported figures are concerned, the scope of each external audit also includes an evaluation of the:

- Mineral Resource estimation processes (borehole database, wire frames, block models, classification and reporting); and

- Ore Reserve estimation and LoM planning processes (mining block modelling, pit optimisation, pit design, scheduling, geotechnical input and assessments, and geohydrological input).

Site visits by the external auditors are compulsory as per Kumba master contract. XStract Mining Consultants (Australia), a Calibre Group company, has been appointed to independently review Ore Reserves and Mineral Resources (see table below).

Kumba's recently commissioned Kolomela mine's Reserves and Resources were reviewed by XStract in 2012.

Reserve and LoM and Resource estimation audit schedule

Operation	Resource and/or Reserve	2012				2013				2014				2015				Comments
		1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	
Sishen mine	Resource					All ¹												1) Planned External Audit of 2012 Resources by XStract
	LoM plan and Reserve					All ²												2) Planned External Audit of 2012 Ore Reserves by XStract
Kolomela mine	Resource		All ³											All ⁵				3) External Audit by XStract on 2011 Resources completed 5) Planned External Audit on 2014 Resources
	LoM plan and Reserve		All ¹											All ⁶				4) External Audit by XStract on 2011 Reserves & LoM completed 6) Planned External Audit on 2014 Reserves & LoM
Thabazimbi mine	Resource									All ⁷								7) Planned External Audit on 2013 Resources by XStract
	LoM plan and Reserve									All ⁸								8) Planned External Audit on 2013 Reserves and LoM by XStract
Zandvierspoort	Resource					All ⁶												9) Planned External Audit of 2012 Pre-feasibility Resources by XStract
	LoM plan and Reserve								All ¹⁰									10) Planned External Audit of 2012 Pre-feasibility Reserves and LoM Plan by XStract

The findings resulting from this review have been prioritised, and captured in action plans to be addressed according to schedule. The highest rank finding relates to the representivity of samples from which Mineral Resource grade estimates are derived. No quality assurance (QA)/quality control (QC) metadata exists for most of the historically generated grade information to indicate sample representivity.

Kumba acknowledges this finding and can confirm that stringent QA/QC protocols have been in place since 2010 to ensure sample (grade) representivity. Although Kolomela mine does consider sample representivity in its quantitative scorecard Mineral Resource classification process, we will consider a recommendation to assign a higher weighting to this element in future classification events. Furthermore, Kumba corporate office is in the

ORE RESERVES AND MINERAL RESOURCES CONTINUED

process of developing a comprehensive sample representivity indexing system, considering the total sampling value chain to be applied throughout the company during Mineral Resource classification.

On a practical front, the Kolomela mine is conducting infill drilling, considering twin drilling to quantify the risk as identified and conducting an in-depth validation of its borehole database to identify all data that cannot be substantiated.

Sishen mine's Mineral Resources, Ore Reserves and LoM plan, together with the Zandriverspoort project (concept phase) Mineral Resource, will be audited in 2013.

The internal review process whereby mandatory stage-gate reviews are scheduled for project Reserves and Resources after concept, pre-feasibility and feasibility stages have been further refined and now include the following triggers for additional reviews:

- A year-on-year decrease of 10% or more in Measured plus Indicated Mineral Resources or Proved plus Probable Ore Reserves (tonnages and/or average Fe grade), excluding depletion and production figures for a mining operation. This criterion is applicable to all mining operations with a mine life longer than six years and triggers a C(I) Review (internal independent appraisal of methodologies applied) with recommendations for possible follow-up higher A or B level reviews.
- A year-on-year increase of 15% or more in Measured plus Indicated Mineral Resources or Proved plus Probable Reserves (tonnages and/or average Fe grade). This criterion is applicable to all mining operations with a mine life exceeding six years and triggers a C(I) Review with recommendations for possible follow-up higher A or B level reviews.
- A year-on-year increase of 25% or decrease of 20% in Measured plus Indicated Mineral Resources or Proved plus Probable Ore Reserves for a mining operation with a

mine life less than or equal to six years (excluding depletion and production figures) or a project beyond a pre-feasibility stage but pre-implementation, triggers a C(I) Review with recommendations for follow-up higher A or B level reviews.

An internal independent Mineral Resource and Ore Reserve Reporting process audit (Report KIO_1205_R&R_EP) conducted by the Anglo American Business Assurance Department during April and May of 2012 has concluded that:

“Overall, the reserves and resources reporting process at Kumba Iron Ore is mature and is supported by robust controls to ensure that the risks associated with this process are managed effectively.”

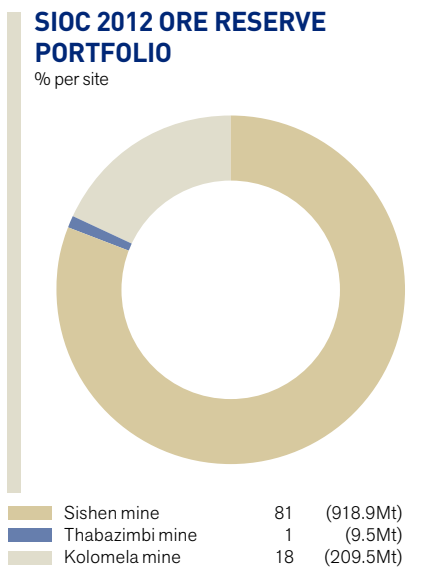
SUMMARY OF RESERVE AND RESOURCE ESTIMATES

ORE RESERVES

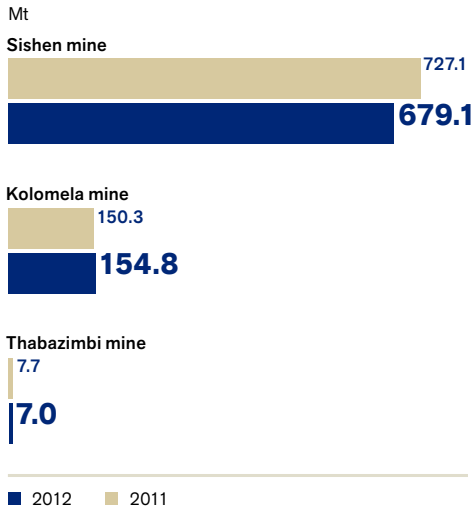
As at 31 December 2012, Kumba, via its shareholding in SIOC, had access to an estimated haematite Ore Reserve of 1.1 billion tonnes at an average unbeneficiated grade of 60.2% Fe at its three mining operations (see the diagram below):

- Kolomela mine (209.5 Mt @ 64.4% Fe);
- Sishen mine (918.9 Mt @ 59.2% Fe), and
- Thabazimbi mine (9.5 Mt @ 60.6% Fe).

This relates to a total Ore Reserve of 840.9 million tonnes if Kumba's 73.93% attributable shareholding in the various operations is considered.



KUMBA IRON ORE ATTRIBUTABLE ORE RESERVES



01



01 Sishen mine yields high-grade iron ore, primarily for the export market.

Ore Reserve annual movement from 2011 to 2012 (per site and per Ore Reserve class)

A 5% net decrease of 59.8 Mt is noted for the total 2012 Kumba Ore Reserve compared to 2011. A 49.8 Mt annual RoM or Ore Reserve production (including 2.6 Mt from RoM stockpiles and excluding 2 Mt Inferred Mineral Resource depletion), accounts for the majority of the annual decrease.

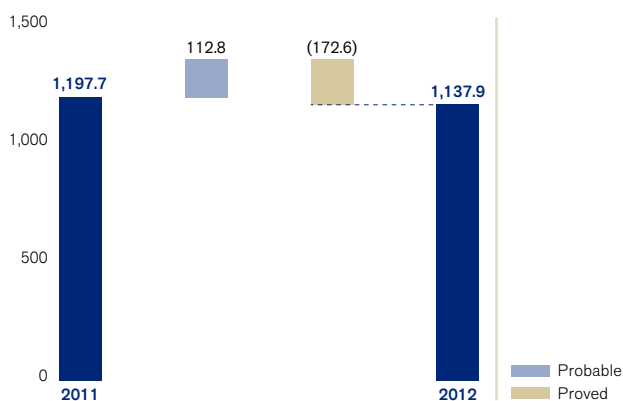
A marked improvement in the Proved to Probable ratio of the Ore Reserves from 53 : 47 in 2011 to 66 : 34 is mainly the result of replacing a borehole sample density classification method with a scorecard classification approach to Mineral Resources at all our sites.

The score card classification spatially considers the geological and grade continuity of parameters critical to each type of deposit. The improvement in Mineral Resource classification is, therefore, carried through to the Ore Reserve classification.

See diagrams below summarising the Ore Reserve Movement per confidence class and life.

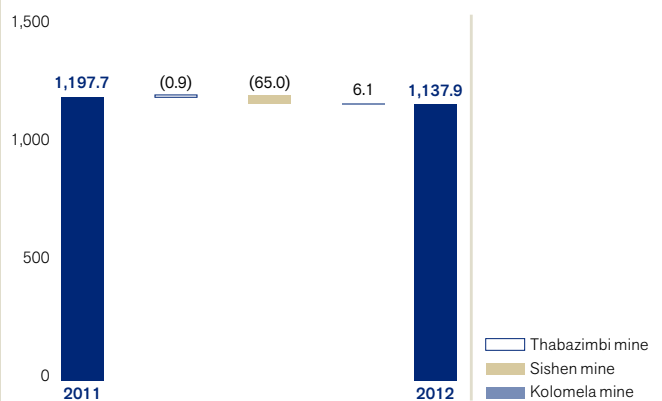
KUMBA ORE RESERVES MOVEMENT

Mt per confidence class from 2011 to 2012



KUMBA ORE RESERVE MOVEMENT

Mt movement per site from 2011 to 2012



ORE RESERVES AND MINERAL RESOURCES CONTINUED

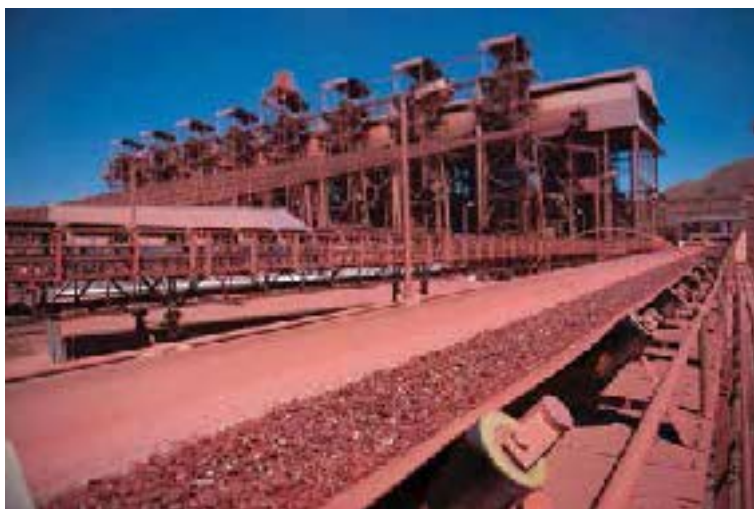
The table below provides a full account of Kumba's Ore Reserves.

Kumba's Ore Reserve statement for 2012 (referenced against 2011)

		2012							2011					
		Ore Reserves												
Operation/project	% attrib. to Kumba	Reserve category	Tonnage (Mt)		Grade (%Fe)		Reserve life** Years	LoM** Years	Tonnage (Mt)		Grade (%Fe)		Reserve life** Years	LoM** Years
			Average	Cut-off*	Average	Cut-off*			Average	Cut-off*				
Mining operations	Kolomela mine ¹	Proved	107.6	64.8					109.7	64.9				
		Probable	102.0	64.0					93.7	64.3				
		Sub total	209.5	64.4	42	24	29		203.4	64.6	42	23	27	
	Sishen mine ²	Proved	642.9	59.4					525.8	58.9				
		Probable	276.0	58.8					458.1	59.3				
		Sub total	918.9	59.2	40	17	18		983.9	59.1	40	18	21	
	Thabazimbi mine ³	Proved	0.4	61.1					2.7	61.4				
		Probable	9.0	60.6					7.7	60.4				
		Sub total	9.5	60.6	55	6	6		10.4	60.7	50	4	6	
Company	Kumba Iron Ore – Mining operations	Proved	751.0	60.2					638.2	59.9				
		Probable	386.9	60.2					559.5	60.1				
		Total	1,137.9	60.2					1,197.7	60.0				
Company	Kumba Iron Ore – Total Ore Reserves	Proved	751.0	60.2					638.2	59.9				
		Probable	386.9	60.2					559.5	60.1				
		Total	1,137.9	60.2					1,197.7	60.0				

- The tonnages are quoted in dry metric tonnes and million tonnes is abbreviated as Mt.
 - Rounding of figures may cause computational discrepancies.
 - Ore Reserve figures reported at 100% irrespective of percentage attributable to Kumba.
 - For Kolomela mine a 24-year reserve life has been quoted in 2012; the corresponding approved LoM, which includes 19% Inferred Mineral Resources is 29 years. Because Inferred Mineral Resources are included in each year of the LoM schedule, a continuous rolling resource definition drilling programme is planned in parallel with production with the aim of decreasing the volume of Inferred material in the given production year. Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration. Because of this risk (LoM plan contains more than 10% Inferred Mineral Resources), Kolomela mine generated and evaluated a LoM schedule scenario excluding all Inferred Mineral Resources. It was determined that the inclusion of the Inferred Mineral Resources does not have a significant impact on the economic valuation of the mine.
 - A 17-year Reserve life has been quoted for Sishen mine in 2012; the corresponding LOM (including 3% Inferred Mineral Resources considered for the LoM plan) is 18 years.
 - For Thabazimbi mine a six-year Reserve life has been quoted in 2012; the corresponding LoM (including 23% Inferred Mineral Resources considered for the LoM plan) is six years. The fact that the reserve life equals the LoM plan years despite the latter including 23% Inferred material can be assigned to the fact that the Reserve life schedule scenario could only be made economically viable by reducing the average annual throughput of saleable product tonnes from 1.7Mt to 1.4Mt (with a concomitant 30% increase in cost).
 - * The cut-off grade used for Ore Reserves is variable and is dependent on our ability to beneficiate and/or blend diluted ore over time which is iteratively determined during LoM plan scheduling to achieve a scheduling grade target set to meet the client specifications. The percentage Fe cut-off illustrated is, therefore, the lowest of a range of variable cut-offs for the various mining areas. It includes dilution material and can, in certain cases, be less than the Mineral Resource cut-off grade.
 - ** Since 2011, Kumba has quoted Reserve life (the number of years of mining remaining after 31 December of the year of reporting, as calculated from only the scheduled Proved and Probable Ore Reserves within the LoM plan with explicit managerial intent, and based on reasonable prospects for economic extraction and viable modifying factors. Kumba has, however, also retained the term LoM years where the number of years of mining remaining after 31 December of the year of reporting is calculated from the Proved and Probable Ore Reserves and, in addition, also the Inferred Mineral Resources occurring inside final pit layout boundaries which are considered practically and economically mineable (these Inferred Mineral Resources are distinguishable from other not considered for LoM planning by adding the abbreviation 'considered for the LoM plan' or 'outside the LoM plan' in the table on page 87. It should be noted that the Inferred Mineral Resources considered for LoM planning quoted in the Mineral Resource table are not reported as Ore Reserves and do not include modifying factors.
- ⁽¹⁾ Kolomela mine's Ore Reserves increased by 6.1 Mt (3%) from 2011 to 2012. This can primarily be assigned to the fact that the annual RoM Ore Reserve production of 9.4 Mt has been offset by an increase in Ore Reserves based on an enlargement of the pit layouts in the three mining areas considered in the LoM plan, following a pit optimisation revision to consider the current cost and pricing structure applicable to Kolomela mine.
- ⁽²⁾ Apart from the annual production, estimated at 41.4 Mt RoM for 2012 (4.3 Mt from RoM stockpiles), the most significant contribution to the 65 Mt Ore Reserve decrease was the lower Mineral Resource to Ore Reserve conversion rate (less Mineral Resources were converted to Ore Reserves than in 2011 and remained on the RoM stockpile at the end of the LoM schedule and were re-allocated to Mineral Resources). Further, a more conservative scheduling approach was followed in 2012 to achieve a LoM plan that is more executable in terms of the required product specifications (in particular at the end of the mine life when the deeper located Mineral Resources are mined with progressively higher contaminant levels). The final contributing factor to the decrease in the Ore Reserves is the reduction in Banded Iron Formation (BIF) Ore Reserves. The reduction is as a result of the incorporation of newly obtained borehole sample information and a revised Mineral Resource estimation method that considers the trend of decreasing percentage of Fe with depth in the BIF instead of using a single global estimate in cases where borehole sample information is not yet available. 7.2 Mt of the Sishen Probable Ore Reserves are located within prospecting rights immediately adjacent to Sishen Mine.
- ⁽³⁾ Overall, the Thabazimbi Ore Reserves decreased by 0.9 Mt from 2011 to 2012. The annual Ore Reserve production of 0.7 Mt was not the only noticeable contributor to the Ore Reserve movement, the Mineral Resource classification approach which was redone to fully implement the preferred Kumba quantitative score card approach, also led to Ore Reserves being re-allocated to Inferred Mineral Resources.

