

NOTICE OF ANNUAL GENERAL MEETING

AFRICAN RAINBOW MINERALS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1933/004580/06)

JSE share code: ARI

ADR ticker symbol: AFRBY

ISIN: ZAE000054045

("ARM" or "the Company")

Notice is hereby given that the 83rd Annual General Meeting of shareholders of the Company will, subject to any cancellation, postponement or adjournment, be held on Friday, 2 December 2016 at 14:00 South African time, in Boardrooms 6/7, Sandton Convention Centre (at the corner of Fifth and Maude Streets), Sandton, for the following business to be transacted and to consider and, if deemed fit, approve, with or without modification, the resolutions set out below.

The record date for the purposes of Section 59(1)(a) of the Companies Act 71 of 2008 (as amended) ("the Companies Act") for shareholders to be entitled to receive the Notice of Annual General Meeting is Friday, 21 October 2016.

The record date for the purposes of Section 59(1)(b) of the Companies Act for shareholders to be recorded as such in the register maintained by the transfer secretaries of the Company for the purposes of being entitled to participate in and vote at the Annual General Meeting is Friday, 25 November 2016 ("voting record date"). The last day to trade in the Company's shares in order to be recorded as a shareholder by the voting record date is Tuesday, 22 November 2016.

PRESENTATION OF FINANCIAL STATEMENTS

To present the annual financial statements: (i) of the Group for the financial year which ended on 30 June 2016, as set out on pages 207 to 299 in the 2016 Integrated Annual Report, including the Directors', Audit and Risk Committee and Independent Auditor's Reports; and (ii) of the Company for the financial year which ended on 30 June 2016, as set out in the separate document accompanying this Notice and referred to as the "2016 Company Annual Financial Statements", including the Directors', Audit and Risk Committee and Independent Auditor's Reports.

The 2016 Integrated Annual Report and the 2016 Company Annual Financial Statements are available on the Company's website: www.arm.co.za.

SOCIAL AND ETHICS COMMITTEE REPORT

To present the Report of the Social and Ethics Committee as set out on pages 197 and 198 in the 2016 Integrated Annual Report in terms of Regulation 43(5)(c) of the Regulations promulgated in terms of the Companies Act.

RE-ELECTION OF NON-EXECUTIVE DIRECTORS

Ordinary resolutions numbers 1 to 3 are proposed to re-elect Directors who retire by rotation as Non-executive Directors of the Company in accordance with the provisions of the Company's Memorandum of Incorporation and who, being eligible, offer themselves for re-election. These Directors' *curricula vitae* appear in the 2016 Integrated Annual Report on pages 201 to 203. The Board of Directors of the Company (the "Board") recommends the re-election of these Directors.

Ordinary resolution number 1 – Re-election of Mr F Abbott

1. "Resolved that Mr F Abbott, who retires by rotation in terms of the Company's Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 2 – Re-election of Mr T A Boardman

2. "Resolved that Mr T A Boardman, who retires by rotation in terms of the Company's Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Ordinary resolution number 3 – Re-election of Mr W M Gule

3. "Resolved that Mr W M Gule, who retires by rotation in terms of the Company's Memorandum of Incorporation and who is eligible and available for re-election, be and is hereby re-elected as a Director of the Company."

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

NOTICE OF ANNUAL GENERAL MEETING continued

RE-APPOINTMENT OF EXTERNAL AUDITOR AND RE-APPOINTMENT OF DESIGNATED AUDITOR**Ordinary resolution number 4
– Re-appointment of external auditor and re-appointment of designated auditor**

Ordinary resolution number 4 is proposed to approve the re-appointment of Ernst & Young Inc. as the external auditor of the Company and to re-appoint Mr L I N Tomlinson as the person designated to act on behalf of the external auditor for the financial year ending 30 June 2017 and to remain in office until the conclusion of the next Annual General Meeting.

4. “Resolved that the re-appointment of Ernst & Young Inc. as the external auditor of the Company be and is hereby approved and that Mr L I N Tomlinson be and is hereby re-appointed as the designated auditor for the financial year ending 30 June 2017 and to remain in office until the conclusion of the next Annual General Meeting.”

In order for this resolution to be approved, the support of a majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

AUDIT AND RISK COMMITTEE MEMBERS**Ordinary resolution number 5****– Election of Audit and Risk Committee members**

Ordinary resolution number 5 is proposed to elect Audit and Risk Committee members in terms of Section 94(2) of the Companies Act and the King Report on Governance for South Africa 2009 (collectively, “King III”) as more fully explained in the Annexure on page 308. The *curricula vitae* of those Independent Non-executive Directors offering themselves for election as members of the Audit and Risk Committee are included on pages 201 to 203 of the 2016 Integrated Annual Report.

