

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Action required

If you are in any doubt as to what action to take, you should consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all your shares in Assore, please forward this circular to the purchaser of such shares or the banker, broker or other agent through whom the disposal was effected.

Full details of the actions required by Assore shareholders regarding the general meeting are set out on page 3 of this document.

The definitions and interpretation provisions on pages 5 to 15 of this document apply to this page.



ASSORE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1950/037394/06)

JSE share code: ASR ISIN: ZAE000017117

CIRCULAR TO ASSORE SHAREHOLDERS

regarding the Second Empowerment Transaction, to be implemented by Assore for the purposes of increasing the effective shareholding of Bokamoso Trust in Assore, such that Assore's BEE partners hold, in aggregate, 26% of Assore's issued ordinary share capital (as required under the BEE Legislation), which transaction entails *inter alia*:

- the subscription by Assore for the C Preference Shares and the D Preference Shares in the authorised but unissued share capital of MS350;
- the sale by Assore to MS350 of the entire issued ordinary share capital of MS460, being a wholly-owned subsidiary of Assore and the holder of 2 723 653 Assore shares (held by MS460 as treasury shares in accordance with the provisions of section 89 of the Companies Act);
- the specific issue for cash by Assore of 349 747 Assore shares to MS460, which shall, upon their issue by Assore to MS460 constitute 1.25% of the Assore post implementation shares; and
- obtaining specific authority to effect potential future repurchases of Assore shares by Assore for the purposes of perfecting the security granted in favour of Assore under the Security Agreements;

and also regarding the placing of 78 630 Assore shares in the authorised but unissued share capital of Assore under the control of the Assore Board for the possible allotment and issue thereof under a general authority on such terms and conditions as may be determined by the Assore Board and in compliance with the Listings Requirements;

and incorporating:

- **a notice of a general meeting; and**
- **a form of proxy in respect of the general meeting (blue) (for use by certificated shareholders and dematerialised shareholders with "own-name" registration only).**

All of the directors of Assore whose names are set out on page 16, collectively and individually, accept full responsibility for the accuracy of the information given in this document 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 this document contains all information required by the Listings Requirements.

**Investment bank and sponsor
to Assore**



**Attorneys
to Assore**



**Independent expert
to Assore**



Independent transaction sponsor to Assore



Reporting accountant and auditors to Assore



Date of issue: 11 December 2009

This document is available in English only. Copies may be obtained from the registered office of Assore, the sponsor and the transfer secretaries, whose addresses are set out in the "Corporate Information" section of this document.

CORPORATE INFORMATION, ADVISERS, SPONSORS AND TRANSFER SECRETARIES

Company secretary and registered office

African Mining and Trust Company Limited
(Registration number 1931/003633/06)
Assore House
15 Fricker Road
Illovo Boulevard
Johannesburg
2196
(Private Bag X03, Northlands, 2116)

Investment bank and sponsor to Assore

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
3 Simmonds Street
Johannesburg
2001
(PO Box 61344, Marshalltown, 2107)

Independent transaction sponsor to Assore

KPMG Services (Proprietary) Limited
(Registration number 1999/012876/07)
KPMG Crescent
85 Empire Road
Parktown
2193
(Private Bag 9, Parkview, 2122)

Independent expert to Assore

PricewaterhouseCoopers Corporate Finance
(Proprietary) Limited
(Registration number 1970/003711/07)
2 Eglin Road
Sunninghill
2157
(Private Bag X36, Sunninghill, 2157)

Date of incorporation of Assore

19 June 1950

Place of incorporation of Assore

South Africa

Transfer secretaries to Assore

Computershare Investor Services
(Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

Attorneys to Assore

Webber Wentzel
10 Fricker Road
Illovo Boulevard
Johannesburg
2196
(PO Box 61771, Marshalltown, 2107)

Reporting accountant and auditors to Assore

Ernst & Young Inc
(Registration number 2005/002308/21)
Wanderers Office Park
52 Corlett Drive
Illovo
Johannesburg
2196
(Private Bag X14, Northlands, 2116)

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ACTION REQUIRED BY ASSORE SHAREHOLDERS

The definitions and interpretation provisions on pages 5 to 15 of this document apply *mutatis mutandis* to this section on the actions required by Assore shareholders.

1. GENERAL MEETING

A general meeting of Assore shareholders will be held at 10:00 on Tuesday, 19 January 2010, at the registered office of Assore, being Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, to consider and, if deemed fit, approve the resolutions set out on pages 57 to 59 of this circular, which are required to be passed in order to implement the Second Empowerment Transaction. A notice convening the general meeting is attached to and forms part of this circular.

Please take careful note of the following provisions regarding the action required by Assore shareholders in respect of the general meeting. If you are in any doubt as to what action to take, please contact your CSDP, broker, banker, attorney, accountant or other professional adviser immediately for appropriate advice.

1.1 If you have dematerialised your Assore shares other than with “own-name” registration

1.1.1 Voting at the general meeting

Your CSDP or broker should contact you to ascertain how you wish to cast your vote at the general meeting, and will thereafter cast such vote on your behalf in accordance with your instructions.

If you have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP or broker and furnish it with your voting instructions.

If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker.

You must **not** complete the attached form of proxy for the general meeting (*blue*).

1.1.2 Attendance and representation at the general meeting

In accordance with the mandate between you and your CSDP or broker, you must advise your CSDP or broker if you wish to attend the general meeting, and your CSDP or broker will issue the necessary letter of representation to you in order to attend the general meeting.

1.2 If you have not dematerialised your Assore shares or if you have dematerialised your Assore shares with “own-name” registration

1.2.1 Voting and attendance at the general meeting

You may attend the general meeting in person and may vote at the general meeting.

Alternatively, you may appoint a proxy to represent you at the general meeting by completing the attached form of proxy for the general meeting (*blue*) in accordance with the instructions it contains and return such form of proxy to Assore’s transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Friday, 15 January 2010.

2. If you wish to dematerialise your Assore shares, please contact your CSDP or broker.

3. If you have disposed of all of your Assore shares, please forward this circular to the purchaser of such Assore shares or the broker, banker or other agent who disposed of your Assore shares on your behalf.

IMPORTANT DATES AND TIMES

The definitions and interpretation provisions on pages 5 to 15 of this document apply *mutatis mutandis* to this section on important dates and times.

2010

Last day for receipt of forms of proxy for the general meeting by 10:00 on	Friday, 15 January
General meeting of Assore shareholders to be held at 10:00 at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg on	Tuesday, 19 January
Announcement of results of the general meeting on SENS on	Tuesday, 19 January
Announcement of results of the general meeting published in the press on	Wednesday, 20 January
Special resolutions lodged with the Registrar of Companies on or about	Wednesday, 20 January
Anticipated implementation of the Second Empowerment Transaction on or about	Friday, 19 February

Notes:

1. The abovementioned times and dates are South African times and dates and are subject to change. Any such change will be released on SENS and published in the press.
2. If the general meeting is adjourned or postponed, forms of proxy must be received by no later than 48 hours prior to the time of the adjourned or postponed general meeting, provided that, for the purpose of calculating the latest time by which forms of proxy must be received, Saturdays, Sundays and South African public holidays will be excluded.