01 Infrastructure at Sishen mine includes a high-capacity jig plant.



01

SALEABLE PRODUCT

LoM plans consider current contract and client supply agreement conditions and deliver saleable product (902.5 Mt with an average 65.0% Fe) that is acceptable for off-take in current market conditions, applying metallurgical recoveries representing currently installed beneficiation capacity and efficiencies to Ore Reserves which, in turn, has been derived from and are aligned with the most recent updated site-specific geological models.

MINERAL RESOURCES

Kumba, via its shareholding in SIOC, has a total Mineral Resource base, in addition to Ore Reserves, estimated at 1.2 billion tonnes, of which 800.6 Mt with an estimated average in-situ grade of 60.3% Fe can be assigned to Kumba's mining operations and 375.3 Mt to the Zandriverspoort low-grade magnetite project which is in the concept phase of evaluation (see graphs below).

Haematite ore bodies:

- Operation: Kolomela mine (166.6 Mt @ 64.0% Fe)
- Operation: Sishen mine (612.2 Mt @ 59.2% Fe)
- Operation: Thabazimbi mine (21.7 Mt @ 62.4% Fe)

Magnetite ore bodies:

- Concept project: Zandriverspoort project (375.3 Mt @ 34.6% Fe)

The Mineral Resource, in addition to Ore Reserves, relates to a total of 730.5 Mt if Kumba's 73.93% (37% for Zandriverspoort project) attributable shareholding in the various operations and projects is applied (see graph below).

The 2012 remaining Mineral Resource is 164.7 Mt (12%) less than that reported in 2011 (see graphs below).

A decrease in the BIF Mineral Resource at Sishen mine is the primary reason for this negative movement in Mineral Resources.

Kumba's saleable product for 2012 (referenced against 2011)

	Operation/project		2012		2011			
			Metallurgical recovery (%)	Metallurgical recovery (%)	Saleable Product		Saleable Product	
					Tonnage (Mt)	Grade (% Fe) Average	Tonnage (Mt)	Grade (% Fe) Average
Mining operations	Kolomela mine	Proved	99.8	99.8	107.4	64.8	109.5	65.0
		Probable	99.8	99.8	101.8	64.0	93.5	64.4
		Sub total	99.8	99.8	209.1	64.4	203.0	64.7
	Sishen mine	Proved	75.5	74.7	485.2	65.3	393.0	65.5
		Probable	72.8	76.7	200.9	65.0	351.3	65.1
		Sub total	74.7	75.6	686.1	65.2	744.3	65.0
	Thabazimbi mine	Proved	82.3	84.8	0.4	62.9	2.3	63.2
		Probable	77.1	76.6	7.0	62.9	5.9	63.0
		Sub total	77.3	78.7	7.3	62.9	8.2	63.0
Company	Kumba Iron Ore – Mining operations	Proved	79.0	79.1	592.9	65.2	504.8	65.0
		Probable	80.0	80.6	309.6	64.6	450.7	64.9
		Total	79.3	79.8	902.5	65.0	955.5	64.9
	Kumba Iron Ore – Total saleable product	Proved	79.0	79.1	592.9	65.2	504.8	65.0
		Probable	80.0	80.6	309.6	64.6	450.7	64.9
Total	79.3	79.8	902.5	65.0	955.5	64.9		

ORE RESERVES AND MINERAL RESOURCES CONTINUED

ESTIMATION METHODOLOGY SUMMARY

ORE RESERVES

The geological block model input is initially converted to mining block models through the application of a smallest mining unit (defined by considering resource recovery efficiencies and associated cost). Smallest mining units are sometimes combined for scheduling purposes but the original geological attributes are retained and weighted by tonne for the accurate estimation of modifying factors such as dilution. The mining block model is the platform for subsequent mining engineering functions to derive Ore Reserves.

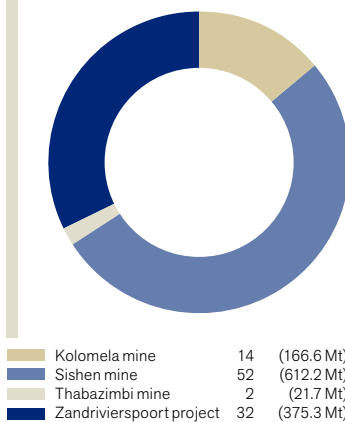
Protocols ensure that Kumba's operations weigh up the expected long-term revenues against the operating and production costs associated with mining and beneficiation

as well as legislative, environmental and social costs, in determining whether or not a Mineral Resource can be economically extracted and converted to an Ore Reserve. A Lerchs-Grossmann algorithm is applied to the mining model to derive an optimised pit shell (selected by deriving an optimal cost benefit ratio from a set of so-called set nested pit shells and taking practicable mining execution into consideration). This optimised pit shell is then iteratively converted to a practical layout by applying geotechnical slope stability parameters, designing haul roads and ramps, and taking such matters as legal restrictions into account, with safety being one of the most important aspects.

Once a practical pit layout has been established, the material within the pit is iteratively scheduled to derive a LoM plan (sustainable and constant product throughput over time that satisfies client requirements). For Kumba, achieving client

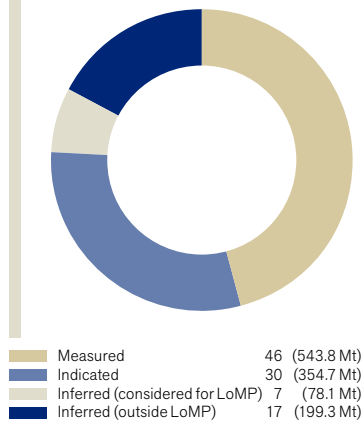
2012 SIOC EXCLUSIVE MINERAL RESOURCE PORTFOLIO

% per site



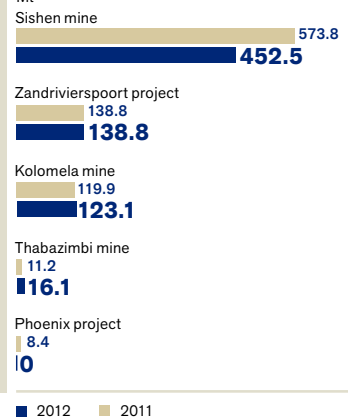
2012 SIOC EXCLUSIVE MINERAL RESOURCE PORTFOLIO

% per confidence interval



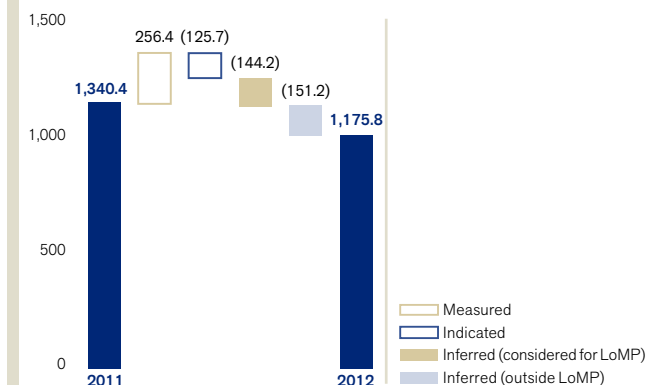
KUMBA IRON ORE ATTRIBUTABLE MINERAL RESOURCES

Mt



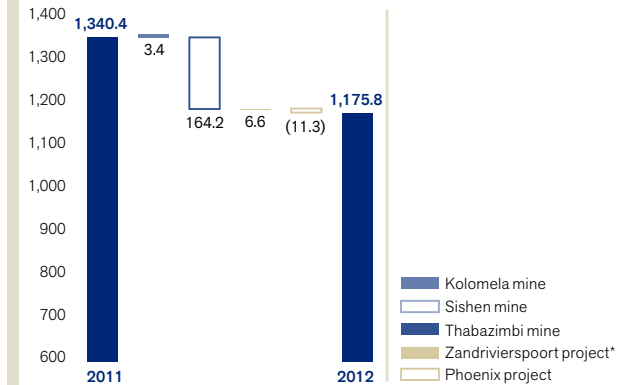
EXCLUSIVE MINERAL RESOURCE MOVEMENT

Mt movement per confidence class from 2011 to 2012



EXCLUSIVE MINERAL RESOURCE MOVEMENT

Mt movement per site from 2011 to 2012



* No movement for 2012

specifications has been translated into a Fe grade scheduling target that is slightly higher than client specifications.

This is determined by adding one times the standard deviation of the frequency distribution of the product's Fe grade from the product beds of the mining operation in question (as recorded during the latest applicable fiscal year in terms of the client specification percentage for Fe). The plant feed derived from such a schedule represents the Ore Reserves. The product derived via the application of metallurgical factors in the mining model and subsequent scheduling represents what is referred to as saleable product.

The SAMREC Code approach is adopted for Ore Reserve classification which means that Measured Mineral Resources occurring within the optimised pit are converted to Proved or Probable Ore Reserves and Indicated Mineral Resources are converted to Probable Ore Reserves. The competent person may reclassify the Ore Reserves and even reallocate Ore Reserves back to Mineral Resources should certain mining-related, legal, environmental, governmental and social aspects warrant it.

MINERAL RESOURCES

The geological characteristics of interpretations of the mineral occurrence under consideration, such as structure, lithology and alteration, as derived from borehole logs, geological mapping, geophysical surveys and other procedures, as well as topography are recorded and incorporated into a three-dimensional geological wireframe model. Within the geological wireframe model, the orebody is divided into different zones or domains that reflect areas of common grade, metallurgical characteristics, structure or other relevant characteristics, so that appropriate interpolation functions can be applied to distinct domains within the deposit.

Subsequently, the domains are intersected with statistically analysed and sometimes sub-grouped composited assay and relative density point data in referenced three-dimensional space, after which the data is geostatistically analysed for each domain. Depending on statistical and geostatistical results, sub-domaining may occur. A parent block size is chosen through a kriging neighbourhood analysis exercise to optimise for volume versus grade variance. Based on the latter, a block model is created to intersect the geological wireframe model.

The geological block model is then populated with the critical grade and relative density variables or attributes through various methods of interpolation applicable to the number and spacing of point data available (for example, various types of kriging depending on site specific conditions) for ore domains and inverse distance squared for waste domains. Where data is sparsely distributed, global estimates as derived from statistical analyses of grade and relative density data per domain are assigned to characterise domains.

The interpolated grades and other parameters within the block models are then used to estimate the grades and tonnages of the Mineral Resources under consideration. The 'reasonable and realistic' portion of the SAMREC Code

Mineral Resource definition considers whether the mineralisation could be mined in future, given positive economic factors. Thus, Kumba's 2011 Mineral Resources are not an inventory of all mineral occurrences drilled or sampled regardless of cut-off grade, likely dimensions, location, depth or continuity. Instead they are a realistic record of those, which under assumed and justifiable technical and economic conditions, may be economically extractable in future.

The assumption used to differentiate between Mineral Resources and Mineral Inventory (not quoted in this statement) is the application of an 'un-engineered' optimistic pit shell to act as the boundary for 'eventual economic extraction'. Resource (optimistic) shells were established by simply increasing the revenue factor (derived from a long-term view on costs and a long-term forward-looking iron ore price as prescribed by Anglo American, converted into site-specific rand values by Kumba) used to define the optimised pit shell that, in turn, defines current economic viability.

Kumba compiled a guideline for Mineral Resource classification that promotes a score card approach (See figure on page 94). This guideline is the preferred approach to Mineral Resource classification within the company but not a standard, as the company acknowledges the autonomy of its competent persons and technical specialists in defining mineral resource confidence levels. The guideline prompts the competent person to identify parameters critical to the site-specific grade and geological (tonnage) continuity of the orebody. These parameters are then quantified and spatially estimated. Each parameter is captured in every parent cell of the geological block model that intersects ore.

The competent person then is expected to weight each parameter in terms of its importance (according to the competent person's experience and understanding) in relation to the ore deposit grade or geological estimate. The weighting must then be applied to determine a normalised grade confidence index and a geological confidence index (GCI).

These two indices are then again weighted and combined into a resource classification index (RCI). The last step required from the competent person is to assign cut-offs on the normalised RCI figures contained in each parent cell in the geological block model to distinguish between Measured, Indicated and Inferred Mineral Resources.

ANCILLARY RESERVE AND RESOURCE INFORMATION BY OPERATION/PROJECT

All the production-related figures quoted in this section are estimated (9 + 3) as the site Reserve and Resource Statements from which this summary Reserve and Resource Statement was compiled for Kumba, were initiated at the beginning of October 2012.

ORE RESERVES AND MINERAL RESOURCES CONTINUED

Kumba's Mineral Resource (in addition to Ore Reserves) statement for 2012 (referenced against 2011)

Operation project	One type	% attrib. to KIO	Resource category	2012			2011		
				Tonnage (Mt)	Grade (% Fe) Average	Cut-off*	Tonnage (Mt)	Grade (% Fe) Average	Cut-off*
Kolomela mine ⁽¹⁾ – Mineral resources in addition to ore reserves	Haematite	73.9	Measured	43.3	64.9		46.6	65.0	
			Indicated	17.0	65.2		16.1	65.1	
			Measured and indicated	60.3	65.0		62.7	65.0	
			Inferred (considered for LoM plan)	50.5	64.2		45.9	64.3	
			Inferred (outside LoM plan)	55.7	62.8	50.0	53.7	62.7	50.0
			Sub total	166.6	64.0	50.0	162.3	64.0	50.0
Sishen mine ⁽²⁾ – Mineral resources in addition to ore reserves	Haematite	73.9	Measured	315.1	61.0		111.1	61.3	
			Indicated	137.3	58.4		274.8	61.6	
			Measured and indicated	452.4	60.2		385.9	61.5	
			Inferred (considered for LoM plan)	24.7	56.0		173.4	49.1	
			Inferred (outside LoM plan)	67.7	55.0	40.0	217.2	53.8	40.0
			Sub total	544.9	59.4	40.0	776.4	56.6	40.0
Sishen mine – End-of-Life Mine Stockpile ⁽³⁾ – Mineral resources in addition to ore reserves	Haematite	73.9	Measured	52.2	58.1				
			Indicated	11.9	57.7				
			Measured and indicated	64.2	58.0				
			Inferred (considered for LoM plan)	0.0	0.0				
			Inferred (outside LoM plan)	3.2	56.7	40.0		Not reported	
			Sub total	67.3	57.9	40.0			
Thabazimbi mine ⁽⁴⁾ – Mineral resources in addition to ore reserves	Haematite	73.9	Measured	0.2	62.5		1.1	61.1	
			Indicated	10.4	62.5		7.2	62.0	
			Measured and indicated	10.7	62.5		8.3	61.9	
			Inferred (considered for LoM plan)	2.8	60.7		3.0	61.8	
			Inferred (outside LoM plan)	8.2	62.8	55.0	3.9	61.8	55.0
			Sub total	21.7	62.4	55.0	15.2	61.8	55.0
Kumba Iron Ore – mining operations – Total mineral resources in addition ore reserves			Measured	410.9	51.0		158.8	62.4	
			Indicated	176.7	59.2		298.1	61.8	
			Measured and indicated	587.6	60.5		456.9	62.0	
			Inferred (considered for LoM plan)	78.1	61.5		222.2	52.4	
			Inferred (outside LoM plan)	134.9	58.7		274.7	65.7	
			Total	800.6	60.3		953.9	57.9	

⁽¹⁾ Kolomela mine has quoted a net 4.3 Mt increase in Mineral Resources from 2011 to 2012. This is primarily as a result of the 2012 pit optimisation which considered an update in costs and pricing. The resulting resource pit shell (spatial boundary defining reasonable prospects of eventual economic extraction) was slightly larger than the previous shell and therefore resulted in a Mineral Resource gain.

