The integrated annual report (IAR) of Assore Limited (Assore or group) covers the period 1 July 2013 to 30 June 2014. The group’s financial year ends on 30 June, and unless otherwise indicated or described, the information included in this report refers to the years ended 30 June 2013 and 30 June 2014. The previous IAR covered the period 1 July 2012 to 30 June 2013. Where any restatements have been made to material disclosures in the previous IAR, these are explained within the relevant sections.

The entities reported on include the following:

➤ Assore Limited (Assore)

➤ Assmang Limited (Assmang), jointly controlled by Assore, 50% and African Rainbow Minerals Limited (ARM) 50%, accounted for on the equity accounting basis. (Previously, Assmang was proportionately consolidated by Assore, refer page 53) which includes the following operations:

– Khumani Iron Ore Mine (Khumani);
– Beeshoek Iron Ore Mine (Beeshoek);
– Black Rock Manganese Mines (Black Rock);
– Cato Ridge Works (ferromanganese smelter);
– Machadodorp Works (ferromanganese smelter);
– Cato Ridge Alloys Proprietary Limited (CRA) (refined ferromanganese smelter);
– Sakura Ferroalloys SND BHD, Malaysia (ferromanganese and silico manganese smelters – Sakura Ferroalloys); and
– Dwarsrivier Chrome Mine (Dwarsrivier).

In addition to determining the strategy and monitoring of the overall management of Assmang in terms of the joint-venture agreement with ARM, Assore has the sole marketing and distribution agency for Assmang's products and the emphasis on Assmang in this report relates primarily to this role as a 50% partner (refer “Business model”, page 13).

➤ AMT operations, being the subsidiary companies of Assore, which include:

– Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals);
– Zeerust Chrome Mines Limited (Zeerust);
– Wonderstone Limited (Wonderstone); and
– Head Office operations (Head Office), combining African Mining and Trust Company Limited (AMT) and Ore & Metal Company Limited (Ore & Metal), where relevant.

Report feedback

Feedback on this Assore report can be made directly to Mr RA Davies at: rossdavies@assore.com.

The IAR has been prepared on the basis of the group’s consolidated financial statements, prepared in accordance with IFRS and relevant facts, issues and risks that are pertinent to the group’s operations. Guidelines used in compiling the separate elements of the IAR include:

<table>
<thead>
<tr>
<th>Report element</th>
<th>Guidelines</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mineral Resources and Reserves</td>
<td>South African Code for Reporting Mineral Resources and Mineral Reserves (SAMREC Code), and the Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code (JORC Code)</td>
<td>Page 22, the complete Mineral Resources and Reserves report is located on the group’s website under “Annual reports” in the “Investor centre”</td>
</tr>
<tr>
<td>Corporate governance and risk management</td>
<td>King Code on Corporate Governance, issued in September 2009 (King III)</td>
<td>Pages 34 to 39 and throughout</td>
</tr>
<tr>
<td>Black economic empowerment status report</td>
<td>Mineral and Petroleum Resources Development Act and the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry issued thereunder (the Mining Charter) and Codes of Good Practice, issued by the Department of Trade and Industry (dti)</td>
<td>Pages 40 to 42 and throughout</td>
</tr>
<tr>
<td>Sustainability</td>
<td>Various relevant guidelines, as well as those contained in the global reporting initiative (GRI) G3 indicators</td>
<td>Pages 43 to 45, throughout and the complete sustainability report, located on the group’s website under “Annual reports” in the “Investor centre”</td>
</tr>
<tr>
<td>Annual financial statements</td>
<td>International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, South African Companies Act, as amended, and JSE Listings Requirements</td>
<td>Pages 50 to 122</td>
</tr>
</tbody>
</table>
Profile

Assore is a mining holding company engaged principally in ventures involving base minerals and metals.

The group’s principal investment is a 50% interest in Assmang Limited (Assmang) which it controls jointly with African Rainbow Minerals Limited (ARM). The group, through its various joint-venture entities and subsidiary companies, is involved in the mining of iron, manganese and chrome ores together with other industrial minerals and the production of manganese alloys. The group is also responsible for marketing all products produced by the Assore and Assmang groups, the bulk of which is exported and the remainder either used in the group’s beneficiation processes or sold locally.

The company was incorporated in 1950 and its shares are listed on the Johannesburg Stock Exchange (JSE) under “Assore” in the general mining sector.