DEFINITIONS AND INTERPRETATION

Unless the context indicates otherwise:

- words in the singular shall include the plural and *vice versa*;
- words denoting one gender shall include the other genders;
- words and expressions denoting natural persons shall include juristic persons and associations of persons; and
- the following words and expressions in the first column have the meaning stated opposite them in the second column:

“A Preference Shares”	536 variable rate, cumulative, redeemable “A” class preference shares in the authorised share capital of MS350 (of which, as at the last practicable date, 381 A class preference shares remain in issue), each having a par value of R0.01 together with a premium thereon of R99 999.99, issued to Standard Bank pursuant to the First Empowerment Transaction;
“announcement date”	Wednesday, 2 December 2009, being the date on which the announcement by Assore in respect of the Second Empowerment Transaction was released on SENS;
“ARM”	African Rainbow Minerals Limited, registration number 1933/004580/06, a public company incorporated and registered in accordance with the laws of South Africa;
“Assmang”	Assmang Limited, registration number 1935/007343/06, a public company incorporated and registered in accordance with the laws of South Africa, which company is jointly controlled by Assore and ARM;
“Assore”	Assore Limited, registration number 1950/037394/06, a public company incorporated and registered in accordance with the laws of South Africa;
“Assore Board”	the board of directors of Assore;
“Assore Group”	Assore and its subsidiaries, including its joint venture entity, Assmang;
“Assore/MS350 SPA”	the sale and purchase agreement (together with the annexes or exhibits thereto) entered into between Assore, Bokamoso Trust, MS350 and MS460, in terms of which Assore shall sell to MS350 all of the MS460 Ords held by Assore as at the last practicable date and all of the MS460 Claims held by Assore as at the last practicable date, the purchase consideration in respect of which shall be discharged by MS350 in accordance with the provisions of the Sale Consideration Agreement;
“Assore post implementation shares”	the aggregate number of Assore shares in issue after the implementation of the Second Empowerment Transaction, being 27 921 400 Assore shares;
“Assore pre-implementation shares”	the aggregate number of Assore shares in issue, as at the last practicable date, being 27 571 653 Assore shares;
“Assore shareholders”	the holders of Assore shares;
“Assore shares”	ordinary shares having a par value of 2.5 cents (two and a half cents) each in the share capital of Assore;

“Assore Subscription Ords”	349 747 Assore shares, which shall be subscribed for by MS460 in accordance with the provisions of the MS460/Assore Ords Subscription Agreement;
“B Preference Shares”	25 variable rate, cumulative, redeemable “B” class preference shares in the authorised share capital of MS350 (of which, as at the last practicable date, all 25 B class preference shares remain in issue), each having a par value of R0.01 together with a premium thereon of R999 999.99, issued to Assore pursuant to the First Empowerment Transaction;
“BEE”	black economic empowerment;
“BEE Legislation”	the MPRDA, the Charter, the Codes of Good Practice, and the regulations published under or pursuant to the MPRDA, the Charter and/or the Codes of Good Practice, and any other charter, law, licence condition, regulation or mandatory practice pursuant to which ownership by HDSAs in Assore (or any material business conducted by Assore) is measured or a requirement relating thereto is imposed on it, all as amended, substituted, re-enacted or replaced from time to time;
“Bokamoso Trust”	the trustees for the time being of The Bokamoso Trust, a trust registered by the Master of the High Court of South Africa under Master’s reference number IT8333/05;
“Bokamoso Trust/MS350 Ords Subscription Agreement”	the ordinary share subscription agreement (together with the annexes or exhibits thereto) entered into between Bokamoso Trust and MS350, in terms of which Bokamoso Trust shall subscribe for 50 MS350 Ords at their par value;
“Business Day”	any day other than a Saturday, Sunday or gazetted national public holiday in South Africa;
“C Pref Arrear Dividends”	such amount of any C Preference Dividend (or other dividend payable by MS350 in accordance with the C Preference Share Terms) which is not paid on a C Pref Dividend Date (or such other date as may be applicable under the C Preference Share Terms), such C Pref Arrear Dividend to be calculated and be payable in each instance in accordance with the provisions of the C Preference Share Terms;
“C Pref Dividend Date”	in relation to each C Preference Share, the 5th day of April and the 5th day of October of each year, the C Pref Redemption Date, and any other date on which a C Preference Dividend is required to be paid in relation to such C Preference Share in terms of the provisions of the C Preference Share Terms, as the case may be;
“C Pref Holder”	in relation to each C Preference Share, the registered holder of such C Preference Share for the time being, the first C Pref Holder being Assore;
“C Pref Issue Date”	in respect of any C Preference Share, the date upon which such C Preference Share is issued by MS350 to the C Pref Holder;
“C Pref Issue Price”	the issue price of a single C Preference Share, comprising the sum of its par value of R0.01 together with a premium of R99 999.99 thereon, and thus R100 000.00 in aggregate;
“C Pref Redemption Date”	the date of redemption of a C Preference Share as determined in accordance with the C Preference Share Terms;

“C Pref Redemption Price”	the aggregate redemption price of a C Preference Share payable upon the redemption of such C Preference Share;
“C Preference Dividend”	a cumulative preferential cash dividend per C Preference Share calculated and payable in accordance with the C Preference Share Terms;
“C Preference Share Creation Agreement”	the preference share creation agreement (together with the annexes or exhibits thereto) entered into between Assore, Bokamoso Trust and MS350, in terms of which MS350 and Bokamoso Trust shall procure the creation of the C Preference Shares in the authorised but unissued share capital of MS350;
“C Preference Share Terms”	the rights, terms and privileges attaching to a C Preference Share, as set out in the C Preference Share Creation Agreement read with MS350’s Constitutional Documents;
“C Preference Share Trigger Events”	events of default in respect of the C Preference Shares;
“C Preference Shares”	7 665 variable rate, cumulative, redeemable C class preference shares in the authorised share capital of MS350, each having a par value of R0.01 together with a premium thereon of R99 999.99, which preference shares shall have the rights, terms and privileges recorded in the C Preference Share Terms;
“certificated shareholders”	Assore shareholders holding certificated shares;
“certificated shares”	shares that have not been dematerialised, title to which is represented by a share certificate or other physical document of title;
“Charter”	the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (together with the Charter Scorecard), issued pursuant to section 100(2)(a) of the MPRDA under Government Gazette (No. 26661 of 13 August 2004), for so long as it remains in force, as amended, replaced or substituted from time to time;
“Charter Scorecard”	the Scorecard for the Charter, published under Government Gazette (No. 26661 of 13 August 2004), for so long as it remains in force, as amended, replaced or substituted from time to time;
“Codes of Good Practice”	the Codes of Good Practice for the Minerals Industry, developed under section 100 of the MPRDA and published under Government Gazette (No. 32167 of 29 April 2009), for so long as it remains in force, as amended, replaced or substituted from time to time;
“Companies Act”	the Companies Act, No. 61 of 1973, as amended or replaced from time to time;
“Competition Authority”	the Competition Commission, the Competition Tribunal or the Competition Appeal Court, whichever has jurisdiction for the purposes of the transactions contemplated and/or referred to in this circular, as established by the Competition Act, No. 89 of 1998, as amended, replaced or substituted from time to time;
“Consideration Loan”	an interest-free loan in the aggregate amount of R594 165 241.70, which shall be credited in favour of Assore in MS350’s books of account in accordance with the provisions of the Sale Consideration Agreement as partial discharge by MS350 of its payment obligations to Assore under the Assore/MS350 SPA;