⁽²⁾ The significant 164.2 Mt (21%) decrease in Sishen mine's Mineral Resources can mostly be attributed to a decrease in the Inferred BIF Mineral Resources where the 2012 geological model update confirmed a previous over-estimation of the percentage Fe grade of this material and which was classified as Inferred in 2011. Revised estimation methods (considering the decrease in the percentage Fe of the BIF strata with depth) combined with newly-obtained borehole sample assay data, as part of an on-going large-scale re-sampling programme, resulted in the material decrease. The significant 34% increase in the Measured and Indicated Mineral Resource is the result of a full implementation of the Kumba Mineral Resource Classification Guideline which promotes a quantitative scorecard approach to Mineral Resource classification and replaces the former classification method whereby borehole density was used as a primary classification parameter and geological complexity as a secondary downgrading parameter.

⁽³⁾ RoM remaining on stockpiles at the end of the LoM plan schedules are separately itemised as Mineral Resources (clause 40 of SAMREC Code) as Kumba is of the opinion that, although this material is not currently economically viable, it still has reasonable prospects for eventual economic extraction, pending changes in specific marketing conditions and/or possible future technological advances, if, and only if, the average grade of the RoM stockpile material is above the Mineral Resource cut-off grade. In 2012, this has been the case at Sishen mine. In total, 67.3 Mt of the Inferred Mineral Resources (outside the LoM plan) is declared in the state in which it occurs on stockpiles at the end of the mine life.

⁽⁴⁾ Thabazimbi mine reported an annual increase in Mineral Resources of 6.6 Mt. As Thabazimbi mine is a mature mine, and is captive to a domestic client, frequent pit optimisation revisions are conducted, and as in 2011, the exercise was repeated in 2012 to consider up-to-date cost and pricing structures. This resulted in a significant increase in Mineral Resources, especially at the Donkerpoort Neck area where the resource shell incorporated most of the 6.6 Mt Mineral Resources addition.

Kumba's Mineral Resource (in addition to Ore Reserves) statement for 2012 (referenced against 2011) continued

			2012			2011		
Zandriverspoort ⁽⁵⁾			Measured	132.9	35.0	128.5	34.9	
- Mineral resources in addition to ore reserves	Magnetite and Haematite	37.0	Indicated	177.9	34.5	182.3	34.5	
			Measured and indicated	310.8	34.7	310.8	34.7	
			Inferred (considered for LoM plan)	0.0	0.0	0.0	0.0	
			Inferred (outside LoM plan)	64.5	34.2	64.5	34.2	23.0
			Sub total	375.3	34.6	375.3	34.6	23.0
Phoenix ⁽⁶⁾			Measured			0.0	0.0	
- Mineral resources in addition to ore reserves	Haematite	73.0	Indicated			0.0	0.0	
			Measured and indicated	Not reported		0.0	0.0	
			Inferred (considered for LoM plan)			0.0	0.0	
			Inferred (outside LoM plan)			11.3	63.0	55.0
			Sub total			11.3	63.0	55.0
Kumba Iron Ore – projects			Measured	132.9	35.0	128.5	34.9	
- Total mineral resources in addition ore reserves			Indicated	177.9	34.5	182.3	34.5	
			Measured and indicated	310.8	34.7	310.8	34.7	
			Inferred (considered for LoM plan)	0.0	0.0	0.0	0.0	
			Inferred (outside LoM plan)	64.5	34.2	75.8	38.5	
			Total	375.3	34.6	386.6	35.5	
Kumba Iron Ore			Measured	543.8	54.7	287.3	50.1	
- Grand total mineral resources in addition to ore reserves			Indicated	354.7	46.8	480.3	51.5	
			Measured and indicated	898.4	51.6	767.7	51.0	
			Inferred (considered for LoM plan)	78.1	61.5	222.2	62.4	
			Inferred (outside LoM plan)	199.3	50.8	350.5	52.0	
			Grand total	1,175.8	52.1	1,340.4	51.5	

⁽⁵⁾ Except for a localised upgrading of 4.3 Mt Indicated to Measured Mineral Resources, based on the competent person's review of the Mineral Resource before publication, no other annual Mineral Resource movements were recorded for the Zandriverspoort project.

⁽⁶⁾ Since the 2011 declared Mineral Resources are not aligned with the beneficiation processes considered for the Phoenix project, it was decided that high-grade haematite Mineral Resources historically quoted would not be reported in 2012 until such time as the project has met the required project evaluation criteria. The Phoenix project is ringfenced and not part of the "captive" mine setup at Thabazimbi mine, i.e. not subject to the exclusive AMSA offtake.

The tonnages are quoted in dry metric tonnes and million tonnes is abbreviated as Mt.

Rounding of figures may cause computational discrepancies.

Mineral Resource figures are reported at 100% irrespective of percentage attributable to Kumba.

The term Inferred Mineral Resource (outside the LoM plan) refers to that portion of the Mineral Resources not utilised in the LoM plan of the specific mining operation.

The term Inferred Mineral Resource (considered for LoM plan) refers to that portion of the Mineral Resources utilised in the LoM plan of the specific mining operation. It is reported without having any modifying factors applied, hence the term 'considered for LoM plan' instead of 'inside LoM plan'.

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

9.9 Mt Inferred Mineral Resources have been extrapolated beyond borehole intersections.

* The cut-off grade quoted for all the Kumba sites except the Zandriverspoort project, is a fixed chemical cut-off grade. In the case of the Zandriverspoort project, the 23% Fe cut-off grade is a minimum value, with the cut-off grade being spatially dynamic. A minimum yield of 34.3% is required to define eventual economic extractability. This yield has been empirically derived considering the total in-situ percentage Fe as well as the in-situ magnetite: haematite ratio and a break-even cost that cannot be published because of the sensitivity thereof and considering SIOC's joint venture partner in the project, AMSA.

ORE RESERVES AND MINERAL RESOURCES CONTINUED

KOLOMELA MINE

Kolomela mine's mining right is located in the Northern Cape Province near Postmasburg and is situated on the southern tip of the narrow north-south trending belt of iron-bearing lithologies of the Griqualand West Supergroup hosting the Sishen deposit towards the north. See map below.

Geology

Iron ore at Kolomela mine is preserved in the chemical and clastic sediments of the Proterozoic Griqualand West Supergroup. These sediments define the western margin of the Kaapvaal Craton in the Northern Cape Province.

The stratigraphy has been deformed by thrusting from the west and has undergone extensive karstification. The thrusting has produced a series of open, north-south plunging anticlines, synclines and grabens. Karstification has been responsible for the development of deep sinkholes. The iron ore at Kolomela mine has been preserved from erosion within these geological structures. The structural regime that dictates post-depositional changes at Kolomela mine was reviewed in 2011.

Four distinct iron ore types have been described at the Kolomela mine deposit with the bulk of the ores having their equivalents at Sishen mine. There are, however,

slight differences in the chemical properties of the ores found at the two deposits. The Kolomela mine deposit comprises high-quality, clastic-textured (29%), laminated (53%), collapse breccia (10%) and conglomeratic (8%) ores. The diagram below is a generalised vertical section depicting the local geological sequence at Kolomela's Leeuwfontein mining area.

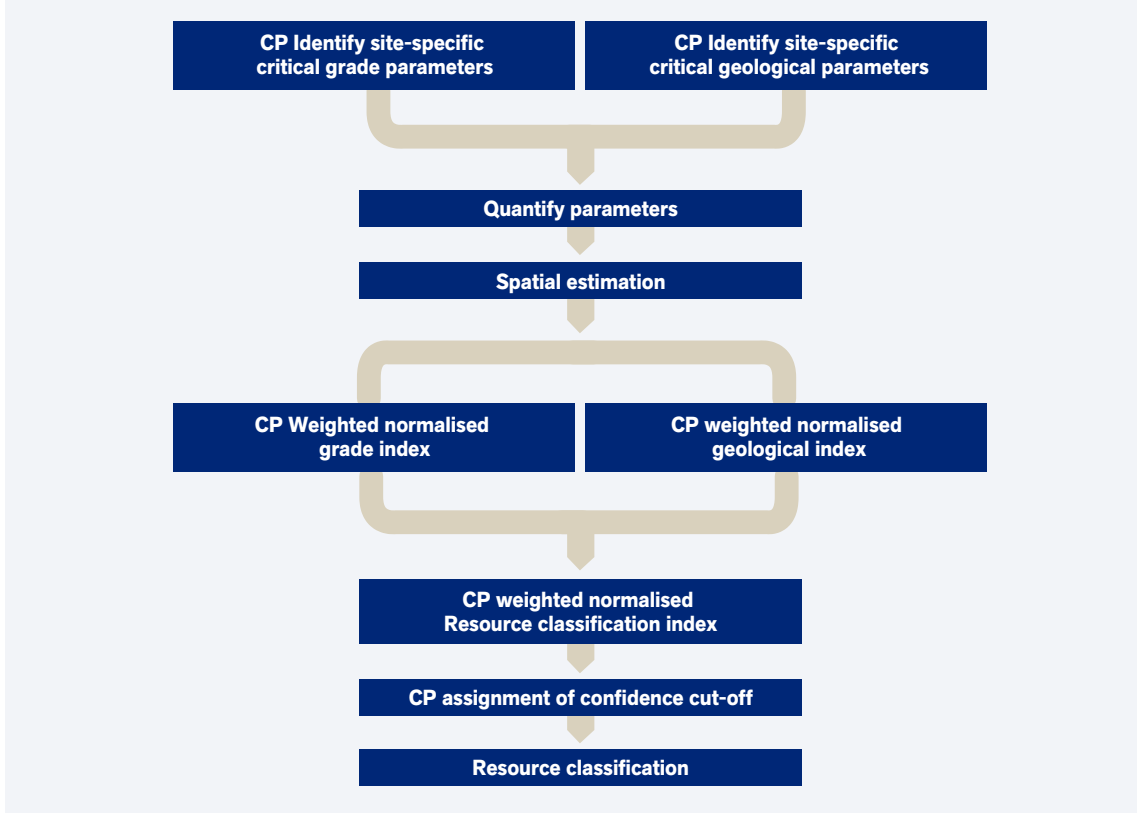
Mining method and processing

Kolomela mine has been designed as a direct shipping ore operation where conventional open-pit drilling and blasting, shovel-and-truck loading and hauling mining processes are applied to mine the group of ore bodies from different pits.

A combination of RoM buffer and product stockpile blending on site, as well as further blending with the product from Sishen mine, are used to ensure that the final product adheres to the required client grade specifications. Product size is controlled via a crushing and screening plant for all buffer stockpile and pit RoM material.

The mine is scheduled to produce 9 Mt of saleable product annually. The iron ore is transported to the Saldanha export harbour via the Orex iron ore export line. The product is marketed to SIOC's current overseas client base as part of the SIOC marketing strategy and will be blended with Sishen mine's product.

KUMBA'S PREFERRED MINERAL RESOURCE CLASSIFICATION GUIDELINE





01 The stacker-reclaimer at Kolomela mine assists in the blending of different grades of processed ore prior to shipment.

01

The historical saleable product depletion of Kolomela mine is summarised in the table below.

Saleable product depletion at Kolomela mine.

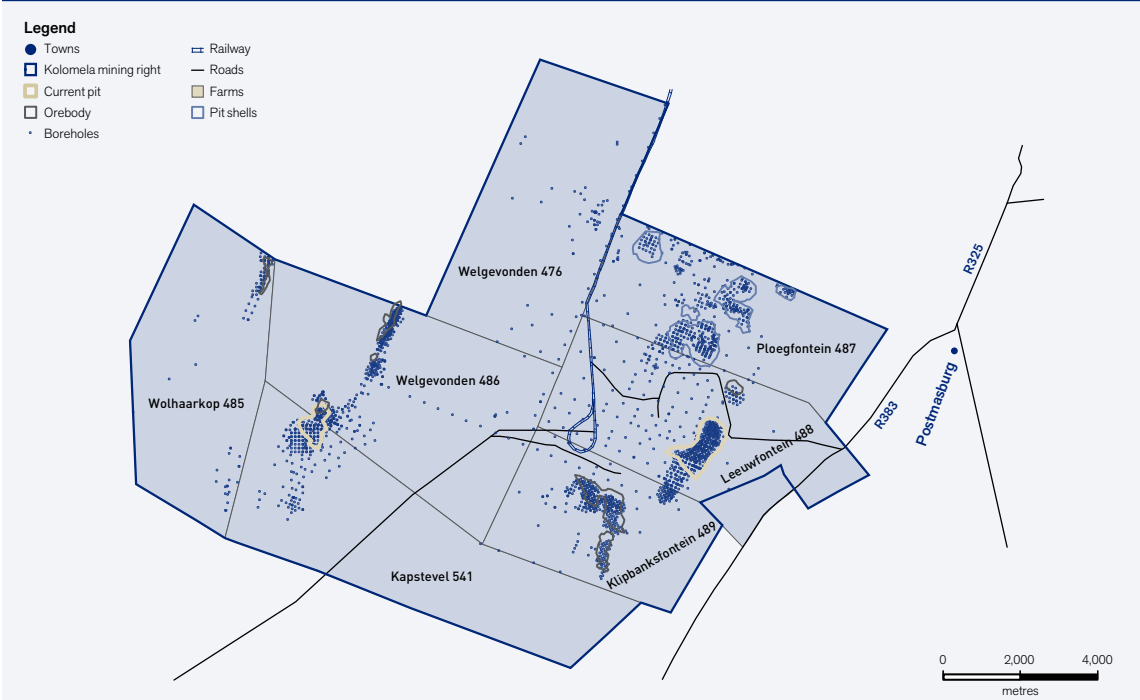
Year	Mt
2010	0
2011	1.5
2012 (Estimate*)	8.6

* Report compiles before year end and October, November and December production are estimated using short term planning figures.

As part of the ramp up to installed capacity in 2013, the total tonnes mined at Kolomela mine increased by 27% from 34.6 Mt in 2011 to 44.1 Mt. In 2012, mining resulted in 34.2 Mt of waste and 9.9 Mt of ex-pit ore.

In total, 8.6 Mt of saleable product was produced in 2012 on site from the RoM delivered to the crushing and screening plant, of which 8.2 Mt was railed to the blending beds at Saldanha Bay.