26.07% of the company’s shares are controlled by two broad-based black economic empowerment community trusts: the Boleng Trust (14.28%), and the Fricker Road Trust (11.79%). The Minerals and Petroleum Resources Development Act required that by 1 May 2014, 26% of mining companies’ shares are controlled by historically disadvantaged South Africans.
Joint-venture entity (Assmang)*

Iron ore

Iron ore is mined in the Northern Cape in open-cast operations at the Khumani Iron Ore Mine which is located near Kathu in the Northern Cape and at the Beeshoek Iron Ore Mine which is located outside Postmasburg. The ore produced is sold both on the export market and locally.

Manganese ore and alloys

Various grades of manganese ore are mined at the Nchwaning and Gloria mines, located in the Black Rock area of the Northern Cape province, and manganese alloys are produced at the Cato Ridge Works in KwaZulu-Natal and at the Machadodorp Works in Mpumalanga. Cato Ridge Alloys, a joint venture with Japanese partners, produces refined ferromanganese at the Cato Ridge Works. Feed for the Cato Ridge Works is derived mainly from Assmang’s manganese mines. The ore and alloy produced are both sold on the export market and locally.

Chrome ore

Chrome ore is mined at the Dwarsrivier Mine near Lydenburg in the Mpumalanga province. The ore produced is sold both on the export market and locally.

Attributable profit/(loss) R million

<table>
<thead>
<tr>
<th>Year</th>
<th>Iron ore</th>
<th>Manganese ore and alloys</th>
<th>Chrome ore</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>R3 178,7 million (2013: R2 578,6 million)</td>
<td>R342,1 million (2013: R413,6 million)</td>
<td>R63,9 million (2013: R(67,2) million)</td>
</tr>
</tbody>
</table>

Revenue generated

<table>
<thead>
<tr>
<th>Year</th>
<th>Iron ore</th>
<th>Manganese ore and alloys</th>
<th>Chrome ore</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>R9 401,6 million (2013: R7 981,5 million)</td>
<td>R4 155,6 million (2013: R3 725,1 million)</td>
<td>R804,9 million (2013: R938,3 million)</td>
</tr>
</tbody>
</table>

*Note that, in terms of International Financial Reporting Standards (IFRS), Assmang is accounted for on the equity accounting basis. Therefore, “Revenue generated” as included in this analysis does not form part of the group’s reported revenue as reported in terms of IFRS.
Subsidiary companies

**Rustenburg Minerals Development Company**

Chrome ore

*(see page 32)*

**Type of operation**

➤ Mining and concentrating of ore, open cast and underground

**Description**

Chrome ore is mined near Rustenburg in open-cast operations and production is supplied mainly to the local market. The company is developing two underground shafts, which will commence commercial production early in the 2015 calendar year. These underground operations will eventually replace the existing open-cast operations.

**Attributable profit/(loss) R million**

2014  R7,9 million

*(2013: R(3,6) million)*

**Contribution to group revenue**

2014  R228,9 million

*(2013: R173,9 million)*

**Zeerust Chrome Mines**

Chrome ore

*(see page 32)*

**Type of operation**

➤ Open-cast mining and concentrating of ore

**Description**

The company is undertaking trials to re-establish open-cast mining in order to supplement the group’s chrome product offering.

**Attributable profit/(loss) R million**

2014  R(26,9) million

*(2013: R(3,2) million)*

**Contribution to group revenue**

2014  R25,4 million

*(2013: R33,3 million)*

**Wonderstone**

Chrome ore

*(see page 32)*

**Type of operation**

➤ Mining and beneficiation of Wonderstone, and manufacture and installation of ceramic and filtration products

**Description**

The company mines a type of pyrophyllite which, for trade purposes, is referred to as Wonderstone. The bulk of the material mined is beneficiated to produce high-precision components manufactured to customers’ specification and are exported to the United States of America, the United Kingdom and the Far East. The company also produces a range of wear and acid-resistant tiles and ceramic products used mainly for chute liners in the local mining industry and installed on a project basis in certain instances. Wonderstone is also being used in industrial filtration solutions.