“Constitutional Documents”	<p>in respect of:</p> <ul style="list-style-type: none"> • any company, its memorandum and articles of association, memorandum of incorporation or other such constitutive document, as amended, replaced or substituted from time to time; • any trust, its deed of trust or other such constitutive document, as amended, replaced or substituted from time to time;
“Control”	<p>of or in relation to any person (other than (i) a natural person and (ii) an unincorporated entity or trust) means that some other person or persons (individually or collectively):</p> <ul style="list-style-type: none"> • owns or own (directly or indirectly) the majority of the issued ordinary shares or other equity interests (ie over 50%) of such person; and/or • controls or control (directly or indirectly) the majority of voting rights (ie over 50%), in relation to the issued ordinary shares or other equity interests, of such person; and/or • is or are entitled to appoint (and do so appoint) so many directors on the board of directors or similar body of such person as controls or control the majority of the voting rights (ie over 50%) of all the directors or similar representatives on the board of directors or other governing body of such person, <p>and “Controlled” shall be construed accordingly. (For the purposes of clarity, what would otherwise constitute Control will not fail to constitute Control due to (i) the existence of ‘minority protections’ (in favour of any other person) in relation to such person or (ii) by virtue of the rights which Assore (or its successor/s-in-title) has or have under or in terms of the C Preference Share Creation Agreement, the D Preference Share Creation Agreement, the Relationship Agreement, the Shareholders Agreement and/or MS350’s or MS460’s respective Constitutional Documents (as the case may be));</p>
“Credits”	<p>equity credits under the applicable BEE Legislation for having achieved HDSA participation in terms of ownership and control by HDSAs of equity or attributable units of production in respect of mining industry assets in compliance with the Empowerment Requirements;</p>
“CSDP”	<p>Central Securities Depository Participant, accepted as a participant in terms of the Securities Services Act;</p>
“D Pref Arrear Dividends”	<p>such amount of any D Preference Dividend (or other dividend payable by MS350 in accordance with the D Preference Share Terms) which is not paid on a D Pref Dividend Date (or such other date as may be applicable under the D Preference Share Terms), such D Pref Arrear Dividend to be calculated and be payable in each instance in accordance with the provisions of the D Preference Share Terms;</p>
“D Pref Dividend Date”	<p>in relation to each D Preference Share, the 5th day of April and the 5th day of October of each year, the D Pref Redemption Date, and any other date on which a D Preference Dividend is required to be paid in relation to such D Preference Share in terms of the provisions of the D Preference Share Terms, as the case may be;</p>
“D Pref Holder”	<p>in relation to each D Preference Share, the registered holder of such D Preference Share for the time being, the first D Pref Holder being Assore;</p>

“D Pref Issue Date”	in respect of any D Preference Share, the date upon which such D Preference Share is issued by MS350 to the D Pref Holder;
“D Pref Issue Price”	the issue price of a single D Preference Share, comprising the sum of its par value of R0.01 together with a premium of R99 999.99 thereon, and thus R100 000.00 in aggregate;
“D Pref Redemption Date”	the date of redemption of a D Preference Share as determined in accordance with the D Preference Share Terms;
“D Pref Redemption Price”	the aggregate redemption price of a D Preference Share payable upon the redemption of such D Preference Share;
“D Pref Subscription Agreement”	the preference share subscription agreement (together with the annexes or exhibits thereto) entered into between Assore, MS350 and Bokamoso Trust, in terms of which Assore shall subscribe for all of the D Preference Shares in the authorised but unissued share capital of MS350;
“D Preference Dividend”	a cumulative preferential cash dividend per D Preference Share calculated and payable in accordance with the D Preference Share Terms;
“D Preference Share Creation Agreement”	the preference share creation agreement (together with the annexes or exhibits thereto) entered into between Assore, Bokamoso Trust and MS350, in terms of which MS350 and Bokamoso Trust shall procure the creation of the D Preference Shares in the authorised but unissued share capital of MS350;
“D Preference Share Terms”	the rights, terms and privileges attaching to a D Preference Share, as set out in the D Preference Share Creation Agreement read with MS350’s Constitutional Documents;
“D Preference Share Trigger Events”	events of default in respect of the D Preference Shares;
“D Preference Shares”	2 338 variable rate, cumulative, redeemable D class preference shares in the authorised share capital of MS350, each having a par value of R0.01 together with a premium thereon of R99 999.99, which preference shares shall have the rights, terms and privileges recorded in the D Preference Share Terms;
“dematerialised shareholders”	Assore shareholders holding dematerialised shares;
“dematerialised shares”	shares that have been dematerialised in accordance with the rules of Strate, whereby physical share certificates or other documents of title have been validated and cancelled by the transfer secretaries and captured onto the Strate system by the selected CSDP or broker, with such shareholding being recorded electronically;
“Determination Date”	the 5th day of April and the 5th day of October in each year;
“this document” or “this circular”	this bound document dated 11 December 2009, including, <i>inter alia</i> , the annexures, the notice of general meeting and the form of proxy (<i>blue</i>) attached thereto;
“documents of title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to Assore shares acceptable to the directors of Assore;
“Empowerment Requirements”	in relation to any person, the requirements and/or obligations applicable from time to time to such person or its business or assets relating to ownership of and control by HDSAs of such person or its business or assets, as specified under the BEE Legislation from time to time, which Empowerment Requirements include,

	for the avoidance of doubt, any equity ownership requirements and/or obligations applicable to the present or future grant, extension, conversion, retention or the like in respect of any mining rights held by any member of the Assore Group and/or to the present or future grant, extension, renewal, conversion, retention or the like in respect of any prospecting rights held by any member of the Assore Group;
“EPS”	earnings per ordinary share;
“Existing Relationship Agreement”	the relationship agreement (together with the annexes or exhibits thereto) entered into between Assore, Bokamoso Trust and MS350 on 10 November 2005, in terms of which Assore is provided protection <i>vis-à-vis</i> its Credits derived pursuant to the implementation of the First Empowerment Transaction in respect of its broad-based BEE ownership status under the Empowerment Requirements;
“First Empowerment Transaction”	the transaction entered into between, <i>inter alia</i> , Assore, Bokamoso Trust, MS350 and Standard Bank on 10 November 2005, in terms of the implementation of which Assore aimed to achieve a level of 15.02% HDSA participation (as measured under the Empowerment Requirements applicable at the time of implementation of the First Empowerment Transaction) in respect of the ownership by HDSAs of equity in Assore’s issued ordinary share capital, and as a result of which, <i>inter alia</i> , Bokamoso Trust acquired, through MS350, 913 710 Assore Ords which comprise 3.31% of the Assore pre-implementation shares;
“First Tranche C Pref Subscription Agreement”	the preference share subscription agreement (together with the annexes or exhibits thereto) entered into between Assore, MS350 and Bokamoso Trust, in terms of which Assore shall subscribe for the First Tranche C Preference Shares;
“First Tranche C Preference Shares”	650 C Preference Shares, which shall be subscribed for by Assore in accordance with the provisions of the First Tranche C Pref Subscription Agreement;
“Funding Period”	the period commencing on the implementation date of Phase 1 of the Second Empowerment Transaction and terminating on the date on which: <ul style="list-style-type: none"> • all of the C Preference Shares have been redeemed unconditionally and in full by MS350 in accordance with the provisions of the C Preference Share Creation Agreement as read with MS350’s Constitutional Documents; • all of the D Preference Shares have been redeemed unconditionally and in full by MS350 in accordance with the provisions of the D Preference Share Creation Agreement as read with MS350’s Constitutional Documents; and • the Consideration Loan has been repaid by MS350 to Assore unconditionally and in full in accordance with the provisions of the Sale Consideration Agreement;
“general meeting”	the general meeting of Assore shareholders to be held at 10:00 on Tuesday, 19 January 2010, at the registered office of Assore, being Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg;
“HDSA”	means: <ul style="list-style-type: none"> • an Historically Disadvantaged South African, being any natural person disadvantaged in law by unfair discrimination before the Constitution of the Republic of South Africa, Act No. 200 of 1993 came into operation;