KOLOMELA MINING RIGHT AREA NEAR THE TOWN OF POSTMASBURG



ORE RESERVES AND MINERAL RESOURCES CONTINUED

SISHEN MINE

The bulk of Kumba's annual production is generated by Sishen mine, located in the Northern Cape Province near the town of Kathu. The Sishen mining right area is depicted in the table below.

Geology

High-grade haematite iron ore (laminated, massive, conglomeratic and breccia types – see figure below) is found in the upper parts of a Lake Superior-type, BIF succession of the Griqualand West Supergroup as the Transvaal Supergroup is known where it occurs in the Northern Cape.

Due to the long geological time interval between the deposition of the oldest rocks of the Griqualand West Supergroup, the Campbellrand Group dolomites, and the youngest deposits in the area, the Kalahari Group sands, a number of uplift and erosion cycles and deformational events are recorded in the rock record.

At the mine, the deposits are located on the western flank of the Maremane Anticline, which strikes north-south and dips about 11° west. Local structures in the mine area are, however, very complicated and the interplay between the various tectonic events and associated geological structures was critical to the formation and preservation of ore in the region. In general, the high-grade laminated and massive ore is preserved in synclinal and pseudo-graben structures, which are the result of multiple deformation events. Medium- and lower-grade conglomeratic and brecciated ores are preserved within deep palaeo-sinkhole structures in the southern portions of the deposit, where these structures are the result of karstification of the underlying dolomites during periods of uplift and erosion.

Mining method and processing

Ore is extracted at Sishen mine through open-cast mining methods. The current mining process entails the topsoil removal and stockpiling, followed by drilling and then blasting of waste lithologies and ore. Overburden is backfilled in the pit or hauled to waste rock dumps on the edge of the pit. The iron ore is loaded according to blend

(grade) requirements and transported to the beneficiation plants where it is crushed, washed and screened.

Each size fraction is separated and beneficiated using a ferrosilicon medium (through the DMS plant) or jigging process (through the jig plant) before being stockpiled on the product beds. Plant slimes are pumped to evaporation dams and the plant discard material is stacked on a separate waste dump. Seven iron ore products (conforming to different chemical and physical specifications) are produced. The ores are reclaimed from the product beds and loaded into trains to be transported to local steel mills and Saldanha Bay for export to international markets.

For 2012, the total tonnes mined at Sishen mine decreased by 2% from 188.9 Mt in 2011 to 185.4 Mt, of which waste mined in 2012 was 143.0 Mt. The increase in waste mining activities will improve flexible access to ore as the depth at which mining intersects the orebody increases.

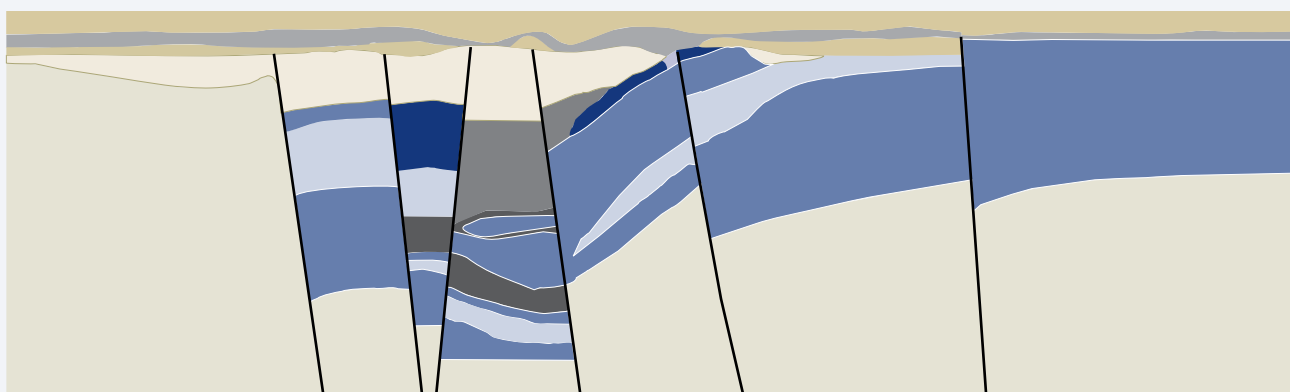
Total production at Sishen mine decreased by 14% from 38.9 Mt in 2011 to 33.6 Mt total saleable product in 2012, beneficiated from an annual RoM of 42.4 Mt (including 1.0 Mt Inferred material as well as 4.3 Mt RoM from stockpiles). Production through the DMS plant did not meet the 2012 target of 28 Mt, and delivered 23.2 Mt. The jig plant throughput was below target with 2012 production totalling 10.4 Mt. The total sales for 2012 were 31.2 Mt.

Historical saleable product depletion at Sishen mine

Year	Mt
2005	28.5
2006	28.7
2007	29.7
2008	34.0
2009	39.4
2010	41.3
2011	38.9
2012 (Estimate*)	33.6

* Report compiled before year end and November and December production are estimated using short-term planning figures.

GENERALISED WEST-EAST GEOLOGICAL SECTION THROUGH KOLOMELA'S LEEUWVONTEIN MINING AREA



Legend

■ Shale	■ Gabbro	■ Calcrete	■ Dolomite	■ Till
■ Banded Iron Formation	■ Laminated Massive Ore	■ Clay	■ Hematite	



01 Sishen mine's fleet of mega-size haul trucks ensures the efficient hauling of waste and ore.

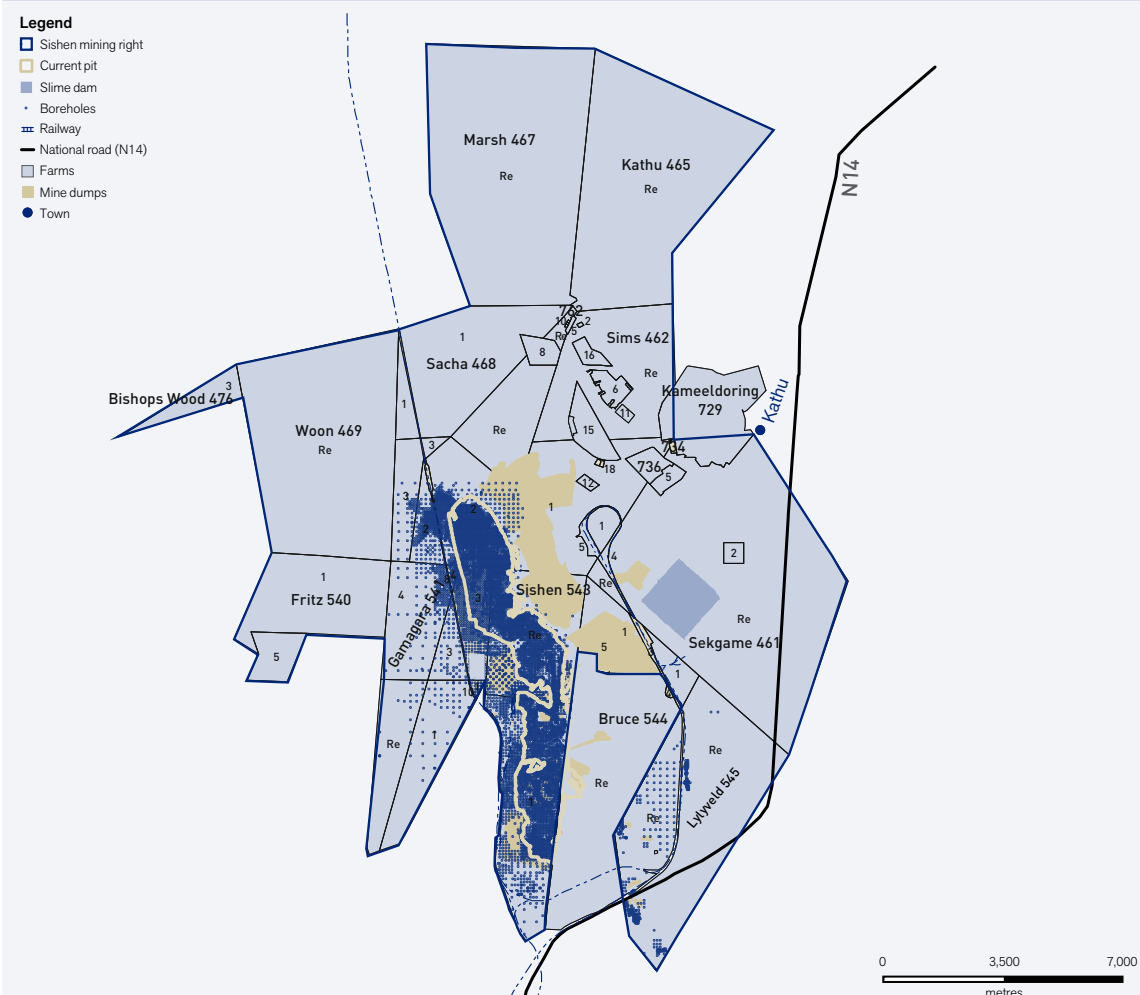
01

The majority of Sishen mine's iron ore was exported. A second interim pricing agreement was concluded between AMSA and SIOC, effective 1 August 2011 to 31 July 2012, for a fixed volume and FoR price for its dispatched tonnages to Saldanha Steel Works and AMSA's inland mills respectively. A third interim pricing agreement was concluded which extended the second interim agreement until 31 December 2012 on the same terms and conditions. In December 2012, a further interim agreement was

concluded after negotiations which were facilitated by the DTI. The further interim agreement will govern the sale of iron ore from Sishen mine to AMSA for the period 1 January 2013 to 31 December 2013.

The dispute between AMSA and SIOC, to determine whether the 2001 supply agreement became inoperative when AMSA failed to convert its old order mining rights (21.4%), has been postponed. See page 55.

SISHEN MINING RIGHT AREA NEAR THE TOWN OF KATHU



ORE RESERVES AND MINERAL RESOURCES CONTINUED

THABAZIMBI MINE

Thabazimbi mine is located in the Limpopo Province close to the town of Thabazimbi (see map below), and was responsible for 2% of the production of the company's iron ore for 2012.

Geology

The operation extracts iron ore which mainly occurs in the form of basal units within the Penge Formation, a BIF of the Transvaal Supergroup. Locally, it takes the form of remnant hills, dipping south at an average 45°, which have been triplicated by thrust faulting believed to be the result of the intrusion of the Bushveld Igneous Complex. The figure below is a generalised section through the Kumba mining area at Thabazimbi mine which depicts the lenticular ore bodies that are the main target for mining in the remaining six years of mine life.

Ore genesis is of a chemical nature with secondary haematite replacing chert within the BIF. Later stages of ferruginisation followed to produce high-grade laminated-to-brecciated iron ore. The occurrence of iron ore is structurally controlled with faults serving firstly as conduits for iron-rich fluids and later as mechanisms for displacing (and/or duplicating) ore zones.

Local collapse structures within the underlying dolomites produced brecciated zones within the BIF which were then filled by iron-rich fluids. A regional network of diabase sills and dykes served as trapping mechanisms for mineralising fluids in the lower section of the BIF which resulted in an enriched lower section and a less-enriched upper section of the Penge Formation.

At depth, the haematite-rich rocks grade into calcite-haematite and talc-haematite rocks. The mineralisation extends for 12km along strike with sterile gaps of BIF occurring in between the deposits. The occurrence of sterile zones between deposits is associated with faulting where the ore zones wedge out laterally and vary in thickness from 10m to 25m. The intensity of ferruginisation is usually associated with the intensity of brecciation of the BIF due to the

underlying karst topography of the dolomites, that is, the more severe the brecciation the higher the ferruginisation.

Mining method and processing

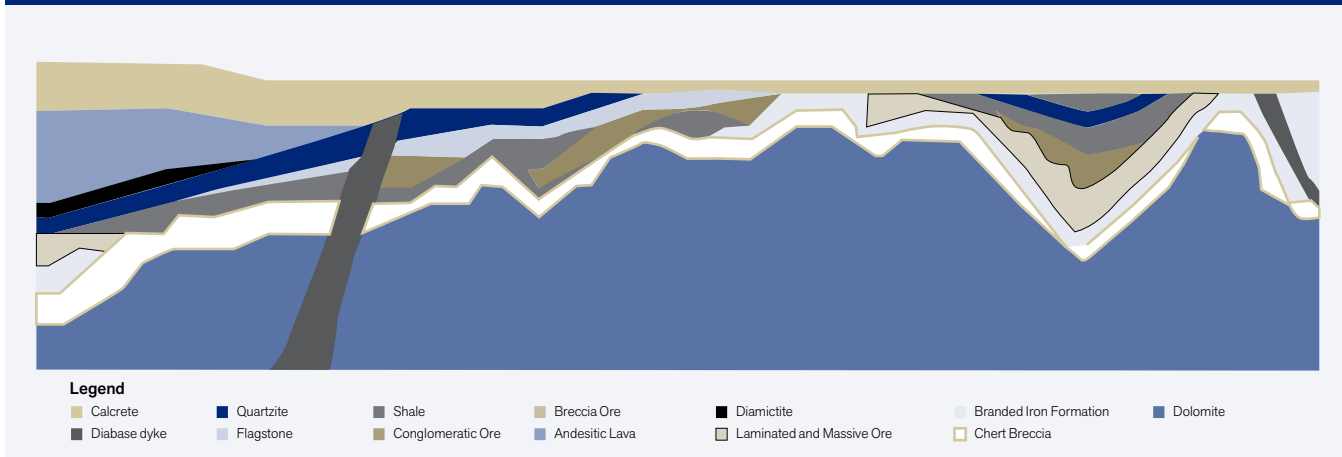
Thabazimbi mine's product is sold exclusively to AMSA. The mine is a captive operation that operates on a cost plus 3% management fee basis. The lump and fine high-grade haematite product is transported, mostly by rail, to AMSA's steel works at Vanderbijlpark and Newcastle.

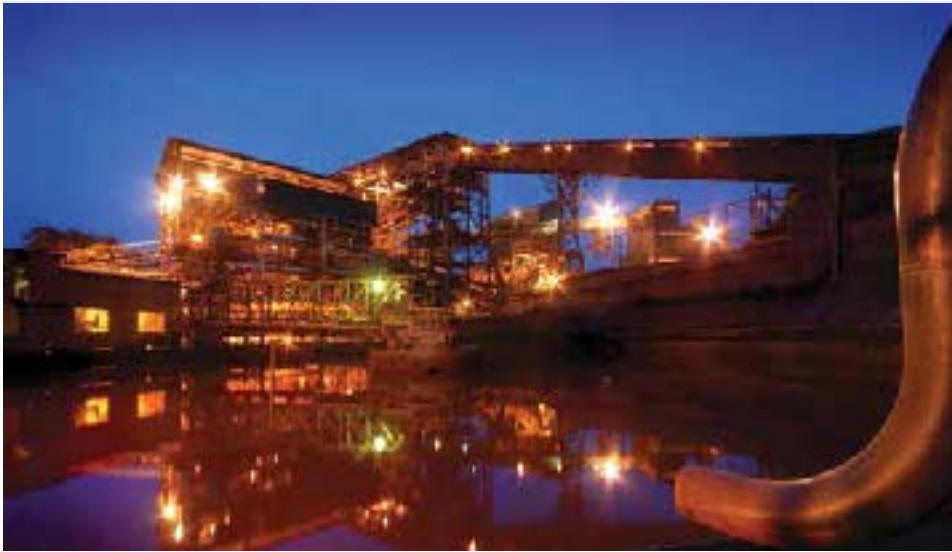
Thabazimbi mine produces primarily high-grade (>60% Fe) haematite iron ore, with some very minor specularite ore, through open-pit mining. Annual beneficiated production for 2012 was 1.0 Mt, which equates to an average 83 kt product per month. The mine is in the process of scaling down, having reached a mature stage after mining in excess of 50 years, with a remaining foreseen mine life of six years (including Inferred material), pending the market (requirements of AMSA). It is foreseen that production will remain at the 83 kt per month level for 2013, 131 kt per month for 2014 to 2015 and 176 kt per month for 2016 to 2018 as the mine is nearing closure, to enable delivery of a constant product grade to the steel works.