5. “Resolved that shareholders elect, each by way of a separate vote, the following Independent Non-executive Directors, as members of the Audit and Risk Committee, with effect from the end of this Annual General Meeting:

- 5.1 Mr T A Boardman*
- 5.2 Mr F Abbott*
- 5.3 Dr M M M Bakane-Tuoane
- 5.4 Mr A D Botha
- 5.5 Mr A K Maditsi
- 5.6 Dr R V Simelane

* Subject to their election as Directors pursuant to Ordinary Resolutions number 1 and number 2 above.”

In order for each of these resolutions to be approved, the support of a majority of votes cast by shareholders present or represented by proxy at the Annual General Meeting is required in respect of each of these resolutions.

REMUNERATION POLICY**Ordinary resolution number 6
– Non-binding advisory vote on ARM’s Remuneration Policy**

Ordinary resolution number 6 is proposed for the purpose set out in the Annexure on page 308.

6. “Resolved that shareholders endorse, by way of a non-binding advisory vote, the Company’s Remuneration Report, including the Remuneration Policy, as set out in the 2016 Integrated Annual Report on pages 185 to 196.”

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Special resolutions numbers 1 and 2 are proposed to ensure that Non-executive Directors’ fees attract and retain Non-executive Directors.

**Special resolution number 1
– Increase in annual retainer fees and per Board meeting attendance fees**

7. “Resolved that with effect from 1 July 2016, the annual retainer fees and per Board meeting attendance fees for Non-executive Directors be increased by 4% per annum (rounded to the nearest R50) as follows:

	Proposed 2016/2017 Fees (Rand)*		2015/2016 Fees (Rand)**	
	Annual	Per meeting	Annual	Per meeting
Lead Independent Non-executive Director	508 300	19 450	488 750	18 700
Independent Non-executive Director	405 500	19 450	389 900	18 700
Non-executive Director	324 500	19 450	312 000	18 700

* Effective 1 July 2016, should the increase be approved by shareholders at the Annual General Meeting.

** Effective 1 July 2015.”

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

**Special resolution number 2
– Increase in the Committee meeting attendance fees**

8. “Resolved that with effect from 1 July 2016, the per Committee meeting attendance fees for Non-executive Directors be increased by 4% per annum (rounded to the nearest R50) as follows:

	Proposed 2016/2017 per meeting attendance fees (Rand)*	2015/2016 per meeting attendance fees (Rand)**
Audit and Risk Committee		
Chairman	101 350	97 450
Member	40 550	39 000
Investment Committee, Nomination Committee, Remuneration Committee and Social and Ethics Committee		
Chairman	39 800	38 250
Member	26 500	25 500

* Effective 1 July 2016, should the increase be approved by shareholders at the Annual General Meeting.

** Effective 1 July 2015."

In order for this resolution to be approved, the support of at least 75% of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

VOTING AND PROXIES

In terms of Section 63(1) of the Companies Act, any person attending or participating in the Annual General Meeting must present reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of any person to participate in and vote whether as a shareholder or as a proxy for a shareholder has been reasonably verified. Acceptable forms of identification include valid identity documents, drivers' licences or passports.

In terms of Section 63(5) of the Companies Act, if voting is by show of hands, every person who is present at the Annual General Meeting, whether as a shareholder or as a proxy for a shareholder, shall have one vote, irrespective of the number of shares held by such shareholder.

In terms of Section 63(6) of the Companies Act, if voting is by polling, every person who is present at the Annual General Meeting, whether as a shareholder or as a proxy for a shareholder, shall have one vote for every share held by such shareholder.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Should any shareholder (or any proxy for a shareholder) wish to participate in the Annual General Meeting by way of electronic participation, that shareholder (or its proxy) should make application in writing (including details as to how the shareholder (or its proxy) can be contacted to participate) to the transfer secretaries, at their address below, to be received by the transfer secretaries at least five business days prior to the Annual General Meeting in order for the transfer secretaries to arrange for the shareholder (or its proxy) 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 shareholder (or its proxy) with details as to how to access any electronic participation means to be provided. The Company reserves the right to elect not to provide for electronic participation at the Annual General Meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the Company. Please note that although shareholders are entitled to participate in the Annual General Meeting by electronic means, they shall not be entitled to exercise their votes at the Annual General Meeting electronically. Voting at the Annual General Meeting will only be possible by proxy if a shareholder is unable to attend the Annual General Meeting in person.