	<ul style="list-style-type: none"> • a category or community of persons contemplated above; • an unincorporated entity or association or a trust, having as the majority of its beneficiaries (whether vested or discretionary) and trustees or representatives of its governing body the persons contemplated above; and/or • an HDSA Company;
“HDSA Company”	a company (directly or indirectly) Controlled by HDSAs;
“HEPS”	headline EPS;
“IFRS”	International Financial Reporting Standards;
“Implementation Agreement”	<p>the implementation agreement (together with the annexes or exhibits thereto) entered into between Assore, Bokamoso Trust, MS350 and MS460, which agreement records, <i>inter alia</i>:</p> <ul style="list-style-type: none"> • the mechanics (including timing) applicable to the implementation of Phase 1 and Phase 2 of the Second Empowerment Transaction respectively, in accordance with the provisions of the Transaction Documents; and • all of the suspensive conditions to which the implementation of Phase 1 and Phase 2 of the Second Empowerment Transaction respectively shall be subject;
“Income Tax Act”	the Income Tax Act, No. 58 of 1962, as amended or replaced from time to time;
“issued share capital”	the issued ordinary share capital of Assore, which amounts to 27 571 653 Assore shares as at the last practicable date;
“JSE”	JSE Limited, registration number 2005/022939/06, a public company incorporated and registered in accordance with the laws of South Africa, licensed as an exchange under the Securities Services Act;
“last practicable date”	Friday, 27 November 2009, being the last practicable date prior to the finalisation of this circular;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time by the JSE;
“Material Adverse Change”	<p>a change which has or will, in the reasonably exercised opinion of the C Pref Holder, have a material adverse effect on:</p> <ul style="list-style-type: none"> • the business, operations, financial condition or prospects of MS350; and/or • the ability of MS350 to perform any of its obligations under the Transaction Documents to which it is a party; and/or • the validity or enforceability of the Transaction Documents; and/or • the rights or remedies of the C Pref Holder under the Transaction Documents, <p>and which will, in the reasonably exercised opinion of the C Pref Holder, adversely affect (i) MS350’s ability to redeem all the C Preference Shares in issue held by the C Pref Holder on the C Pref Redemption Date applicable thereto, and/or (ii) to effect payment to the C Pref Holder of the C Pref Redemption Price required to be paid to the C Pref Holder on such C Pref Redemption Date, and/or (iii) MS350’s ability to effect payment to the C Pref Holder of the C Preference Dividends pertaining to such C Preference Shares on the C Pref Dividend Dates on which they are required to be paid in accordance with the C Preference Share Terms;</p>

“MPRDA”	the Mineral and Petroleum Resources Development Act, No. 28 of 2002, as amended or replaced from time to time;
“MS343”	Main Street 343 (Proprietary) Limited, registration number 2005/026440/07, a private company incorporated and registered in accordance with the laws of South Africa, being a wholly-owned subsidiary of Shanduka Resources;
“MS350”	Main Street 350 (Proprietary) Limited, registration number 2005/026562/07, a private company incorporated and registered in accordance with the laws of South Africa;
“MS350 Cession and Pledge of Assore Ords Agreement”	the security cession and pledge agreement (together with the annexes or exhibits thereto) entered into between Assore, MS350 and Bokamoso Trust, in terms of which MS350 shall (i) cede to Assore, <i>in securitatem debiti</i> , all of MS350’s right, title and interest in and to any and all Assore shares held by MS350 from time to time, and (ii) pledge all such Assore shares to Assore, as security for MS350’s obligations to Assore under the Specified Agreements;
“MS350 Cession and Pledge of MS460 Ords and Claims Agreement”	the security cession and pledge agreement (together with the annexes or exhibits thereto) entered into between Assore, MS350 and Bokamoso Trust, in terms of which MS350 shall (i) cede to Assore, <i>in securitatem debiti</i> , all of MS350’s right, title and interest in and to any and all MS460 Ords and MS460 Claims held by MS350 from time to time, and (ii) pledge all such MS460 Ords to Assore, as security for MS350’s obligations to Assore under the Specified Agreements;
“MS350 Consideration Ords”	49 MS350 Ords, which will, upon their allotment and issue to Assore in accordance with the provisions of the Sale Consideration Agreement, constitute 49% of the entire issued ordinary share capital of MS350;
“MS350/MS460 Loan Agreement”	the loan agreement (together with the annexes or exhibits thereto) entered into between Bokamoso Trust, MS350 and MS460, in terms of which MS350 shall lend to MS460 in cash the Subsidiary Loan Amount, which amount shall be utilised by MS460 to discharge its payment obligation to Assore under the MS460/Assore Ords Subscription Agreement;
“MS350 Ords”	ordinary shares in the authorised and/or issued share capital of MS350 (as applicable) having a par value of R1.00 each;
“MS460”	Main Street 460 (Proprietary) Limited, registration number 2006/021404/07, a private company incorporated and registered in accordance with the laws of South Africa, being a wholly-owned subsidiary of Assore as at the last practicable date;
“MS460/Assore Ords Subscription Agreement”	the ordinary share subscription agreement (together with the annexes or exhibits thereto) entered into between Assore and MS460, in terms of which MS460 shall subscribe for the Assore Subscription Ords, which shall constitute 1.25% of the Assore post implementation shares;
“MS460 Cession and Pledge of Assore Ords Agreement”	the security cession and pledge agreement (together with the annexes or exhibits thereto) entered into between Assore, Bokamoso Trust, MS460 and MS350, in terms of which MS460 shall (i) cede to Assore, <i>in securitatem debiti</i> , all of MS460’s right, title and interest in and to any and all Assore shares held by MS460 from time to time, and (ii) pledge all such Assore shares to Assore, as security for MS460’s obligations to Assore under the MS460 Guarantee Agreement;