Thabazimbi mine extracts iron ore via conventional open-cast mining methods of drilling and blasting followed by loading and hauling via a truck and shovel fleet. Mining at present is conducted in three pits that are geographically separated from one another. Annual waste production for 2012 was 28.1 Mt. In total, 1.3 Mt iron ore was extracted from the pits of which 1.2 Mt was delivered as RoM to the beneficiation plant while the remainder resulted in a RoM buffer stockpile growth of 0.1 Mt.

The RoM material is beneficiated through a DMS plant. Where pits are far removed from the plant, ore is trucked to crushers located closer to the pits. The crushed material is then transported via conveyor belt to a stockpile that feeds the plant. After beneficiation, the saleable product is stockpiled on product beds which, in turn, is reclaimed and primarily transported by rail to the relevant AMSA steel works.

GENERALISED WEST-EAST GEOLOGICAL SECTION THROUGH SISHEN'S NORTH MINE AREA





01 Thabazimbi mine is one of the oldest iron ore mines in South Africa and is nearing the end of its life.

01

The historical saleable product depletion of Thabazimbi mine is summarised in table below.

Historical saleable product depletion at Thabazimbi mine

Year	Mt
2005	2.5
2006	2.4
2007	2.7
2008	2.7
2009	2.5
2010	2.1
2011	0.9
2012 (Estimate*)	1.0

* Report compiles before year end and November and December production are estimated using short term planning figures.

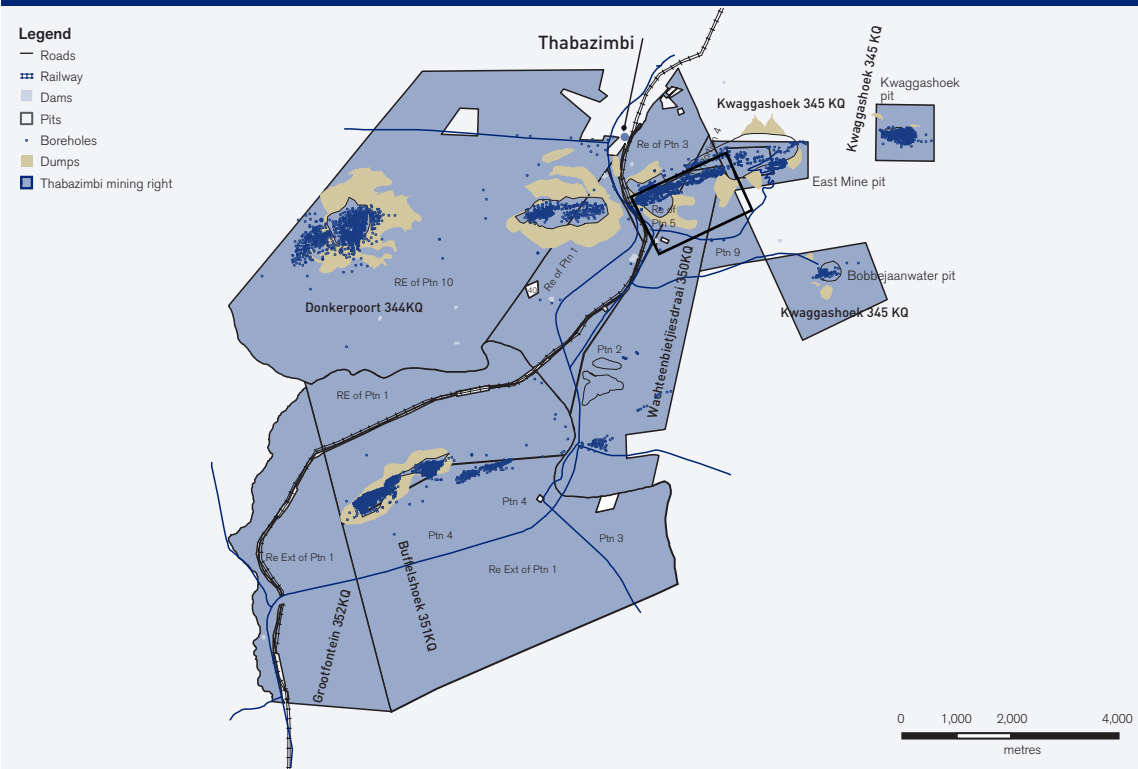
PHOENIX PROJECT

Kumba has not reported Mineral Resources for the Phoenix project in the 2012 Mineral Resource and Ore Reserve statement. This is because confirmations for declaring the Mineral Resource as being eventually economically extractable have not yet been completed.

The 11.3 Mt Inferred Mineral Resource reported in 2011 was retained from historical reporting by Thabazimbi mine. However, the assessment of the resource on which this statement was premised was not performed in accordance with current Anglo American resource reporting processes and standards.

Additionally, different beneficiation technology is applicable to the Phoenix project from that currently used at Thabazimbi mine. It is, therefore, not deemed prudent to

THABAZIMBI MINING RIGHT AREA NEAR THE TOWN OF THABAZIMBI



ORE RESERVES AND MINERAL RESOURCES CONTINUED

declare a Mineral Resource until pre-feasibility approval for the intended Phoenix project beneficiation process has been obtained.

Once assessments of the resource have been made in accordance with SAMREC and Anglo American's own project approval and assessment processes and guidelines, Mineral Resources for the Phoenix project will be reported. Phoenix is not subjected to the AMSA (cost plus) captive arrangement.

ZANDRIVIERSPOORT PROJECT

The Zandriverspoort prospecting right (area) is located approximately 25km northeast of Polokwane on the farm Zandriverspoort 851 LS, in South Africa's Limpopo Province (see map below).

Geology

Zandriverspoort is a low-grade magnetite deposit in the palaeoproterozoic Rhenosterkoppies Greenstone Belt or Rhenosterkoppies Fragment, which occurs to the northwest of the main, northeast-trending Pietersburg Greenstone Belt.

The Zandriverspoort project occurs within the southeast-trending fold hinge zone of the Rhenosterkoppies Fragment, a feature which some authors of geological texts have considered to be significant in the thickening or duplication of relatively thin BIF units. Both the Pietersburg and the Rhenosterkoppies Greenstone Belts are enclosed in granites which display the 'pinched-in' or 'keel-like' morphology that is typical of greenstone belts within

granite-gneiss terrains of southern Africa (Basson, 2008).

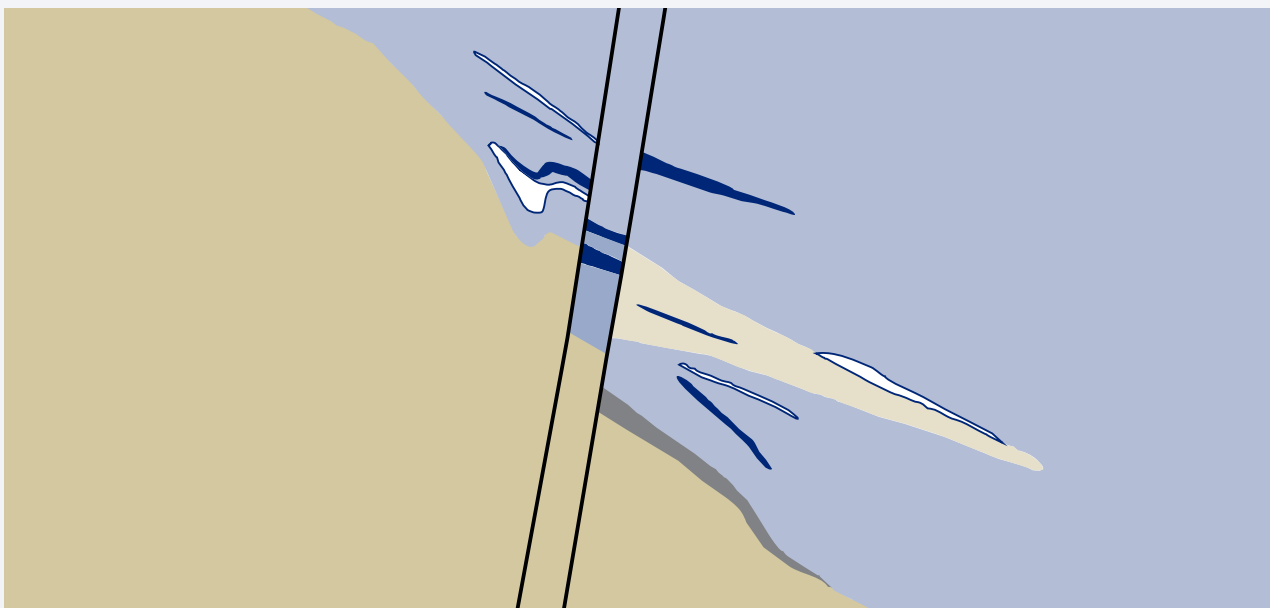
The magnetite BIF occurs as a fine- to medium-grained rock in the Rhenosterkoppies Fragment. It is well banded with alternating layers of magnetite and quartz. The BIF outcrops as two potential orebodies on the flanks of a shallow syncline separated by a secondary anticline in the central part of the deposit. Locally, the eastern orebody forms Duiwekop and the western orebody, the Rhenosterkoppies. The BIF units are underlain by largely continuous garniferous schist which, in turn, are enclosed in a regional, partially retrogressed, amphibolite volume (see figure below).

The MBIF has been exposed to at least three deformational events producing recumbent isoclinal folding. These deformational events are the most important factors controlling the ore formation as they served to duplicate the relatively thin BIF units. These thin units are preserved in the surrounding topography and rarely exceed thicknesses in excess of 10m.

PROJECT DEVELOPMENT

The project has entered the pre-feasibility phase of investigation which is being funded by the Pietersburg Iron Ore Company, a 50:50 JV between SIOC and AMSA. It is assumed that a concentrate product from the Zandriverspoort project could be accommodated as part of the feedstock of AMSA's domestic demand. Investigations have shown that Zandriverspoort concentrate could comprise up to 5% of a sinter mix, which yields improved

GENERALISED WEST-EAST GEOLOGICAL SECTION THROUGH THABAZIMBI'S KUMBA MINING AREA



Legend

□ Laminated/Massive Ore □ Low-Grade Ored □ Branded Iron Formation □ Diabase □ Shale □ Dolomite

production rates in the iron ore sintering process. This, however, will only support a limited market and alternatives such as 'green' micro-pellets or baked mini-pellets (both as a sinter ore replacement) or conventional pellets (as a blast furnace feed) are being investigated to increase the domestic demand for Zandriverspoort's product.

EXPLORATION

Exploration expenditure

Exploration conducted in 2012 to refine current and support possible future Mineral Resource estimates mainly involved drilling (in addition to normal geological and geophysical surveys, etc) to obtain samples that intersect the ore as well as the relevant roof and floor material adjacent to ore zones. The preferred drilling method is core drilling. The all-inclusive cost associated with exploration conducted in 2012 is summarised in the table below.

Sample preparation and assaying

Excluding the Phoenix project samples (prepared by an on-site laboratory to facilitate metallurgical test work on geological samples), all primary samples taken from material retrieved via drilling in 2012 to be used for Mineral Resource estimation were prepared by the Chemistry Laboratory (Co. Reg. Nr: 1921/0067130/06) of the Anglo American Research Division of Anglo Operations Limited.

Assaying was conducted by the Anglo Research Chemistry Laboratory (74% of samples) as well as the UltraTrace Laboratory in Perth, Australia (26% of samples).

Kumba generated 50,136 exploration samples in 2012

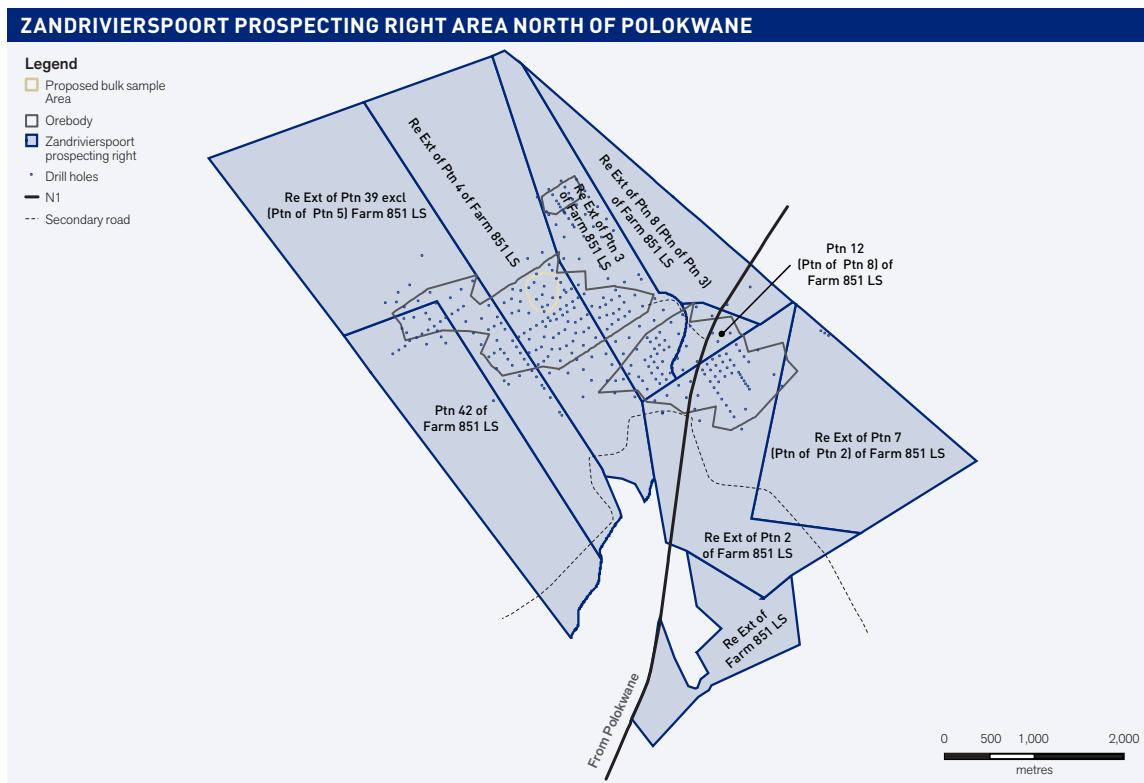
(excluding production and grade-control drilling samples deemed not suitable for Mineral Resource estimation) to be used for future Mineral Resource estimations. These were prepared and 45,561 assays (not including the 5% field, coarse and pulp duplicates, 5% replicates as well as 5% matrix-matched certified reference material results also generated as a standard requirement), have been received in the same calendar year.

The AR Chemistry Laboratory is accredited in accordance with the recognised international standard ISO/IEC 17025:2005 by the South African National Accreditation System (SANAS) under the Facility Accreditation Number T0051 (valid from 22 July 2011 to 30 April 2016) for:

- the preparation of iron ore samples to a homogenous pulp;
- the analysis of ferrous iron by potentiometric titration for solid samples;
- Al_2O_3 , BaO, CaO, Fe, K_2O , MgO, Mn, Na_2O , P, SiO_2 and TiO_2 by X-Ray fusion; and
- carbon and sulphur by combustion.