**Attributable profit/(loss) R million**

2014  R(1,3) million

*(2013: R12,3 million)*

**Contribution to group revenue**

2014  R79,7 million

*(2013: R71,2 million)*
### Subsidiary companies continued

<table>
<thead>
<tr>
<th>Company</th>
<th>Type of operation</th>
<th>Description</th>
<th>Attributable profit/(loss) R million</th>
<th>Contribution to group revenue R million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore &amp; Metal Company Limited</td>
<td>➤ Marketing, sales and shipping of ores and alloys (refer page 33)</td>
<td>Ore &amp; Metal Company Limited is responsible for the marketing, sales and shipping of all the group’s products, including those produced by the three divisions of Assmang. Strong relationships have been established with customers in Europe, North America, South America, India and the Far East.</td>
<td>2014 R320,9 million 2013: R275,9 million</td>
<td>2014 R569,6 million 2013: R481,0 million</td>
</tr>
<tr>
<td>Minerais U.S. LLC</td>
<td>➤ Marketing of minerals and alloys in USA (refer page 33)</td>
<td>Minerais U.S. LLC is responsible for marketing and sales administration of the group’s products in the USA, in particular manganese alloys, and trades in various related commodities.</td>
<td>2014 R20,9 million 2013: R5,6 million</td>
<td>2014 R1 484,1 million 2013: R725,7 million</td>
</tr>
<tr>
<td>African Mining and Trust Company</td>
<td>➤ Operational management, exploration and technical adviser (refer page 33)</td>
<td>African Mining and Trust Company Limited is technical adviser to Assmang and other group companies and provides operational management services to group mines and plants.</td>
<td>2014 R193,7 million 2013: R139,1 million</td>
<td>2014 R446,7 million 2013: R401,3 million</td>
</tr>
</tbody>
</table>
Location of markets and operations

- **Fe iron ore**
- **Mn manganese ore**
- **FeMn ferromanganese**
- **Cr chrome ore**
- **Wonderstone Mine**
- **Processing plant**
- **Cities**
- **Markets**

Note: The map shows the location of various mines, processing plants, and cities in South Africa, as well as markets in different regions including North America, South America, Europe, Middle East, India, Japan, China, Australia, and South Africa.
Group timeline

1928 Gloucester Manganese Mines (Postmasburg) Limited established by Guido Sacco

1930 Formation of Ore & Metal Company Limited

1931 Formation of African Mining and Trust Company Limited (AMT)

1935 AMT partnered with Anglo Transvaal Consolidated Investment Company Limited (Anglovaal), now African Rainbow Minerals (ARM), to form The Associated Manganese Mines of South Africa Limited (Assmang)

1936 Acquisition of the Wonderstone Mine

1937 Various prospecting activities and mining manganese deposit on farm Gloucester and adjoining farms

1938 First export of manganese through Durban

1940 Obtaining of mining lease at Black Rock where the first manganese ore was mined

1941 Nchwaning Manganese Ore Mine commissioned

1950 The listing of Assore on the JSE as The Associated Ore & Metal Corporation Limited

1951 Mining of chrome deposit at Zeerust (Zeerust Chrome Mines Limited)

1955 The listing of Assore on the JSE as The Associated Ore & Metal Corporation Limited

1972 Mining of chrome deposit by Rustenburg Minerals Development Company Proprietary Limited

1979 Gloria Manganese Ore Mine commissioned

1981 Nchwaning II Mine came into production

1996 Cato Ridge Alloys (CRA), a joint venture to produce refined ferromanganese for export at Cato Ridge, between Assmang’s Ferroalloys Limited and Japanese partners

2000 Acquisition of minorities in, and delisting of, Assmang and 50/50 joint-venture agreement with African Rainbow Minerals Limited (ARM) finalised in relation to Assmang’s operations

2009 Approval of the Khumani Expansion Project (KEP) to increase design capacity of iron ore output to 14 million tons per annum, completed in 2012, on time and within budget

2009 Acquisition of minorities in, and delisting of, Assmang and 50/50 joint-venture agreement with African Rainbow Minerals Limited (ARM) finalised in relation to Assmang’s operations
First production of ferromanganese at the Cato Ridge Works by Assmang 1959

Alloy producer, Ferroalloys Limited, incorporated by Assmang 1957

First mining of iron ore by Assmang at Beeshoek, and exported through Durban 1960

Agency relationship established with Sumitomo Corporation of Japan 1961

First production of change chrome at Machadodorp by Assmang 1971

Mining of chrome deposit by Assmang at Dwarsrivier 1999

Commissioning of Nchwaning III Manganese Ore Mine 2001

First mining of manganese ore from Nchwaning III 2002

Assmang’s Khumani Iron Ore Mine established, following issue of new-order mining rights, and increase of production to 10 million sales tons per annum 2004