“MS460 Claims”	all claims of whatsoever nature held against MS460 from time to time, having a face value of R1 960 619 942.65 as at the last practicable date;
“MS460 Guarantee Agreement”	the guarantee agreement (together with the annexes or exhibits thereto) entered into between Assore, Bokamoso Trust, MS460 and MS350, in terms of which MS460 shall irrevocably and unconditionally guarantee the full and punctual payment by MS350 of all amounts payable by MS350 to Assore under the Specified Agreements;
“MS460 Ords”	ordinary shares in the issued share capital of MS460 having a par value R1.00 each;
“NAV”	net asset value;
“Oresteel”	Oresteel Investments (Proprietary) Limited, registration number 1975/003008/07, a private company incorporated and registered in accordance with the laws of South Africa and the controlling shareholder of Assore;
“own-name”	Assore shareholders who hold shares that have been dematerialised and are registered by the CSDP on the sub-register kept by the CSDP in the name of such Assore shareholders;
“Phase 1”	the first phase of the Second Empowerment Transaction;
“Phase 1 Transaction Agreements”	individually or collectively, as the context may require: <ul style="list-style-type: none"> • the Implementation Agreement; • the C Preference Share Creation Agreement; • the D Preference Share Creation Agreement; and • the First Tranche C Pref Subscription Agreement;
“Phase 2”	the second phase of the Second Empowerment Transaction;
“Phase 2 Transaction Agreements”	individually or collectively, as the context may require: <ul style="list-style-type: none"> • the Bokamoso Trust/MS350 Ords Subscription Agreement; • the D Pref Subscription Agreement; • the Assore/MS350 SPA; • the Sale Consideration Agreement; • the MS350/MS460 Loan Agreement; • the MS460/Assore Ords Subscription Agreement; • the Relationship Agreement; and • the Shareholders Agreement;
“PwC”	PricewaterhouseCoopers Corporate Finance (Proprietary) Limited, registration number 1970/003711/07, a private company incorporated and registered in accordance with the laws of South Africa;
“Prime Rate”	the rate of interest (nominal annual compounded monthly in arrears) from time to time published by Standard Bank as its prime overdraft lending rate (a certificate from any manager of that bank, whose appointment or authority need not be proved, as to the prime rate of Standard Bank at any time and the usual way in which it is calculated and compounded at such time shall, in the absence of manifest or clerical error, be final and binding);
“Phase 3”	the potential third phase of the Second Empowerment Transaction;

“Phase 3 Transaction Agreements”	only if so entered into, all agreements and related documents required to be entered into in order to conclude and implement Phase 3 of the Second Empowerment Transaction (to the extent that Assore, Bokamoso Trust, MS350 and MS460 so decide to implement same);
“Relationship Agreement”	the relationship agreement (together with the annexes or exhibits thereto) entered into between Assore, Bokamoso Trust, MS350 and MS460, which shall cancel and replace the Existing Relationship Agreement upon the implementation of Phase 2 of the Second Empowerment Transaction, in terms of which Assore is provided certain protections <i>vis-à-vis</i> the BEE status and credentials of Bokamoso Trust, MS350 and MS460 (as measured under the Empowerment Requirements);
“Relevant Party”	MS350, MS460 (to the extent that it is the holder of any Assore shares), Assore and Bokamoso Trust;
“Sale Consideration Agreement”	the share issue and loan agreement (together with the annexes or exhibits thereto) entered into between Assore, MS350 and Bokamoso Trust, in terms of which MS350 shall discharge its payment obligations to Assore in respect of the purchase consideration payable under the Assore/MS350 SPA by (i) allotting and issuing to Assore the Second Tranche C Preference Shares and the MS350 Consideration Ords respectively, and (ii) crediting the Consideration Loan as an interest-free loan outstanding in favour of Assore in MS350’s books of account;
“Second Empowerment Transaction”	the transactions resulting in, <i>inter alia</i> , the acquisition by MS350 (being an HDSA Company) of the MS460 Ords and MS460 Claims held by Assore as at the last practicable date, and the subsequent subscription by MS460 (at such time also being an HDSA Company) for the Assore Subscription Ords, which transactions shall be implemented (collectively) in terms of Phases 1 and 2, in accordance with the provisions of the Implementation Agreement as read with the other Transaction Documents, and in terms of which the level of HDSA participation in the equity ownership of Assore (as measured under the Empowerment Requirements) is intended to be increased to 26.07%;
“Second Tranche C Preference Shares”	7 015 C Preference Shares, which shall be issued to Assore, in accordance with the provisions of the Sale Consideration Agreement, as partial discharge by MS350 of its payment obligations to Assore under the Assore/MS350 SPA;
“Securities Services Act”	the Securities Services Act, No. 36 of 2004, as amended or replaced from time to time;
“Security Agreements”	individually or collectively, as the context may require: <ul style="list-style-type: none"> • the MS350 Cession and Pledge of Assore Ords Agreement; • the MS350 Cession and Pledge of MS460 Ords and Claims Agreement; • the MS460 Guarantee Agreement; and • the MS460 Cession and Pledge of Assore Ords Agreement;
“SENS”	the Securities Exchange News Service of the JSE;
“Shanduka Resources”	Shanduka Resources (Proprietary) Limited, registration number 2002/017835/07, a private company incorporated and registered in accordance with the laws of South Africa;
“share register”	Assore’s register of members;

“Shareholders Agreement”	the shareholders agreement (together with the annexes or exhibits thereto) entered into between Assore, Bokamoso Trust, MS350 and MS460, in respect of (i) Assore’s and Bokamoso Trust’s shareholding in MS350 and (ii) MS350’s shareholding in MS460;
“South Africa”	the Republic of South Africa;
“Specified Agreements”	individually or collectively, as the context may require: <ul style="list-style-type: none"> • the C Preference Share Creation Agreement; • the First Tranche C Pref Subscription Agreement; • the Sale Consideration Agreement; • the D Preference Share Creation Agreement; and • the D Pref Subscription Agreement;
“SRP”	the Securities Regulation Panel, established under section 440B of the Companies Act;
“Standard Bank”	The Standard Bank of South Africa Limited, registration number 1962/000738/06, a public company incorporated and registered in accordance with the laws of South Africa, acting through its Corporate and Investment Banking Division;
“Strate”	Strate Limited, registration number 1998/022242/06, a public company incorporated and registered in accordance with the laws of South Africa, which is a registered CSDP responsible for the electronic custody and settlement system used by the JSE;
“Subsidiary Loan Amount”	the cash amount of R233 800 000.00, being an amount equivalent to the aggregate subscription price received by MS350 from Assore in terms of the D Pref Subscription Agreement upon Assore having subscribed for the D Preference Shares;
“TNAV”	tangible NAV;
“Transaction Documents”	individually or collectively, as the context may require: <ul style="list-style-type: none"> • the Phase 1 Transaction Agreements; • the Phase 2 Transaction Agreements; and • the Security Agreements;
“transfer secretaries”	Computershare Investor Services (Proprietary) Limited, registration number 2004/003647/07, a private company incorporated and registered in accordance with the laws of South Africa;
“VAT”	value-added tax levied in terms of the Value-added Tax Act, No. 89 of 1991, as amended or replaced from time to time; and
“VWAP”	the 30 trading day volume weighted average price of an Assore share on the JSE as at the last practicable date of R668.32 per Assore share, being the total value of the Assore shares traded for a 30 day period divided by the total number of Assore shares traded for that period.



ASSORE LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1950/037394/06)
JSE share code: ASR ISIN: ZAE000017117

CIRCULAR TO ASSORE SHAREHOLDERS

Directors

Executive

Desmond Sacco (*Chairman*)

Robert John Carpenter (*Deputy Chairman*)

Christopher John Cory (*Chief Executive Officer and Financial Director*)

Phillip Christiaan Crous (*Group Technical Director*)

Non-executive

Brian Michael Hawksworth*

Matamela Cyril Ramaphosa

Edward Montagu Southey*

Dr Johannes Cornelius van der Horst*

Alternate

Nicholas Giulio Sacco

Patrick Eugenio Sacco

Rowan Murray Smith

* Independent

This section contains important information which should be read in its entirety for a full appreciation thereof. The definitions and interpretation provisions on pages 5 to 15 of this document apply *mutatis mutandis* to this section of the circular.