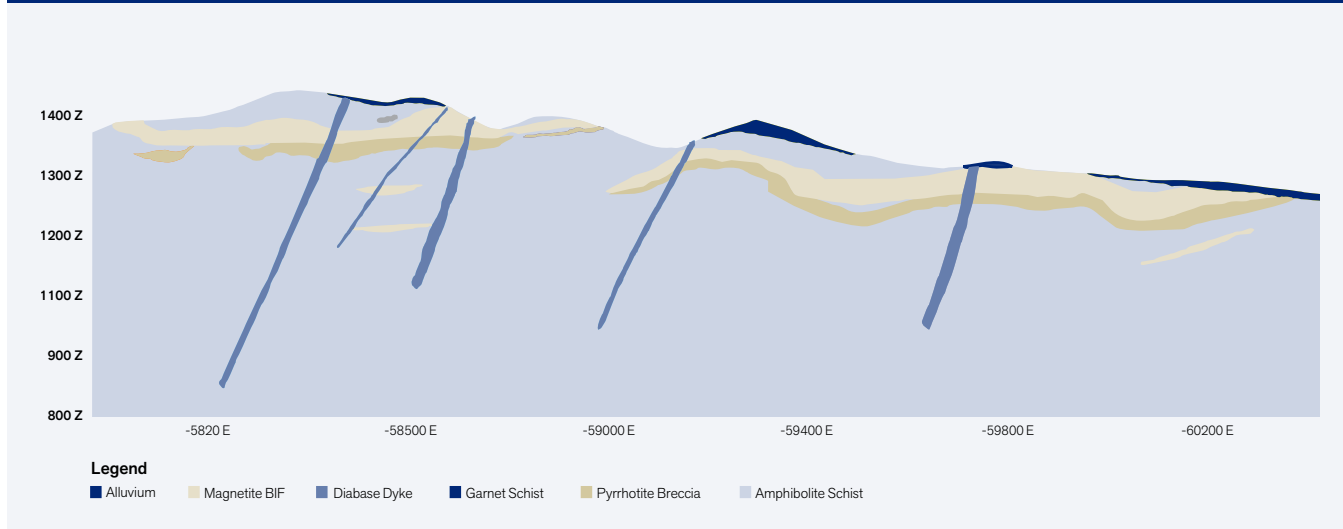
UltraTrace is ISO and National (Australian) Association of Testing Authorities (NATA)-accredited for iron ores and a member of the ISO MN-002-02 Chemical Analysis Committee.

Kumba ensures sample representivity by applying a stringent QA/QC protocol that governs all stages of sampling, sub-sampling and assaying, including blind validation of the sample preparation and assaying laboratories.



ORE RESERVES AND MINERAL RESOURCES CONTINUED

GENERALISED WEST-EAST SECTION THROUGH THE ZANDRIVIERSPOORT MAGNETITE DEPOSIT



Summary of exploration expenses

	Total exploration spend (10+2) x millions		Drilling spend (10+2) x millions		Number of holes drilled (10+2)		Meters drilled (10+2)		Average cost per metre	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Mining right areas	R179.7	R174.4	141.3	R93.0	282	288	42,366	53,740	R3,336*	R1,746
Prospecting right areas	R132.8	R33.44	R80.9	R14.3	288	91	53,671	17,882	R1,507	R800
Total	R312.5	R207.90	R222.2	R108.1	570	379	96,037	71,621	R4,843	R2,546

* The average cost per metre for drilling conducted in mining right areas is skewed by the cost of drilling at Thabazimbi mine where drilling progress and subsequent sampling is severely restricted by poor conditions.

ENDORSEMENT

The persons at Kumba who are designated to take corporate responsibility for Mineral Resources and Ore Reserves are Jean Britz and Theunis Otto. They have reviewed the Mineral Resource and Ore Reserve estimates reported for 2012 and consent to the inclusion of these estimates in the form and context in which they appear in this report.

Jean Britz is a professional natural scientist registered (400423/04) with the South African Council for Natural Scientific Professions. He has a BSc (Hons) in geology and an MEng in mining, and has 20 years of experience as a mining and exploration geologist in coal and iron ore, of which eight are specific to iron ore Mineral Resource estimation and evaluation.

Theunis Otto is a mining engineer registered (990072) with the Engineering Council of South Africa. He has an MSc in mining engineering and has 17 years of experience as a mining engineer in production management and technical roles in coal and iron ore mining, of which eight are specific to iron ore Mineral Reserve estimation and evaluation.

Jean Britz

Principal, Mineral Resources – Kumba Iron Ore Geosciences

Theunis Otto

Head, Kumba Iron Ore Mining Processes

Kumba's chief executive and board member, Norman Mbazima, endorses the Mineral Resource and Ore Reserve estimates presented in this document, and acknowledges that the Kumba Policy governing Mineral Resource and Ore Reserve reporting has been adhered to.

Norman Mbazima

Chief executive,
Kumba Iron Ore

01



01 Kumba generated 50,136 exploration samples in 2012 to be used for future mineral resource estimations.

FINANCIAL REPORT

The audited condensed consolidated financial results for the year ended 31 December 2012 were prepared under the supervision of the chief financial officer, Mr FT Kotzee, CA(SA). The full annual financial statements can be downloaded from our website or obtained from our investor relations department.

 http://www.angloamericankumba.com/investor_main.php

CONDENSED GROUP BALANCE SHEET

as at 31 December

Rand million	Notes	2012	2011
Assets			
Property, plant and equipment	5	24,765	20,878
Biological assets		8	6
Investments in associate and joint ventures		47	33
Investments held by environmental trust		673	568
Long-term prepayments and other receivables		130	95
Deferred tax assets		842	658
Non-current assets		26,465	22,238
Inventories		4,136	3,864
Trade and other receivables		4,332	3,537
Current tax asset		76	32
Cash and cash equivalents		1,527	4,742
Current assets		10,071	12,175
Total assets		36,536	34,413
Equity and liabilities			
Shareholders' equity	6	14,964	15,833
Non-controlling interest		4,345	4,759
Total equity		19,309	20,592
Interest-bearing borrowings	7	3,200	–
Provisions		1,420	901
Deferred tax liabilities		6,697	4,942
Non-current liabilities		11,317	5,843
Short-term portion of interest-bearing borrowings	7	2,669	3,191
Short-term portion of provisions		26	11
Trade and other payables		3,012	4,556
Current tax liabilities		203	220
Current liabilities		5,910	7,978
Total liabilities		17,227	13,821
Total equity and liabilities		36,536	34,413

CONDENSED GROUP INCOME STATEMENT

for the year ended 31 December

Rand million	Notes	2012	2011
Revenue		45,446	48,553
Operating expenses	8	(22,293)	(16,587)
Operating profit	8	23,153	31,966
Finance income		102	241
Finance costs		(405)	(149)
Profit before taxation		22,850	32,058
Taxation		(6,750)	(9,760)
Profit for the year		16,100	22,298
Attributable to:			
Owners of Kumba		12,212	17,042
Non-controlling interest		3,888	5,256
		16,100	22,298
Earnings per share for profit attributable to the owners of Kumba (Rand per share)			
Basic		38.02	53.11
Diluted		37.95	52.97

CONDENSED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December

Rand million	2012	2011
Profit for the year	16,100	22,298
Other comprehensive income for the year, net of tax	155	404
Exchange differences on translation of foreign operations	193	363
Net effect of cash flow hedges	(38)	41
Total comprehensive income for the year	16,255	22,702
Attributable to:		
Owners of Kumba	12,342	17,340
Non-controlling interest	3,913	5,362
	16,255	22,702

FINANCIAL REPORT CONTINUED

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

Rand million	Note	2012	2011
Total equity at the beginning of the year		20,592	18,376
Changes in share capital and premium	6		
Shares issued during the year		5	16
Treasury shares issued to employees under employee share incentive schemes		105	139
Purchase of treasury shares		(261)	(278)
Changes in reserves			
Equity-settled share-based payment		579	265
Vesting of shares under employee share incentive schemes		(123)	(139)
Vesting of Envision share scheme		–	(2,013)
Total comprehensive income for the year		12,342	17,340
Dividends paid		(13,516)	(13,835)
Changes in non-controlling interest			
Total comprehensive income for the year		3,913	5,362
Envision share scheme second phase increase		–	(4)
Dividends paid		(4,490)	(4,078)
Movement in non-controlling interest in reserves		163	(559)
Total equity at the end of the year		19,309	20,592
Comprising			
Share capital and premium (net of treasury shares)	6	(121)	30
Equity-settled share-based payment reserve		822	307
Foreign currency translation reserve		571	423
Cash flow hedge reserve		(24)	(6)
Retained earnings		13,716	15,079
Shareholders' equity		14,964	15,833
Attributable to the owners of Kumba		14,399	15,214
Attributable to the non-controlling interest		565	619
Non-controlling interest		4,345	4,759
Total equity		19,309	20,592
Dividend (Rand per share)			
Interim		19.20	21.70
Final*		12.50	22.50

* The final dividend was declared after 31 December 2012 and has not been recognised as a liability in this condensed consolidated financial report. It will be recognised in shareholders' equity in the year ending 31 December 2013

CONDENSED GROUP CASH FLOW STATEMENT

for the year ended 31 December

Rand million	Notes	2012	2011
Cash generated from operations*		24,170	32,814
Net finance costs paid		(227)	(96)
Taxation paid		(5,215)	(7,035)
Cash flows from operating activities		18,728	25,683
Additions to property, plant and equipment	5	(5,399)	(5,849)
Investments in associate and joint ventures		(14)	(4)
Investments held by environmental trust*		(45)	(183)
Proceeds from disposal of non-current assets		37	2
Proceeds from disposal of investments		3	-
Cash flows from investing activities		(5,418)	(6,034)
Shares issued	6	5	16
Purchase of treasury shares	6	(261)	(278)
Vesting of Envision share scheme		(968)	(1,694)
Dividends paid to owners of Kumba		(13,428)	(13,742)
Dividends paid to non-controlling shareholders		(4,578)	(4,170)
Net interest-bearing borrowings raised		2,678	-
Cash flows from financing activities		(16,552)	(19,868)
Net decrease in cash and cash equivalents		(3,242)	(219)
Cash and cash equivalents at beginning of year		4,742	4,855
Exchange differences on translation of cash and cash equivalents		27	106
Cash and cash equivalents at end of year		1,527	4,742

* The cash contributions to the environmental trust was previously disclosed as 'Cash paid to suppliers and employees' as a cash flow from operating activities. It has been included as a cash flow from investing activities for 2012 to reflect the underlying cash flows from the transactions. The comparatives were adjusted to reflect this change in classification

HEADLINE EARNINGS

for the year ended 31 December

Rand million	2012	2011
Reconciliation of headline earnings		
Profit attributable to owners of Kumba	12,212	17,042
Net (profit)/loss on disposal and scrapping of property, plant and equipment	(21)	10
Net profit on disposal of investment	(3)	-
	12,188	17,052
Taxation effect of adjustments	6	(3)
Non-controlling interest in adjustments	4	(1)
Headline earnings	12,198	17,048
Headline earnings (Rand per share)		
Basic	37.97	53.13
Diluted	37.91	52.99
The calculation of basic and diluted earnings and headline earnings per share is based on the weighted average number of ordinary shares in issue as follows:		
Weighted average number of ordinary shares	321,223,241	320,895,696
Diluted weighted average number of ordinary shares	321,753,827	321,719,426

The adjustment of 530,586 (2011: 823,730) shares to the weighted average number of ordinary shares is as a result of the vesting of share options previously granted under various employee share incentive schemes.

FINANCIAL REPORT CONTINUED

NOTES TO THE AUDITED CONDENSED CONSOLIDATED FINANCIAL REPORT for the year ended 31 December

1. CORPORATE INFORMATION

Kumba is a limited liability company incorporated and domiciled in South Africa. The main business of Kumba, its subsidiaries, joint ventures and associates is the exploration, extraction, beneficiation, marketing, sale and shipping of iron ore. The group has its primary listing on the JSE Limited (JSE).

The audited condensed consolidated financial report of Kumba and its subsidiaries for the year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 8 February 2013.

2. BASIS OF PREPARATION

The audited condensed consolidated financial report has been prepared in accordance with the framework concepts and the recognition and measurement principles of International Financial Reporting Standards (IFRS), including the information required by International Accounting Standard (IAS) 34, Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE, and the requirements of the South African Companies Act No 71 of 2008 (as amended).

The audited condensed consolidated financial report has been prepared in accordance with the historical cost convention except for certain financial instruments, share-based payments and biological assets which are stated at fair value, and is presented in Rand, which is Kumba's functional and presentation currency.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation applied in the preparation of the audited condensed consolidated financial report are consistent with those applied for the year ended 31 December 2011.

There were no IFRSs, amendments to IASs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that had a material impact on the group.

The accounting standards, amendments to issued accounting standards and interpretations, which are relevant to the group but not yet effective at 31 December 2012, are being evaluated for the impact of these pronouncements.

4. CHANGE IN ESTIMATES

Management has revised the estimated rehabilitation and decommissioning provisions at Sishen, Kolomela and Thabazimbi mines as a result of an independent review and standardisation of all closure cost estimates across the group.

The life of mine plan on which accounting estimates are based, only includes proved and probable ore resources as disclosed in Kumba's annual ore reserves and mineral resources statement. The effect of these changes is detailed below:

Rand million	2012
Increase in environmental rehabilitation provision	371
Increase in decommissioning provision	70

The change in estimate in the environmental rehabilitation provision was applied prospectively and resulted in a decrease in profit before taxation and headline earnings per share for the year ended 31 December 2012 of R371 million and 89 cents, respectively. The change in estimate in the decommissioning provision has been capitalised to the related property, plant and equipment.

5. PROPERTY, PLANT AND EQUIPMENT

Rand million	2012	2011
Capital expenditure	5,399	5,849
Expansion	2,195	3,104
Stay in business (SIB)	3,204	2,745
Transfers from assets under construction to property, plant and equipment	3,905	8,952

Expansion capital expenditure comprised mainly of housing expenditure for Kolomela mine and the first phase of SWEP. SIB capital expenditure to maintain operations was principally for the acquisition of heavy mining equipment and workshop infrastructure for Sishen mine.

6. SHARE CAPITAL

Number of shares	2012	2011
Reconciliation of share capital and share premium (net of treasury shares):		
Balance at beginning of year	30	153
Total shares issued for cash consideration	5	16
Shares issued – share premium	–	16
Net movement in shares held by Kumba Iron Ore Management Share Trust	5	–
Net movement in treasury shares under employee share incentive schemes	(156)	(139)
Purchase of treasury shares	(261)	(278)
Shares issued to employees	105	139
Share capital and share premium	(121)	30
Reconciliation of number of shares in issue:		
Balance at beginning of year	322,058,624	321,911,721
Ordinary shares issued	–	5,377,770
Ordinary shares repurchased and cancelled	–	(5,230,867)
Balance at end of year	322,058,624	322,058,624
Reconciliation of treasury shares held:		
Balance at beginning of year	1,075,970	818,272
Shares purchased	473,435	550,781
Shares issued to employees under the Long-Term Incentive Plan, Kumba Bonus Share Plan and Share Appreciation Rights Scheme	(400,542)	(252,985)
Net movement in shares held by Kumba Iron Ore Management Share Trust	(84,332)	(40,098)
Balance at end of year	1,064,531	1,075,970
Treasury shares held as conditional share awards under the Kumba Bonus Share Plan	1,035,173	722,701

FINANCIAL REPORT CONTINUED

7. INTEREST-BEARING BORROWINGS

Kumba's net debt/(cash) position at the balance sheet dates was as follows:

Rand million	2012	2011
Interest-bearing borrowings	5,869	3,191
Cash and cash equivalents	(1,527)	(4,742)
Net debt/(cash)	4,342	(1,551)
Total equity	19,309	20,592
Interest cover (times)	76	206

Movements in interest-bearing borrowings are analysed as follows:

Rand million	Audited 31 Dec 2012	Audited 31 Dec 2011
Balance at beginning of year	3,191	3,185
Interest-bearing borrowings raised	5,869	–
Interest-bearing borrowings repaid	(3,195)	–
Deferred transaction costs recognised	4	6
Balance at end of year	5,869	3,191

At 31 December 2012, R3.2 billion of the total R8.6 billion long-term debt facilities and R2.7 billion of the total short-term uncommitted facilities of R6.3 billion has been drawn down. Kumba was not in breach of any of its covenants during the year. The group had undrawn long-term borrowing and uncommitted short-term facilities at 31 December 2012 of R9.0 billion (2011: R9.3 billion).

