

IRON-ORE

Development trust close to redeeming shares

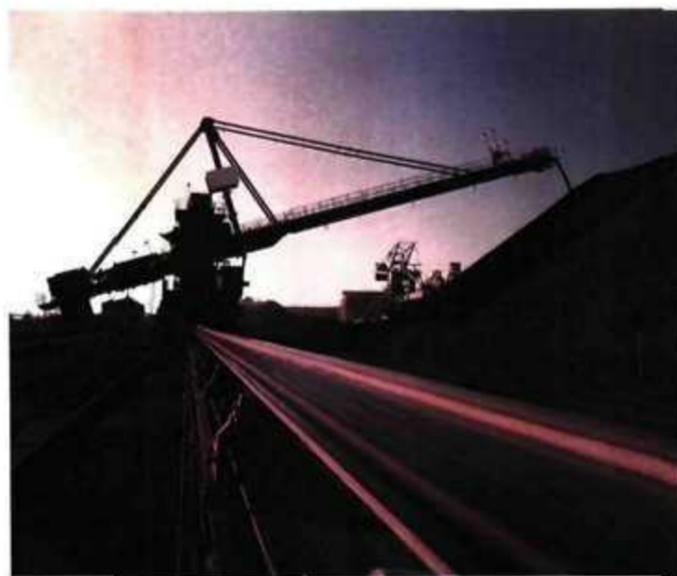
Iron-ore miner Sishen Iron Ore Company's (SIOC's) community development trust project is nearing the redemption of all its preference shares held by mining company Kumba Iron Ore (KIO), the conclusion of which will free up millions more each year to fund several new community development projects in and around SIOC's mining operations, KIO reports.

Since KIO's listing in 2006 as a 3% shareholder in SIOC to benefit from the Sishen mine's development and commercialisation, the company has shown commitment to broad-based black economic empowerment (BBBEE) and wider health and educational transformation schemes.

This commitment has involved employees, local communities and specific social investment projects.

Four years after the trust's establishment, using KIO's dividends paid to date, the company will soon be in a position to fully redeem the R458-million in preferential shares issued to pay for its SIOC shares. This is ahead of the original projections, the company says.

"This is an achievement and we are delighted that the steady stream of Kumba dividends, from the company's positive per-



MOVING FORWARD
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formance, has enabled the trust to reach this position so quickly after its establishment.

"This reaffirms our mission at KIO, of people making a difference in a company making a difference," says KIO CEO **Chris Griffiths**.

KIO works to empower local communities close to its operations with the trust, having generated hundreds of millions of rands for the community development in the Northern Cape and Limpopo provinces.

KIO says that it is proud to be associated with the trust and has played an active role in a number of its charitable activities since it was listed. KIO, through its shareholding in SIOC, is represented on the board of the trust and assists the trust in reaching its aims.

Besides redeeming a substantial amount of preference shares and declaring preference dividends to KIO, out of the R570-million dividends received from SIOC since 2006, the trust has

also invested R22,5-million in community development projects up to the end of 2009, and is expected to contribute an additional R8,5-million to the communities in 2010.

Five independent community organisations operating in these areas have been identified as beneficiaries for channelling funds and resources.

The Gamagara Development Forum is the beneficiary for the communities around the Sishen mine, including Olifantshoek, Dingleton, Sishen, Mapoteng and Deben.

Meanwhile, KIO has made strides in empowering employees and building a skills development programme. KIO's employees benefit from the employees share scheme, Envision, which received R189-million in dividends in 2009.

Since 2006, employees through Envision have received R1,2-billion, which is the same amount as the SIOC community development trust.

KIO says that this has had an impact on the empowerment of KIO's black employees.

The company continually invests in the training and skills enhancement of employees, spending 5,3% of its payroll in 2009 on such programmes.

Further, from April 2010, KIO is fully compliant with each element of the Mining Charter in terms of BEE, with a historically disadvantaged South Africans equity participation of 26%, meeting the Mining Charter target.

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