1. INTRODUCTION

On Wednesday, 2 December 2009, Assore released an announcement on SENS which provided Assore shareholders with details of the Second Empowerment Transaction entered into by Assore on Tuesday, 1 December 2009. This announcement followed two related announcements regarding Assore's empowerment on 10 November 2005 and 25 June 2008 (details of which are set out below).

The aforementioned announcement of the Second Empowerment Transaction follows the announcement by Assore on 10 November 2005, in which Assore provided details of the First Empowerment Transaction, pursuant to which Assore's BEE partners acquired 15.02% of Assore's issued ordinary share capital at that time. The First Empowerment Transaction was implemented during February 2006, but due to changes in the total number of issued Assore shares since its implementation, the Assore shares so acquired by Assore's BEE partners pursuant to the First Empowerment Transaction now comprises 15.26% of the Assore pre-implementation shares.

On 25 June 2008, Assore announced that it had entered into a transaction pursuant to which it had acquired 10.47% of Assore's then issued ordinary share capital (comprising 2 931 653 Assore shares) from Old Mutual Life Assurance Company (South Africa) Limited through a warehousing arrangement.

These Assore shares were acquired by Assore for the purposes of concluding a second BEE transaction with a view to increasing the equity ownership by HDSAs in Assore from 15.26% to 26%. In terms of the transaction announced on 25 June 2008, 280 000 Assore shares, then comprising 1.00% of Assore's issued ordinary share capital, were repurchased and cancelled in accordance with the provisions of section 85 of the Companies Act, whilst 2 651 653 Assore shares, then comprising 9.47% of Assore's issued ordinary share capital, were purchased by MS460 in accordance with the provisions of section 89 of the Companies Act.

As advised to Assore shareholders on the announcement date, Assore has now entered into the Second Empowerment Transaction, details of which are included in this circular, and Assore shareholders will be asked to consider and, if deemed fit, approve the resolutions set out on pages 57 to 59 of this circular at a general meeting of Assore shareholders to be held at 10:00 on Tuesday, 19 January 2010, at the registered office of Assore, being Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg.

In terms of the Second Empowerment Transaction, Bokamoso Trust (being one of Assore's BEE partners) shall, through MS350, acquire an additional 3 073 400 Assore shares, comprising 11.01% of the Assore post implementation shares at a value of approximately R2 054.01 million based on the VWAP of R668.32. The Second Empowerment Transaction will increase the aggregate equity ownership by Assore's BEE partners to 26.07% of the Assore post implementation shares, and MS350's investment in Assore, of 913 710 Assore shares before the implementation of the Second Empowerment Transaction (having a value of approximately R610.65 million based on the VWAP) to a total of 3 987 110 Assore shares (having a value of approximately R2 664.67 million based on the VWAP subsequent to the implementation of the Second Empowerment Transaction).

2. RATIONALE

Assore is supportive of the broad-based economic imperatives contained in the MPRDA and the Charter. Assore is of the opinion that meaningful participation at an equity ownership level by HDSAs is a commercial and social imperative for all South African companies, particularly those in the mining industry, and is furthermore essential to sustain South Africa's economic and democratic structures.

Being cognisant of the equity ownership targets specified for the mining industry under the Charter, which requires 26% HDSA equity ownership to be achieved by all mining companies, the First Empowerment Transaction was implemented as the first step in Assore's BEE equity ownership strategy, resulting in a current equity ownership by HDSAs of 15.26% of the Assore pre-implementation shares.

The second step in Assore's equity ownership strategy entails the implementation of the Second Empowerment Transaction, which will enable Assore to increase its level of equity ownership by HDSAs from the existing 15.26% to the requisite 26%, and thus result in Assore meeting the HDSA equity ownership targets specified under the Charter. The Second Empowerment Transaction provides a platform for meaningful empowerment as it provides Assore with a broad-based, sustainable BEE structure which, through Bokamoso Trust, will directly benefit the communities in and around Assore's areas of operation.

In addition to Assore's BEE ownership strategy, Assore has either embarked on or achieved, *inter alia*, the following initiatives with its partners at its various mining operations in order to address the other aspects of its BEE strategy:

- completion of an audit of current compliance with the requirements of the Charter;
- implementing preferential procurement policies at all its operations in order to meet the Charter requirements;
- development of social and labour plans for each of its operations, as well as local economic development projects which support the integrated development plans of the relevant local authorities. These developments include the construction of educational facilities, maintenance and upgrading of roads and presentation of programmes on adult education, health and safety and environmental awareness;
- succeeding in obtaining new order mining rights for Rustenburg Minerals Development Company (Proprietary) Limited's chrome operations on the farms Zandspruit and Groenfontein;
- obtained new order mining rights on the iron ore deposits mined at Khumani; and
- submission of applications for the conversion of all remaining old order rights to new order rights in terms of the MPRDA.

Assore is of the view that the Second Empowerment Transaction will result in Assore meeting the HDSA equity ownership targets as specified under the Charter, which serves as a cornerstone of its ongoing multi-faceted BEE strategy.

3. **DETAILS OF BOKAMOSO TRUST**

Bokamoso Trust is a broad-based trust, established in 2005 for the purposes of participating in the First Empowerment Transaction as one of Assore's broad-based BEE partners. Bokamoso Trust was founded for the benefit of the communities in and around Assore's areas of operation, and holds its equity interest in Assore through MS350, which is wholly-owned by Bokamoso Trust.

Since the conclusion of the First Empowerment Transaction, MS350 has used the dividends received from its investment in Assore to service the funding obligations incurred by it in terms of the First Empowerment Transaction. Bokamoso Trust has therefore not been in a position to make any distributions to its beneficiaries and, accordingly, part of the objectives of the Second Empowerment Transaction is to allow realisable benefits to flow to such beneficiaries from 2010.

The existing trustees of Bokamoso Trust are Desmond Sacco and Christopher Cory who were appointed to oversee Bokamoso Trust during the initial funding period whilst MS350 has been servicing its funding obligations. As a result of the Second Empowerment Transaction, economic benefits will flow directly to Bokamoso Trust, further details of which are set out under paragraph 8 below. Assore will procure that, within twelve months from the implementation of the Second Empowerment Transaction, independent trustees are appointed to Bokamoso Trust such that Bokamoso Trust shall be controlled by a majority of HDSAs independent of Assore. As required by the JSE, subsequent to the implementation of the Second Empowerment Transaction, neither MS350 nor any of its subsidiaries shall be entitled to exercise any voting rights in respect of the Assore shares held by them until such time as Assore has procured the appointment of a majority of independent trustees to Bokamoso Trust.

Assore is currently undertaking a process through which it shall, directly or indirectly through its respective mining operations, engage with the community groups surrounding Assore's areas of operation for the purposes of maximising Bokamoso Trust's ability to facilitate sustainable development within such communities.

4. **MECHANICS OF THE SECOND EMPOWERMENT TRANSACTION**

The Second Empowerment Transaction comprises a series of indivisible and inter-conditional transactions which will be implemented in three distinct phases as outlined below. The mechanics of the Second Empowerment Transaction are further recorded in the Implementation Agreement as read with the other Transaction Documents.