A committed debt facility of R6 billion was secured which replaces a maturing facility, effective from 1 January 2013. The interest on the facility is charged at Jibar plus a margin, determined by the period for which the funds are borrowed.

8. SIGNIFICANT ITEMS INCLUDED IN OPERATING PROFIT

Operating expenses is made up as follows:

Rand million	2012	2011
Production costs	13,832	8,910
Movement in inventories	59	(149)
Finished products	441	247
Work-in-progress	(382)	(396)
Cost of goods sold	13,891	8,761
Mineral royalty	1,127	1,762
Selling and distribution costs	4,065	3,698
Cost of services rendered – shipping	3,222	2,374
Sublease rent received	(12)	(8)
Operating expenses	22,293	16,587

Operating profit has been derived after taking into account the following items:

Rand million	2012	2011
Employee expenses	3,466	2,408
Share-based payment expenses	756	369
Depreciation of property, plant and equipment	1,524	997
Net (profit)/loss on disposal and scrapping of property, plant and equipment	(21)	10
Finance gains	(148)	(587)
Operating expenses capitalised	(98)	(971)*

* The capitalisation of operating expenses for the year ended 31 December 2011 mainly related to operating costs of R953 million incurred on 34.6 Mt of material mined at Kolomela mine that have been capitalised to property, plant and equipment as part of the directly attributable cost of bringing the mine into production in December 2011

9. SEGMENTAL REPORTING

Rand million	Sishen mine	Kolomela mine	Thabazimbi mine	Logistics ¹	Shipping	Inter-segment elimination	Total
Year ended 31 Dec 2012							
Revenue	31,227	7,756	1,014	35,049	3,192	(32,792)	45,446
EBIT	21,250	5,288	(25)	(1,754)	(30)	9	24,738
Total segment assets	404	198	130	-	-	-	732
Year ended 31 Dec 2012 (prepared on the basis as 2011)							
Revenue	33,001	8,239	1,014	-	3,192	-	45,446
EBIT	19,866	4,927	(25)	-	(30)	-	24,738
Total segment assets	404	198	130	-	-	-	732
Year ended 31 Dec 2011							
Revenue	44,903	32	907	-	2,711	-	48,553
EBIT	32,661	(80)	112	-	337	-	33,030
Total segment assets	392	133	268	-	-	-	793

¹ A new segment, Logistics, has been reported for 2012, following an internal restructuring. It represents the group's rail and port segments. Sishen and Kolomela mine sell their ore available for the export market to the logistics segment, which then sells the iron ore to external customers.

Reconciliation of segment information:

Rand million	2012	2011
Revenue from external customers analysed by goods and services		
Sale of products*	42,254	45,842
Shipping services	3,192	2,711
Total revenue	45,446	48,553
Reconciliation of EBIT to total profit before taxation		
EBIT for reportable segments	24,738	33,030
Other segments	(1,585)	(1,064)
Operating profit	23,153	31,966
Net finance (costs)/income	(303)	92
Profit before taxation	22,850	32,058
Reconciliation of reportable segments' assets to total assets		
Segment assets for reportable segments	732	793
Other segments and WIP inventory	3,404	3,071
Inventory per balance sheet	4,136	3,864
Other current assets	5,935	8,311
Non-current assets	26,465	22,238
Total assets	36,536	34,413

* Derived from extraction, production and selling of iron ore.

The total reported segment revenue is measured in a manner consistent with that disclosed in the income statement.

The performance of the operating segments are assessed based on a measure of earnings before interest and taxation (EBIT), which is measured in a manner consistent with 'Operating profit' in the financial statements. Finance income and finance costs are not allocated to segments, as treasury activity is managed on a central group basis.

Total segment assets comprise finished goods inventory only, which is allocated based on the operations of the segment and the physical location of the asset.

'Other segments' comprise corporate, administration and other expenditure not allocated to the reported segments.

Geographical analysis of revenue and non-current assets:

Rand million	2012	2011
Total revenue from external customers		
South Africa	2,832	3,388
Export	42,614	45,165
China	28,277	29,904
Rest of Asia	9,889	9,274
Europe	4,322	5,450
Middle East	126	227
Americas	-	310
	45,446	48,553

All non-current assets (excluding pre payments, investments in associate and joint ventures and deferred tax assets) are located in South Africa, with the exception of R1 million assets located in China (2011: R2 million).

FINANCIAL REPORT CONTINUED

10. RELATED PARTY TRANSACTIONS

During the period, Kumba, in the ordinary course of business, entered into various sale, purchase and service transactions with associates, joint ventures, fellow subsidiaries, its holding company and Exxaro Resources Limited. These transactions were subject to terms that are no less favourable than those offered by third parties.

Included in cash and cash equivalents at 31 December 2012 is a short-term deposit facility placed with Anglo American SA Finance Limited (AASAF) of R237 million (2011: R3,885 million). Interest earned on this facility during the year was market related and amounted to R83 million (2011: R197 million) at a weighted average interest rate of 5.45% (2011: 5.36%).

Interest-bearing borrowings drawn down at 31 December 2012 of R5,869 million (2011: R nil) was from facilities with AASAF. Interest paid on these borrowings during the year was market related and amounted to R118 million (2011: R nil) at a weighted average interest rate of 6.25%.

11. CONTINGENT ASSETS AND LIABILITIES

Kumba initiated arbitration proceedings against La Société des Mines De Fer Du Sénégal Oriental (Miferso) and the Republic of Senegal under the rules of the Arbitration of the International Chamber of Commerce in 2007, in relation to the Falémé Project.

Following the arbitration award rendered in July 2010, a mutually agreed settlement was concluded between the parties. The parties agreed that the precise terms of the settlement agreement will remain confidential. The first settlement was paid by the Republic of Senegal in April 2011. A portion of the second instalment was received in December 2012. The remainder of the amount was received on 1 March 2013. In terms of the settlement agreement, the remaining settlement amount is expected to be recovered in equal instalments from the Republic of Senegal over the remaining three-year period.

12. LEGAL PROCEEDINGS

12.1 Sishen Supply Agreement arbitration

A dispute arose between SIOC and AMSA in February 2010, in relation to SIOC's contention that the contract mining agreement concluded between them in 2001 had become inoperative as a result of the fact that AMSA had failed to convert its old order mining rights. This dispute has been referred to arbitration.

On 9 December 2011, SIOC and AMSA agreed to delay the arbitration proceedings in relation to the Sishen Supply Agreement until the final resolution of the mining rights dispute. This arbitration is only expected to commence in the fourth quarter of 2013, with possible resolution only expected in the third quarter of 2014 at the earliest (see 12.2 below).

An Interim Pricing Agreement between SIOC and AMSA was in place until 31 July 2012, which was extended to 31 December 2012.

In December 2012 a further interim agreement was concluded after negotiations which were facilitated by the DTI. The further interim agreement will govern the sale of iron ore from the Sishen mine to AMSA for the period 1 January 2013 to 31 December 2013, or until the conclusion of the legal processes in relation to the 2001 Sishen Supply agreement (whichever is the sooner), at a weighted average price of US\$65 per tonne. Of the total 4.8 Mt, about 1.5 Mt is anticipated to be railed to Saldanha Steel and the rest to AMSA's inland operations.

12.2 21.4% undivided share of the Sishen mine mineral rights

After AMSA failed to convert its old order rights, SIOC applied for the residual 21.4% mining right previously held by AMSA and its application was accepted by the Department of Mineral Resources (DMR) on 4 May 2009. A competing application for a prospecting right over the same area was also accepted by the DMR. SIOC objected to this acceptance. Notwithstanding this objection, a prospecting right over the 21.4% interest was granted by the DMR to Imperial Crown Trading 289 Proprietary Limited (ICT). SIOC initiated a review application in the North Gauteng High Court on 21 May 2010 in relation to the decision of the DMR to grant a prospecting right to ICT.

In December 2011 judgment was delivered in the High Court regarding the status of the mining rights at the Sishen mine. The High Court held that, upon the conversion of SIOC's old order mining right relating to the Sishen mine properties in 2008, SIOC became the exclusive holder of a converted mining right for iron ore and quartzite in respect of the Sishen mine properties. The High Court held further that as a consequence, any decision taken by the DMR after such conversion in 2008 to accept or grant any further rights to iron ore at the Sishen mine properties was void. Finally, the High Court reviewed and set aside the decision of the DMR to grant a prospecting right to ICT relating to a 21.4% share in respect of the Sishen mine properties.

On 3 February 2012 both the DMR and ICT submitted applications for leave to appeal against the High Court judgment. SIOC applied for leave to present a conditional cross-appeal, in order to protect its rights. The SCA hearing was held on 19 February 2013, and the SCA judgment is expected to be received in the second quarter of 2013.

The High Court order did not affect the interim supply agreement between AMSA and SIOC, which was in place until 31 July 2012 and was extended to 31 December 2012 as indicated in note 12.1 above.

SIOC will continue to take the necessary steps to protect its shareholders' interests in this regard.

12.3 Project Phoenix dispute

A dispute exists between AMSA and SIOC concerning AMSA's contention that it holds an entitlement to require SIOC to supply AMSA with iron ore produced from the Phoenix project in terms of the Thabazimbi Supply Agreement. The Phoenix project is a reserve located within the Thabazimbi mining licence area. SIOC is the holder of such mining right. In November 2001, a 'captive mine' supply agreement was concluded with AMSA in terms of which ore produced at Thabazimbi mine is supplied to AMSA on a cost-plus basis. There are a number of provisions in this agreement that regulate the development of future ore reserves.

AMSA took a strategic decision in November 2006 not to participate in this Phoenix project. Kumba accepted AMSA's election and decided to develop the Phoenix project independently and at its own cost.

In 2011, AMSA indicated that it now wished to pursue the Phoenix project, and formally declared a dispute with Kumba early in 2012 on the basis that the supply agreement entitles AMSA to obtain all ore from Thabazimbi mine. Kumba rejected this premise and, in line with the supply agreement dispute mechanisms, a mediation meeting of the respective chief executives was held on 6 June 2012, without resolution. The agreement requires that disputes are thereafter escalated to arbitration. The matter has not subsequently progressed.

12.4 Sishen Supply Agreement cost recovery

A dispute relating to historical cost recovery by SIOC, in terms of the Sishen-AMSA supply agreement (prior to 2010) has been declared by AMSA. A mediation meeting of the respective chief executives was held on 6 June 2012, as provided for in the supply agreement as a first step in dispute resolution, has not resulted in a resolution.

AMSA has indicated its intention to pursue the matter. Kumba will defend its position.

12.5 Lithos Corporation Proprietary Limited

Lithos Corporation Proprietary Limited is claiming US\$421 million from Kumba for damages in relation to the Falémé project in Senegal. Kumba continues to defend the merits of the claim and is of the view, and has been so advised, that the basis of the claim and the quantification thereof is fundamentally flawed. The trial commenced in the first quarter of 2013.

13. EVENTS AFTER THE REPORTING PERIOD

The shareholders approved the Memorandum of Incorporation of Kumba at a general meeting held on 18 January 2013.

A final dividend of R12.50 per share was declared on 8 February 2012 from profits accrued during the financial year ended 31 December 2012. The total dividend for the year amounted to R31.70 per share. The estimated total cash flow of the final dividend of R12.50 per share, payable on 18 March 2013, is R5.2 billion. The company has utilised STC credits amounting to 0.90691 cents per share. The balance of the dividend will be subject to a dividend withholding tax of 15% for all shareholders who are not exempt from or do not qualify for a reduced rate of withholding tax. The net dividend payable to shareholders subject to withholding tax at a rate of 15%, amounts to R10.63 per share.

The Republic of Senegal paid the balance of the second instalment due to Kumba in terms of the Falémé settlement agreement on 1 March 2013.

The directors are not aware of any other matter or circumstances arising since the end of the year and up to the date of this report, not otherwise dealt with in this report.

14. INDEPENDENT AUDITORS' AUDIT REPORT

The auditors, Deloitte & Touche, have issued their opinion on the group's annual financial statements for the year ended 31 December 2012. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion.

These audited condensed consolidated financial statements have been derived from the group financial statements and are consistent in all material respects with the group financial statements. A copy of their audit report is incorporated in the full annual financial statements.



http://www.angloamericankumba.com/investor_main.php



For further information, see page 27, in the Annual Financial Statements 2012.

PwC REPORT

The sustainability information as set out throughout the Integrated Report 2012 has been extracted from the 2012 Sustainable Development Report. PwC Inc has provided assurance over selected sustainability information contained in the 2012 Sustainable Development Report in which we express an unmodified conclusion on the identified sustainability information.

For a proper understanding of the group's sustainability performance, as well as the scope of our assurance process, the extracted sustainability information in this report should be read in conjunction with the full 2012 Sustainable Development Report containing our assurance report.

PricewaterhouseCoopers Inc
Johannesburg

SHAREHOLDERS' INFORMATION

KUMBA'S SHARE PRICE PERFORMANCE

Share price analysis for the year ended 31 December 2012

On 31 December 2012, Kumba's share price closed at R568.88, an increase of 13.8% from the closing price of R500.00 on 30 December 2011. Kumba's share price high for the period 1 January 2012 to 31 December 2012 was R588.55, recorded on 20 June 2012. Kumba's share price low for the same period was R462.66, recorded on 5 September 2012.

The average daily volume traded for the period was 501,762 shares per day.

Kumba's market capitalisation on 31 December 2012 was R183.2 billion.

SHAREHOLDER ANALYSIS

	31 Dec 2012	% of issued share capital	City	
1	Anglo South Africa Capital	224,535,915	69.7%	Johannesburg
2	Industrial Development Corporation	41,498,615	12.9%	Johannesburg
3	Public Investment Corporation	13,276,715	4.1%	Pretoria
4	JPMorgan Asset Mgt	6,085,423	1.9%	London
5	BlackRock Investment Mgt	5,769,935	1.8%	London
6	Vanguard Group	2,212,636	0.7%	Philadelphia
7	GIC - Govt of Singapore Investment Corp	2,099,956	0.7%	Singapore
8	State Street Global Advisors	1,689,087	0.5%	Boston
9	BlackRock Investment Mgt (BGI)	1,659,536	0.5%	San Francisco
10	Mellon Capital Mgt	1,297,445	0.4%	San Francisco

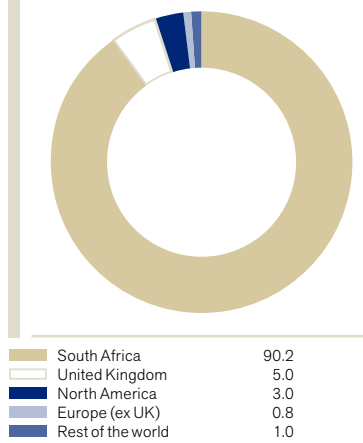
SHAREHOLDER DIARY

10 May 2013 – Annual General Meeting

23 July 2013 – Interim results presentation

GEOGRAPHIC SPLIT OF SHAREHOLDERS

as at 31 December 2012 (%)



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the seventh annual general meeting (AGM) of members of Kumba will be held at the Kumba Corporate Office, Centurion Gate, Building 2B, 124 Akkerboom Road, Centurion at 10:00am (CAT) on Friday, 10 May 2013, to consider, and if deemed fit, to pass the following ordinary and special resolutions with or without modifications. The board of directors of the company has determined that the record date for the purposes of determining which shareholders of the company are entitled to receive a notice of the AGM is Thursday, 28 March 2013 and the record date for purposes of determining which shareholders are entitled to attend and vote at the AGM is Friday, 3 May 2013. 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, 25 April 2013.

