



REMUNERATION POLICY FOR THE MANAGEMENT BOARD OF ICHOR COAL N.V.

1. GENERAL

This remuneration policy of Ichor Coal N.V. (**Ichor Coal**) is based on the following principles:

- the remuneration of the members of the management board of Ichor Coal (the **Management Board**) is competitive as compared to the median of the South African mining industry on total reward, including base salary, benefits, short-term incentives and long-term incentives;
- the fixed and variable pay ratio, the award of short-term incentives and the award of long-term incentives are aligned with shareholders' interests and with long-term business strategies through the definition of appropriate key performance areas and financial metrics;
- the remuneration is tailored to the experience, role, focus, responsibilities, performance and required experience and skills of each member of the Management Board in order to enhance behaviour required for a successful performance in the existing roles within the Management Board;
- incentive arrangements promote sound risk management (including safety) and do not drive excessively risky behaviour;
- remuneration will be reviewed annually and will also take into account factors such as Consumer Price Index, affordability, the financial position of Ichor Coal and market movements; and
- performance is measured against challenging benchmarks within the mining industry, including both absolute targets and relative performance.

The remuneration consists of the following components:

- base salary;
- non-cash benefits;
- a short-term incentive (annual bonus); and
- a long-term incentive in the form of a stock option plan and a deferred share plan.

Contracts may include a retention bonus and a severance pay clause.

Ichor Coal does not grant loans, including mortgage loans, to the members of the Management Board.

2. OBJECTIVES REMUNERATION POLICY

Ichor Coal holds the view that its remuneration policy for the Management Board should serve the following objectives (the **Remuneration Objectives**):

- reflect the interests of all stakeholders;
- attract and retain members of the Management Board that have the talent and skills to develop and expand the business;
- link rewards to creating shareholder value;
- relate the variable income component to performance reinforcing the business strategy;
- avoid inappropriate risks; and
- create long-term value and enhance the sustainable development of the company.

3. BASE SALARY

Base salaries are based on a function-related salary system and are in line with market developments in order to provide a competitive income as compared to the median of the South African mining industry for which external benchmarks of comparable mining companies are used. Annually, the Supervisory Board will re-evaluate the base salary level. Base salary levels will be reviewed, taking into account developments in the pay market and other factors (including potential changes in job sizes). The level of salary broadly reflects the value of the Management Board member's role, skills and experience, for which a Paterson Classic method will be used to align job grading levels. Performance-related components and certain benefits are calculated by reference to base salary. The criteria for an annual increase of the base salary of the members of the Management Board are to be discussed and decided by the Supervisory Board. There is no guaranteed or maximum annual increase of the base salary.

4. SHORT-TERM INCENTIVE (ANNUAL BONUS)

(a) Ratio base salary/short-term incentive

An annual short-term incentive plan shall apply to the Management Board. The level of the short-term incentive shall depend on the fulfilment of pre-determined criteria and annual objectives. The criteria and objectives shall be determined and reviewed by the Supervisory Board. The short-term incentive shall be based on annually set challenging targets, taking account of a range of factors including Ichor Coal's own internal budgets and the wider background of the economy.

The on target short-term incentive of the CEO is typically in the range of 100% of his base salary and will be capped to a maximum of 200% of his base salary in the event of extraordinary achievements. The short-term incentive of the other members of the Management Board are typically in the range of 60-80% of their base salaries and will be capped to a maximum of 160% of their base salaries in the event of extraordinary achievements.

(b) Objectives

The objective of the short-term incentive is to incentivize the Management Board on annual delivery of challenging financial and non-financial goals and to create a performance culture and to reward the Management Board for achieving strong annual results against pre-determined targets.



(c) Targets

Payment of the short-term incentive as a whole depends on the achievement of objectives and business performance as set by the Supervisory Board in advance.

These targets are set at a challenging level, taking into account general trends in the relevant markets, and are linked to the financial results (for 70%) and personal performance (for 30%). Personal performance will be based on the responsibility areas, with measures, weights and target levels agreed annually in advance for the relevant member of the Management Board.

The CEO shall update the Supervisory Board on the achievement of the targets against the individual performance on a regular basis.

Further details on the performance targets cannot be disclosed as this regards commercially sensitive information. In addition, such information may qualify as guidance on financial performance, which may lead to the obligation to provide trading updates, where such need would otherwise not exist.

(d) Additional bonus payments

The bonus payments referred to above may be increased by the Supervisory Board at its sole discretion and with the appropriate corporate approvals in the event of exceptional achievements of the relevant member of the Management Board.