4.1 **Phase 1 of the Second Empowerment Transaction**

In order to participate in the First Empowerment Transaction, MS350 required funding to acquire its direct equity interest in Assore. Such funding was provided to MS350 as follows:

- Standard Bank provided preference share funding to MS350 in an amount of R53 600 000.00, by subscribing for the A Preference Shares. At present, 381 A Preference Shares remain in issue and are still held by Standard Bank; and
- Assore provided preference share funding to MS350 in an amount of R25 000 000.00, by subscribing for the B Preference Shares. At present, all 25 B Preference Shares remain in issue and are still held by Assore.

Pursuant to the issue by MS350 of the A Preference Shares to Standard Bank and the B Preference Shares to Assore, various restrictions and limitations were incorporated into MS350's Constitutional Documents in favour of such preference shareholders. As a result of such limitations and restrictions, MS350 is precluded from engaging in various corporate actions without the prior written consent of Standard Bank and Assore (in their capacities as preference shareholders), including, *inter alia*, effecting any variations to MS350's authorised and issued share capital, procuring any borrowings and amending its Constitutional Documents. As such, MS350 was effectively prohibited from entering into the Second Empowerment Transaction.

In order to relax the aforementioned limitations and restrictions, so as to enable MS350 to participate in the Second Empowerment Transaction, MS350 wishes to procure a refinancing of the existing preference share funding owing by it to Standard Bank and Assore respectively. Assore has, upon request from MS350, agreed to provide to MS350 the aggregate funding required by MS350 in order to redeem, unconditionally and in full, all of the A Preference Shares and the B Preference Shares remaining in issue.

Bokamoso Trust and MS350 are of the view that such refinancing of the A Preference Shares and the B Preference Shares is desirable for, *inter alia*, the following reasons:

- for so long as the A Preference Shares remain in issue, MS350 would require Standard Bank's consent to enter into the Second Empowerment Transaction. Such involvement by a third party funder, which itself is not a party to the Second Empowerment Transaction, would result in increased costs and complexity and may cause unnecessary delays to the conclusion and/or implementation of the Second Empowerment Transaction;
- the underlying investment of Bokamoso Trust in Assore constitutes a long-term growth opportunity for Bokamoso Trust, and the opportunity to increase its effective shareholding in Assore pursuant to the Second Empowerment Transaction would increase Bokamoso Trust's ability to facilitate long-term sustainable development amongst its beneficiaries; and
- the refinanced preference share funding of MS350 (the details of which are further set out under paragraph 7 of this circular) provide for permissible cash payments to be made by MS350 to Bokamoso Trust (in its capacity as a shareholder of MS350), in accordance with the provisions of section 90 of the Companies Act (or any replacement provision), on an annual basis (as further set out under paragraph 8 of this circular), with benefits accordingly flowing to the beneficiaries of Bokamoso Trust on an expedited basis subsequent to the implementation of the Second Empowerment Transaction.

For the avoidance of doubt, the relaxation of these aforementioned limitations and restrictions is beneficial to MS350 in that it facilitates MS350 participating in the Second Empowerment Transaction. MS350 approached Standard Bank and indicated its intention to effect a redemption of the A Preference Shares in accordance with the rights and privileges attaching to such preference shares. Standard Bank was willing to grant its consent for the implementation of Phase I as it results in the redemption of the A Preference Shares. The redemption of the A Preference Shares is, however, to be effected strictly in accordance with the rights and privileges attaching to the A Preference Shares, with no additional benefit being granted to Standard Bank.

Accordingly, in terms of Phase 1 of the Second Empowerment Transaction, Bokamoso Trust and MS350 will refinance the A Preference Shares and the B Preference Shares in the issued share capital of MS350. They shall procure that the authorised share capital of MS350 is increased by the creation of the C Preference Shares and the D Preference Shares in accordance with the provisions of the C Preference Share Creation Agreement and the D Preference Share Creation Agreement respectively. Each of Standard Bank and Assore has, in their capacities as the holders of the A Preference Shares and the B Preference Shares respectively, consented to such creation of the C Preference Shares and the D Preference Shares, and each has further consented to certain amendments to MS350's Constitutional Documents in terms of which the aforementioned limitations and restrictions set out therein have been relaxed to a degree, sufficient to permit MS350 to implement Phase 1 of the Second Empowerment Transaction. The C Preference Shares and the D Preference Shares shall, however, only be created in the authorised share capital of MS350 once the special and ordinary resolutions set out in pages 57 to 59 of this circular have been unconditionally passed by Assore shareholders.

Pursuant to the creation of the C Preference Shares and the D Preference Shares in the authorised but unissued share capital of MS350, and subject to the passing of the special and ordinary resolutions set out in pages 57 to 59 of this circular, Assore shall subscribe for the First Tranche C Preference Shares in accordance with the provisions of the First Tranche C Pref Subscription Agreement. The aggregate subscription price of R65 000 000.00 payable by Assore to MS350 in respect of the First Tranche C Preference Shares shall be utilised by MS350 to redeem, unconditionally and in full, firstly all of the A Preference Shares and thereafter all of the B Preference Shares.

Subsequent to such redemption of the A Preference Shares and the B Preference Shares having been effected, Bokamoso Trust and MS350 shall procure that the authorised share capital of MS350 is reduced in accordance with the provisions of section 75(1)(h) of the Companies Act by the cancellation of the A Preference Shares and the B Preference Shares respectively.

Following the implementation of Phase 1 of the Second Empowerment Transaction, MS350 will have no external bank funding outstanding, as Assore will be the sole holder of all preference shares in the issued share capital of MS350.

4.2 **Phase 2 of the Second Empowerment Transaction**

In terms of Phase 2 of the Second Empowerment Transaction, Bokamoso Trust shall increase its effective equity interest in Assore, through MS350, from the current level of 3.31% of the Assore pre-implementation shares to a level of 14.28% of the Assore post implementation shares, which shall be effected by way of (i) MS350 acquiring from Assore certain treasury shares indirectly held by Assore in its issued ordinary share capital and (ii) subscribing for additional Assore shares in the authorised but unissued share capital of Assore, as follows.

4.2.1 **Acquisition by MS350 of Assore treasury shares**

Assore currently holds 2 723 653 Assore shares (which will comprise 9.75% of the Assore post implementation shares) as treasury shares in accordance with the provisions of section 89 of the Companies Act, through MS460. MS460 acquired such treasury shares in September 2008 utilising funding which Assore provided to MS460 by way of a shareholder's loan in an approximate amount of R1.96 billion.

In terms of the Assore/MS350 SPA, MS350 shall purchase from Assore all of the MS460 Ords and all of the MS460 Claims held by Assore (collectively comprising the entire issued ordinary share capital of MS460 and all claims against MS460). The purchase consideration payable by MS350 to Assore in respect of such sale shall comprise an aggregate amount of R1 820 271 772.96 (calculated with reference to the VWAP of R668.32 as at the last practicable date), which shall be discharged by MS350 in terms of the Sale Consideration Agreement as follows:

- MS350 shall issue to Assore the MS350 Consideration Ords, at an aggregate issue price of approximately R524.61 million;
- MS350 shall issue to Assore the Second Tranche C Preference Shares at an aggregate issue price of R701.50 million; and
- MS350 shall credit the Consideration Loan as an interest-free loan outstanding in favour of Assore in the books of account of MS350.