First empowerment transaction, whereby 11.76% and 3.26% of Assore’s shares respectively were sold to Shanduka Resources and the Boleng Trust (refer “Black economic empowerment status report”) 2005

First empowerment transaction, whereby 11.79% of Assore’s shares were bought back from Shanduka Resources and applied in broad-based trusts being the Fricker Road Trust and the Assore Employee Trust 2010

Conclusion of third empowerment transaction, whereby 11.05% of Assore’s shares were acquired by the Boleng Trust 2012

First distributions from empowerment and employee trusts, amounting to R20.4 million (2013) and commencement of construction of offshore ferromanganese smelters in Sarawak province in Malaysia 2014
Group structure

1 The Boleng Trust is a black economic empowered entity which controls the majority of the voting rights in a special-purpose vehicle that owns 14,28% of Assore’s issued ordinary shares (refer note below and “Black economic empowerment status report”).

2 The Fricker Road Trust is a black economic empowered entity which controls the majority of the voting rights in a special-purpose vehicle that owns 11,79% of Assore’s issued ordinary shares. The Assore Employee Trust controls the remainder of the voting rights (refer note 4 below and “Black economic empowerment status report”).

3 A black economic empowerment entity, Mampa Investment Holdings Proprietary Limited, has a 44% equity interest in Rustenburg Minerals Development Company Proprietary Limited (refer “Black economic empowerment status report”).

4 More detail on the impact of the requirement of IFRS to consolidate these trusts is included on pages 46, 47 and 112 of this report.
Assurance

The Assore group subscribes to a combined assurance model, which is intended to identify and control risks inherent in the business of the group by making use of assurance providers, both third party and in-house, in conjunction with Assmang’s Risk Management department (referred to as internal management). Assurance is addressed across the areas of Safety, Health, Risk, Environment, Quality (collectively referred to as SHREQ) and corporate governance.

Assurance providers are as follows:

<table>
<thead>
<tr>
<th>Area</th>
<th>Provider</th>
<th>Standard(s) and comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assore Safety and health</td>
<td>Various professional consultants</td>
<td>Per provider and the Department of Mineral Resources (DMR). Limited assurance for Assore is provided in the form of bi-annual audits on legal compliance. Assmang has received independent assurance on specified elements of safety and health from Sustainability Services</td>
</tr>
<tr>
<td>Assore Risk</td>
<td>Sizwe Ntsaluba Gobodo</td>
<td>COSO framework</td>
</tr>
<tr>
<td>Assore Environment</td>
<td>ERM and TUV Rheinland Inspection Services Proprietary Limited (TUV Rheinland)</td>
<td>ISO 14001 (2004). Limited assurance for Assore is provided in the form of bi-annual audits on legal compliance by various professional consultants and certification by TUV Rheinland. Assmang has received independent assurance on specified elements of safety and health from Sustainability Services</td>
</tr>
<tr>
<td>Assore Quality</td>
<td>TUV Rheinland</td>
<td>ISO 9001 (2008). Limited assurance for Assore is provided in the form of certification by TUV Rheinland</td>
</tr>
<tr>
<td>Assore Corporate governance</td>
<td>Institute of Directors (IoD)</td>
<td>The Governance Assessment Instrument (GAI) is independently maintained by the IoD and measures the extent of compliance with the King Code on Corporate Governance, based on the relevant information submitted by its subscribers</td>
</tr>
<tr>
<td>Assmang Safety and health</td>
<td>Internal management and Sustainability Services CC (Sustainability Services)</td>
<td></td>
</tr>
<tr>
<td>Assmang Risk</td>
<td>KPMG</td>
<td></td>
</tr>
<tr>
<td>Assmang Environment</td>
<td>Internal management</td>
<td></td>
</tr>
<tr>
<td>Assmang Quality</td>
<td>Internal management</td>
<td></td>
</tr>
</tbody>
</table>

Assurance pertaining to financial controls and reporting is achieved by conducting extensive internal auditing across the Assore group by Sizwe Ntsaluba Gobodo, that reports to Assore’s Audit and Risk Committee on its findings, while in Assmang, KPMG as internal auditor of all its divisions, report related findings to Assmang’s Audit Committee. These Audit and Risk committees, supported by their respective Social and Ethics committees, ensure close working relationships between external audit and internal audit, to ensure that the assurance provided by Ernst & Young Inc., for both Assmang and the Assore group, on their respective financial statements provides reasonable assurance for the relevant external audit opinions.