5. LONG-TERM INCENTIVE (STOCK OPTION PLAN) AND DEFERRED SHARE PLAN

Ichor Coal's long-term incentive stock option plan (the **Stock Option Plan**) and the Ichor Coal N.V. deferred share plan (**Deferred Share Plan**) are intended:

- to provide focus on delivering superior returns to shareholders;
- to provide the members of the Management Board with an opportunity to participate directly in the growth of the value of Ichor Coal;
- to retain key employees over a three-year performance period;
- to attract and retain key talent to Ichor Coal in order to safeguard its human capital which is needed to meet the business objectives; and
- to align (more closely) the interests of the members of the Management Board, with those of the shareholders through a focus on the increase in value of Ichor Coal shares.

(a) Stock Option Plan

Members of the Management Board should be eligible to participate in the Stock Option Plan, as amended from time to time. Stock options granted under this plan may be made conditional to the fulfilment of performance conditions and/or continued employment until the vesting date.



The condition(s) for any options to be able to vest shall be determined by the Supervisory Board. As these targets may contain commercially sensitive information, the Supervisory Board may decide to keep these confidential and undisclosed.

The Supervisory Board at its sole discretion will decide if and to what extent grants of options shall be made to individual members of the Management Board, taken into account the Stock Option Plan, as amended from time to time. Grants shall be determined on the basis of a consistent granting policy, in line with internal remuneration ratios and taking into account the international pay market practice.

The Stock Option Plan allows for issuing up to 2% of the outstanding share capital on a fully diluted basis to members of the Management Board in the form of share options which will be convertible into shares on the basis of a 1:1 ratio upon vesting. Option rights have a maturity of 10 years and will vest over three years in three equal instalments. There is a maximum to the aggregate annual award of 300,000 options for a member of the Management Board.

(b) Deferred Share Plan

Members of the Management Board should be eligible to participate in the Deferred Share Plan, as amended from time to time. Deferred shares granted under this plan may be made conditional to the fulfilment of performance conditions and/or continued employment until the vesting date.

The condition(s) for any deferred shares to be able to vest shall be determined by the Supervisory Board. As these targets may contain commercially sensitive information, the Supervisory Board may decide to keep these confidential and undisclosed.

The Supervisory Board at its sole discretion will decide if and to what extent grants of deferred shares shall be made to individual members of the Management Board, taken into account the Deferred Share Plan, as amended from time to time. Grants shall be determined on the basis of a consistent granting policy, in line with internal remuneration ratios and taking into account the international pay market practice.

An award under the Deferred Share Plan is calculated on the basis of the short-term incentive payable to the Management Board. Pursuant to the Deferred Share Plan, 30% of the short-term incentive will be paid in compulsory deferred shares of Ichor Coal. A member of the Management Board may decide to receive part of the remaining percentage of the short-term incentive in voluntary deferred shares, on which the respective member of the Management Board may receive a matching share per voluntary deferred share after the relevant vesting period. Compulsory deferred shares, voluntary deferred shares and matching rights will vest after a period of three years after the date of award, subject to the member of the Management Board remaining employed by Ichor Coal for the deferral period.

(c) Share ownership

In order to align long-term interests of the members of the Management Board with Ichor Coal's shareholders, target levels for individual shareholdings to be build up over five years are four times the base salary for the CEO and three times the base salary for other members of the Management Board.



6. BENEFITS

Ichor Coals intends to provide market competitive non-cash benefits. Ichor Coal may provide a company car or cash alternative in the form of a travel allowance, a cell phone and SIM card, where necessary, to members of the Management Board and contributions to a provident fund, for the benefit of members of the Management Board.

Ichor Coal may also pay the premiums of Directors and Officers Insurance, Death and Disability Insurances and Private Medical Insurances of members of the Management Board.

7. SEVERANCE PAYMENT

The maximum remuneration in the event of dismissal is one year's gross base salary. If the maximum of one year's gross base salary would be manifestly unreasonable for a member of the Management Board who is dismissed during his term of office, such member shall be eligible for a severance pay not exceeding twice the annual gross base salary.

8. RETENTION BONUSES

The Supervisory Board may at its sole discretion decide to grant retention bonuses to members of the Management Board up to a maximum of ZAR 3,500,000.00 per annum. Retention bonuses will typically be payable as a lump sum provided that the member of the Management Board remains continuously employed with Ichor Coal over a period of three years.

9. ADJUSTMENT OF BONUSES

Section 2:135, paragraph 6 and 8 of the Dutch Civil Code shall be applicable to the long-term incentive and the short-term incentive of the Management Board. The purpose of a claw-back is, amongst others, to recover performance-related remuneration which has been overpaid due to (i) a material misstatement of Ichor Coal's accounts, (ii) errors made in the calculation of an award or (iii) misconduct by a member of the Management Board.

If a variable remuneration component conditionally awarded to a member of the Management Board in a previous financial year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust the value downwards or upwards.

10. OUTCOME VARIABLE INCOME COMPONENTS

Before drawing up the remuneration policy and determining the remuneration of individual members of the Management Board, the Supervisory Board has analysed the possible outcomes of the variable remuneration components and how they may affect the remuneration of the members of the Management Board. The outcome of this analysis does not result in the need to amend the variable income components.