CERTIFICATED SHAREHOLDERS/ DEMATERIALISED SHAREHOLDERS WITH OWN NAME REGISTRATIONS

Shareholders who have not yet dematerialised their shares with own name registrations ("Entitled Shareholders") may appoint one or more proxies to attend, speak and vote or abstain from voting in such shareholders' stead. The person so appointed need not be a shareholder of the Company. A form of proxy is attached for the use of those Entitled Shareholders who wish to be represented. Such Entitled Shareholders should complete the attached form of proxy in accordance with the instructions contained therein and deposit it at the transfer secretaries, Computershare Investor Services Proprietary Limited, 7th Floor, 70 Marshall Street, Johannesburg 2001, South Africa (or posted to PO Box 61051, Marshalltown 2107, South Africa) (or faxed to the Proxy Department Fax +27 11 688 5238) (or emailed to Proxy@computershare.co.za). Any hand deliveries made after 28 November 2016, should be made to Computershare's new address: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196.

DEMATERIALISED SHAREHOLDERS

Shareholders who have dematerialised their shares (other than those with own name registrations) should provide their Central Securities Depository Participant ("CSDP") or broker with their voting instructions in terms of the custody agreement entered into with the relevant CSDP or broker. Should such shareholders wish to attend the Annual General Meeting or send a proxy to represent them at the Annual General Meeting, they should inform their CSDP or broker timeously and request their CSDP or broker to issue them with the necessary letter of representation to attend.

By order of the Board

A N D'Oyley (Ms)

Company Secretary

12 October 2016

ANNEXURE

EXPLANATORY NOTE RELATING TO ORDINARY RESOLUTION NUMBER 5: ELECTION OF AUDIT AND RISK COMMITTEE MEMBERS

Ordinary resolution number 5 is proposed to provide for the election of Audit and Risk Committee members.

Section 94(2) of the Companies Act and Chapter 3 of the King Report on Governance for South Africa 2009 and the King Code of Governance Principles (collectively, King III) requires the shareholders of a public company to elect the members of an audit committee at each annual general meeting. In accordance therewith the Nomination Committee should present shareholders with suitable candidates for election as audit committee members. The members of the Nomination Committee satisfied themselves that, *inter alia*, the Independent Non-executive Directors offering themselves for election as members of the Audit and Risk Committee:

- > are Independent Non-executive Directors as contemplated in King III and the JSE Listings Requirements;
- > are suitably qualified and experienced for Audit and Risk Committee membership (see the *curricula vitae* on pages 201 to 203 of the 2016 Integrated Annual Report and the Report of the Audit and Risk Committee which appears on page 209 of the 2016 Integrated Annual Report and page 3 of the 2016 Company Annual Financial Statements);
- > have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance process (including information technology governance) within the Group;
- > collectively possess skills which are appropriate to the Group's size and circumstance, as well as its industry;
- > have an understanding of International Financial Reporting Standards and other financial and sustainability reporting standards, regulations and guidelines applicable to the Group; and
- > adequately keep up to date with key developments affecting their required skills set.

The Nomination Committee recommended that the Board recommend to the shareholders the election of those existing Audit and Risk Committee members, who offer themselves for election.

For further details regarding the performance of the Audit and Risk Committee during the period under review, please refer to the Report of the Audit and Risk Committee which appears on pages 208 to 210 of the 2016 Integrated Annual Report and pages 2 to 4 of the 2016 Company Annual Financial Statements.

EXPLANATORY NOTE RELATING TO ORDINARY RESOLUTION NUMBER 6: NON-BINDING ADVISORY VOTE

Ordinary resolution number 6 is proposed to provide for a non-binding advisory vote on the Company's Remuneration Policy.

Chapter 2 of King III, which deals with "Boards and directors", requires a company to table at its annual general meetings its Remuneration policy for approval by shareholders of the company by a non-binding advisory vote. This enables shareholders to express their views on a company's remuneration policy and on its implementation.

The Company's Remuneration Report, Part I, may be found on pages 185 to 196 of the 2016 Integrated Annual Report. The Remuneration report includes, *inter alia*, the Company's Remuneration Policy, details of the members of the Remuneration Committee and describes the remuneration arrangements in place for the Executive Directors and Non-executive Directors.

Ordinary resolution number 6 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when considering the Company's Remuneration Policy.