ORDINARY BUSINESS

Percentage of voting rights – ordinary resolutions

Ordinary resolutions numbers 1 to 7, 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. Ordinary resolution number 6 is proposed for a non-binding advisory vote only and any failure to pass this resolution will not have any effect on the company's existing arrangements, but the outcome of the vote will be taken into consideration when considering the company's remuneration policy. Ordinary resolution number 8 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 in terms of the Listings Requirements of the JSE Limited (JSE).

1. ORDINARY RESOLUTION NUMBER 1

Presentation of audited annual financial statements

To present the audited annual financial statements of the company and, in accordance with good corporate governance practices, to receive and adopt the audited annual financial statements of the company and the group for the year ended 31 December 2012, including the directors' report, the Audit Committee report and the report of the independent auditors, and to confirm all matters and things undertaken and discharged by the directors on behalf of the company. The Annual Financial Statements 2012 are available on the company's website: www.angloamericankumba.com.

2. ORDINARY RESOLUTION NUMBER 2

Re-appointment of independent auditors

To re-appoint Deloitte & Touche as independent auditors of the company, and to appoint Mr Sebastian Carter as the individual designated auditor, to hold office until the conclusion of the next annual general meeting in terms of Section 90(1) of the Companies Act No 71 of 2008, as amended (the Companies Act) and on recommendation of the Audit Committee.

3. ORDINARY RESOLUTION NUMBER 3

Election of directors

To elect, by way of separate resolutions, non-executive directors who retire in terms of the provisions of article 22.10 of the memorandum of incorporation ("MOI") of the company and as required by section 68(2) of the Companies Act, by virtue of their appointments being made pursuant to the last AGM and accordingly are required to retire at this AGM. The following non-executive directors, each being eligible, offer themselves for election:

- 3.1 KT Kweyama
- 3.2 BP Sonjica
- 3.3 F Titi

The elections of the non-executive directors are to be voted on individually. Curricula vitae in respect of each director offering themselves for election as directors of the company are set out on pages 12 to 13 of the Integrated Report 2012.

4. ORDINARY RESOLUTION NUMBER 4

Rotation of directors

To re-elect, by way of separate resolutions, non-executive directors retiring by rotation in terms of the provisions of article 24.2 of the MOI of the company. The following non-executive directors, each being eligible, offer themselves for re-election:

- 4.1 ZBM Bassa
- 4.2 AJ Morgan
- 4.3 DD Mokgatle

The re-elections of the non-executive directors are to be voted on individually. Curricula vitae in respect of each director offering themselves for re-election as directors of the company are set out on pages 12 to 13 of the Integrated Report 2012.

5. ORDINARY RESOLUTION NUMBER 5

Election of Audit Committee members

To elect the, by way of separate resolutions, directors as members of the Audit Committee in terms of section 94 of the Companies Act. The board has determined that each of the members standing for appointment is independent, and that they possess the required qualifications and experience as determined by the board. The following independent non-executive directors, each being eligible, offer themselves for election:

- 5.1 ZBM Bassa*
- 5.2 AJ Morgan*
- 5.3 DD Mokgatle*
- 5.4 LM Nyhonyha

** Subject to their re-election as directors pursuant to ordinary resolution number 4*

The re-elections of the members of the Audit Committee are to be voted on individually. Curricula vitae in respect of each independent non-executive director offering themselves for election as members of the Audit Committee are set out on pages 12 to 13 of the Integrated Report 2012.

6. ORDINARY RESOLUTION NUMBER 6

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 remuneration policy adopted by the company and on its implementation.

The detailed remuneration policy, for which approval is being sought, is contained in the remuneration report on pages 20 to 26 of the Annual Financial Statements 2012 which are available on the company's website: www.angloamericankumba.com.

7. ORDINARY RESOLUTION NUMBER 7

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

Resolved that the unissued shares in the company, limited to 5% of the number of shares in issue at 31 December 2012, 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 MOI of the company, and the provisions of the Listings Requirements of the JSE.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

In terms of the Companies Act, the shareholders have to approve the placing of unissued ordinary shares under the control of the directors. Unless renewed, the existing authority granted by shareholders at the annual general meeting on 4 May 2012 expires at the forthcoming AGM. The reason for ordinary resolution number 7 is that the board requires authority from shareholders in terms of its MOI to issue shares in the company.

This general authority, once granted, allows the board from time to time, when it is appropriate to do so, to issue ordinary shares as may be required. This general authority is subject to the restriction that it is limited to 5% of the number of shares in issue at 31 December 2012 on the terms more fully set out in ordinary resolution number 7 and subject to the further restrictions set out in ordinary resolution number 8 below in relation to the issue of shares for cash. It is noted that any issue of shares or grants of options to directors, future directors, prescribed officers or future prescribed officers and persons related or interrelated to the company 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.

8. ORDINARY RESOLUTION NUMBER 8

General authority to issue shares for cash

Resolved that in terms of the Listings Requirements of the JSE, the directors are hereby authorized by way of a general authority, to issue the authorised but unissued ordinary shares of one cent each in the capital of the company for cash, as and when suitable opportunities arise, subject to the memorandum of incorporation 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;
- that 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 one financial year, 5% or more of the number of shares in issue prior to the issue concerned;
- that the issues in aggregate in any one financial year shall not exceed 5% of the number of shares of the company's issued ordinary share capital (for purposes of determining the securities comprising the 5% number in any one year, account must be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/convertible securities), and of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;
- as regards the number of securities which may be issued (the 5%), shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application;
- less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year;
- plus any securities of that class to be issued pursuant to:
 - a rights issue which has been announced, is irrevocable and is fully underwritten; or
 - acquisition (which has had final terms announced) may be included as though they were securities in issue at the date of application;
- any issue of shares for cash will be subject to Exchange Control regulations and approval at that point in time; and
- that 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.

SPECIAL BUSINESS

Percentage of voting rights – special resolutions

Special resolutions numbers 1-3, 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.

9. SPECIAL RESOLUTION 1

Remuneration of non-executive directors

Resolved that, in terms of sections 66(8) and (9) of the Companies Act and on recommendation of the Human Resources, Remuneration and Nomination 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 provided that the aforementioned authority shall be valid until the ninth annual general meeting of the company in 2015. The directors' fees for the ensuing year are considered to be in line with the market and remain unchanged as follows:

Rand	Present	Proposed
Chairman	1,116,000	1,116,000
Director	188,000	188,000
Audit Committee chairman	251,000	251,000
Audit Committee member	124,800	124,800
Risk Committee chairman	167,000	167,000
Risk Committee member	83,500	83,500
Social and Ethics Committee chairman	251,000	251,000
Social and Ethics Committee member	124,800	124,800
Human Resources, Remuneration and Nomination Committee chairman	251,000	251,000
Human Resources, Remuneration and Nomination Committee member	124,800	124,800

Reason and effect

The reason for special resolution number 1 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 in accordance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the ninth annual general meeting of the company in 2015.

10. SPECIAL RESOLUTION NUMBER 2

Approval to 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 memorandum of incorporation, 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 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; and/or
- any of the present or future directors or prescribed officers of the company and/or another company related or inter-related to the company (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the share or other employee incentive schemes operating in the Kumba group, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not constitute an employee share scheme that satisfies the requirements of section 97 of the Companies Act, such authority to endure until the forthcoming annual general meeting of the company.

NOTICE OF ANNUAL GENERAL MEETING

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Reason and effect

The reason for and effect of special resolution number 2 is to grant the directors of the company the authority until the next annual general meeting to provide financial assistance to any company or corporation which is related or inter-related to the company, and/or to any present or future directors or prescribed officers of the company and/or another company related or inter-related to the company in terms of the provisions of Sections 44 and 45 of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

11. SPECIAL RESOLUTION NUMBER 3

General authority to repurchase shares

Resolved that as a special resolution that the company and any of its subsidiaries be and is hereby authorised, as a general approval, to repurchase any of the shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the MOI of the company, the Listings Requirements of the JSE and the requirements of any other stock exchange on which the shares of the company may be quoted or listed, including, *inter alia*, that:

- the general repurchase of the shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next 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 at the date of the AGM, 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;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the company's issued share capital at the beginning of the financial year, provided that the number of shares purchased and held by a subsidiary/ies of the company shall not exceed 10% in the aggregate of the number of issued shares in the company at the relevant times;
- a resolution has been passed by the board of directors 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 affected. 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;
- 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(g) of the Listings Requirements of the JSE; and
- the company must ensure that its sponsor provides the JSE with the required working capital letters before it commences the repurchase of any shares.

Reason and effect

The reason for and effect of special resolution number 3 is to authorise, by way of a general authority, the company and any of its subsidiary companies to acquire its own 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.

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 REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

In terms of the Listings Requirements of the JSE, the following disclosures are required when requiring shareholders' approval to authorise the company, or any of its subsidiaries, to repurchase any of its shares as set out in special resolution number 3 above.

WORKING CAPITAL STATEMENT

The directors of the company agree that they will not undertake any repurchase, as contemplated in special resolution number 3 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 general 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 general repurchase;
- the share capital and reserves of the company and the group are adequate for ordinary business purposes for the next 12 months following the date of the general repurchase;
- the available working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase; and
- before entering the market to proceed with the general repurchase, the company's sponsor has confirmed the adequacy of the company's and the group's working capital in writing to the JSE.

LITIGATION STATEMENT

Other than disclosed or accounted for in the Integrated Report 2012 which is available on the company's website: www.angloamericankumba.com, the directors of the company, whose names are given on pages 12 to 13 of the Integrated Report 2012, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened against the group, which may have or have had a material effect in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on pages 12 to 13 of the Integrated Report 2012, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolutions 2 and 3 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 these resolutions contain all information required by law and the Listings Requirements of the JSE.

MATERIAL CHANGES

Other than the facts and developments reported on in the Annual Financial Statements 2012, 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 2012.

The following further disclosures required in terms of the Listings Requirements of the JSE are set out in accordance with the reference pages in the Annual Financial Statements 2012:

- Directors – pages 16 and 17
- Major shareholders of the company – page 85
- Directors' interests in the company's shares – page 26
- Share capital of the company – page 56

ELECTRONIC PARTICIPATION

Should any Kumba shareholder wish to participate in the AGM by way of electronic participation, that Kumba shareholder should make application in writing (including details as to how the shareholder or its representative can be contacted) to so participate to the transfer secretaries at the address below, to be received by the transfer secretaries at least five business days prior to the AGM in order for the transfer secretaries to arrange for the shareholder (and its

NOTICE OF ANNUAL GENERAL MEETING

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representative) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act, and for the transfer secretaries to provide the Kumba shareholder (or its representative) with details as to how to access any electronic participation to be provided. The company reserves the right to elect not to provide for electronic participation at the AGM in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the company will be borne by the Kumba shareholder so accessing the electronic participation.

VOTING AND PROXIES

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, speak and vote in their stead.

The person so appointed need not be a member. Proxy forms should be completed and forwarded to reach the company's transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001, South Africa, by Wednesday, 8 May 2013. 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 will be required to provide satisfactory identification in the form of valid identity documents, passports or drivers licences before being entitled to attend or participate in the AGM.

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



VF Malie

Company secretary

28 March 2013

Centurion

FORM OF PROXY

Kumba Iron Ore Limited

A member of the Anglo American plc group
(Incorporated in the Republic of South Africa)

To be completed by certificated shareholders and dematerialised shareholders with "own name" registration only.

For completion by registered members of Kumba who are unable to attend the annual general meeting of the company to be held at 10:00am (CAT) on Friday, 10 May 2013 at Kumba Corporate Office, Centurion Gate, Building 2B, 124 Akkerboom Road, Centurion or at any adjournment thereof.

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. _____
2. _____
3. the chairman of the annual general meeting, as my/our proxy to act for me/us at the annual general meeting which be held for the purpose of considering and if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at each adjournment thereof and to vote on such resolutions in respect of the ordinary share 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 of	Against	Abstain
1.	Ordinary resolution number 1 To receive and adopt the annual financial statements for the year ended 31 December 2012			
2.	Ordinary resolution number 2 To re-appoint Deloitte & Touche as independent auditors and S Carter as the individual designated auditor in terms of Section 90(1) of the Companies Act No. 71 of 2008, as amended			
3.	Ordinary resolution number 3 To elect, by way of separate resolutions, the following directors who retire in terms of article 22.10 of the Memorandum of Incorporation and as required by section 68(2) of the Companies Act No. 71 of 2008, as amended			
	3.1 KT Kweyama			
	3.2 BP Sonjica			
	3.3 F Titi			
4.	Ordinary resolution number 4 To re-elect, by way of separate resolutions, the following directors who retire by rotation in terms of article 24.2 of the Memorandum of Incorporation			
	4.1 ZBM Bassa			
	4.2 AJ Morgan			
	4.3 DD Mokgatle			
5.	Ordinary resolution number 5 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			
	5.1 ZBM Bassa			
	5.2 AJ Morgan			
	5.3 DD Mokgatle			
	5.4 LM Nyhonyha			
6.	Ordinary resolution number 6 Approval of remuneration policy			
7.	Ordinary resolution number 7 Authority to control 5% of unissued shares			
8.	Ordinary resolution number 8 General authority to issue shares for cash			
9.	Special resolution number 1 Remuneration of directors			
10.	Special resolution number 2 Approval to the granting of financial assistance in terms of Sections 44 and 45 of the Companies Act No. 71 of 2008, as amended			
11.	Special resolution number 3 General authority to repurchase shares			

Insert an "X" in the relevant space above according to how you wish your votes to be cast, however, if you wish to cast your votes in respect of less than all of the shares that you own in the company, 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 notes on the reverse side hereof.**

NOTES TO PROXY

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 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 that proportion of the total votes in the company, which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the company.

5. A member's instructions to the proxy must be indicated by the insertion of the relevant numbers of votes exercisable by the member in the appropriate box provided. 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.

6. Forms of proxy must be lodged at, or posted to Computershare Investor Services Proprietary Limited, to be received by Wednesday, 8 May 2013. Any forms of proxy not received by this date must be handed to the chairman of the AGM immediately prior to the 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
 Tel: +27 11 370 5000

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

7. 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.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity must be attached to this form of proxy, unless previously recorded by the transfer secretaries or waived by the chairman of the AGM.
9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
10. Notwithstanding the foregoing, the chairman of the AGM may waive any formalities that would otherwise be a prerequisite for a valid proxy.
11. If any shares are jointly held, all joint members must sign this form of proxy. If more than one of those members is present at the AGM either in person or by proxy, the person whose name appears first in the register shall be entitled to vote.

ADMINISTRATION

COMPANY REGISTRATION NUMBER:

2005/015852/06

JSE share code: KIO

ISIN code: ZAE000085346

SECRETARY AND REGISTERED OFFICE

Vusani Malie
Centurion Gate – Building 2B
124 Akkerboom Road
Centurion, Pretoria, 0157
Republic of South Africa
Tel: +27 (0) 12 683 7000
Fax: +27 (0) 12 683 7009

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

Esha Mansingh
Email: esha.mansingh@angloamerican.com
Tel: +27 (0) 12 683 7257

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, 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, and will not necessarily update any of them in light of new information or future events, except to the extent required by applicable law or regulation.