4.2.2 **Subscription for additional Assore shares**

Pursuant to the acquisition by MS350 of all of the MS460 Ords and the MS460 Claims, Bokamoso Trust's effective shareholding in Assore, through MS350, shall increase from 3.31% of the Assore pre-implementation shares to 14.28% of the Assore post implementation shares, with Assore's BEE partners at such point in time holding, in aggregate, 26.07% of the Assore post implementation shares.

In order to attain a level of 26% equity ownership in Assore by HDSAs as required under the Charter, Bokamoso Trust shall, through MS460 (at such time constituting a wholly-owned subsidiary of MS350), subscribe for the Assore Subscription Ords, which will comprise 1.25% of the Assore post implementation shares, at an aggregate cash subscription price of approximately R233.74 million, in terms of the MS460/Assore Ords Subscription Agreement. Such aggregate subscription price for the Assore Subscription Ords is based on the VWAP of R668.32 per Assore share.

As MS460 requires funding in order to subscribe for the Assore Subscription Ords, Assore has agreed to provide such funding to MS350, such that it may in turn make same available to MS460. Accordingly, Assore will subscribe for the D Preference Shares in accordance with the provisions of the D Pref Subscription Agreement, at an aggregate cash subscription price of R233.80 million. MS350 shall lend such funding to MS460 in accordance with the provisions of the MS350/MS460 Loan Agreement.

Following the implementation of the aforementioned acquisition by MS350 of all of the MS460 Ords and all of the MS460 Claims held in and against MS460 by Assore, and the subsequent subscription by MS460 for the Assore Subscription Ords, Bokamoso Trust shall hold, through MS350 and MS460, an effective aggregate shareholding of 3 987 110 Assore shares, comprising 14.28% the Assore post implementation shares.

As the final step of Phase 2 of the Second Empowerment Transaction, MS350 shall waive repayment by MS460 of the amount of approximately R140.35 million of the aggregate MS460 Claims held by MS350 against MS460 (as acquired from Assore in terms of the Assore/MS350 SPA). The purpose of such funding waiver is to ensure that MS460 is in a solvent financial position so as to facilitate the granting by MS460 of security in favour of Assore in accordance with the provisions of the MS460 Guarantee Agreement and the MS460 Cession and Pledge of Assore Ords Agreement, as further contemplated under paragraph 9 of this circular.

4.3 Phase 3 of the Second Empowerment Transaction

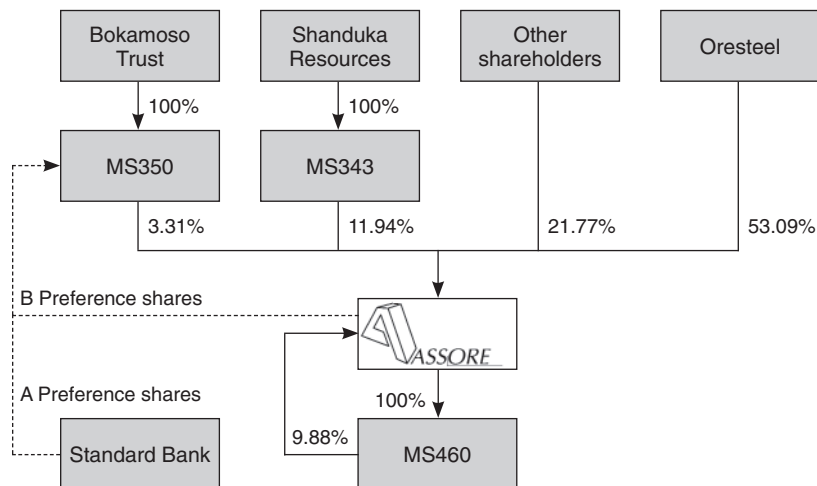
Assore, Bokamoso Trust and MS350 envisage that, subsequent to the implementation of Phase 2 of the Second Empowerment Transaction in full, it may be prudent for MS350 and MS460 to restructure Bokamoso Trust's effective shareholding in Assore, such that all Assore shares effectively held by Bokamoso Trust through MS350 and MS460 are directly held by MS350 (and not some only by MS350 and the balance by MS460). In this regard, MS350 may potentially purchase from MS460 all of the Assore shares directly held by MS460.

5. APPROVAL FOR FINANCIAL ASSISTANCE

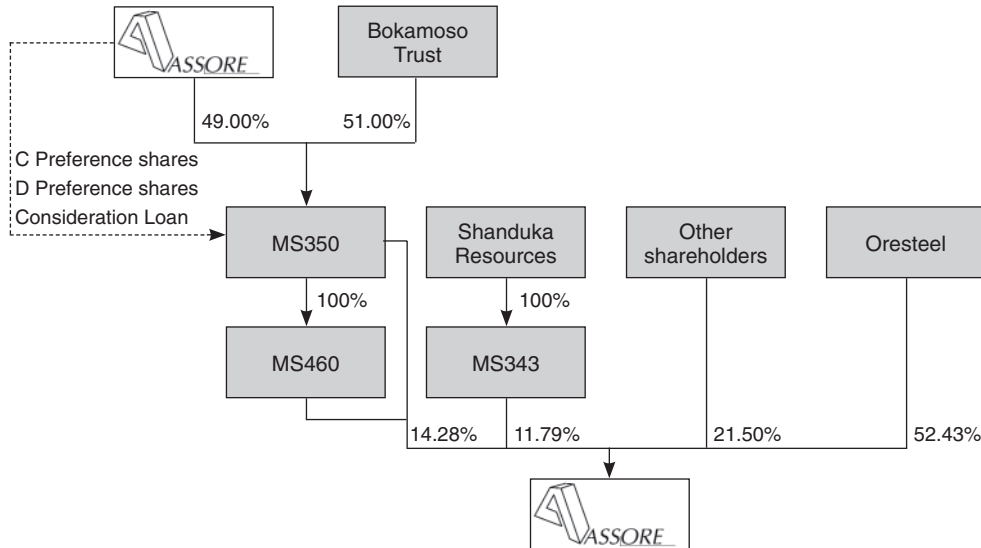
In terms of section 38(2A) of the Companies Act, a company is prohibited from granting financial assistance to any person for the purposes of such person acquiring or subscribing for shares in such company. To the extent that the conclusion of and implementation by Assore of the C Preference Share Creation Agreement, the D Preference Share Creation Agreement, the First Tranche C Pref Subscription Agreement, the D Pref Subscription Agreement and the Sale Consideration Agreement constitute the granting by Assore of such financial assistance to MS350 and/or MS460, Assore shareholders shall be required to grant their approval by way of a special resolution in order to satisfy the requirements of section 38 of the Companies Act, which shall accordingly permit the granting of such financial assistance.

6. SHAREHOLDING STRUCTURE

Prior to the implementation of the Second Empowerment Transaction, the shareholding structure of Assore is as follows:



Subsequent to the implementation of the Second Empowerment Transaction, the resultant shareholding structure of Assore shall be as follows:



Post the Second Empowerment Transaction, Oresteel will continue to hold its controlling stake of 14 638 000 Assore shares, being 52.43% of the Assore post implementation shares.

7. SECOND EMPOWERMENT TRANSACTION FUNDING

The Second Empowerment Transaction requires no external funding from any third party. The details of the funding below relate to the vendor financing provided by Assore to Bokamoso Trust through MS350 and MS460.

The Second Empowerment Transaction requires the creation of two separate classes of preference shares in the authorised share capital of MS350, namely:

- the C Preference Shares, the First Tranche of which shall be subscribed for by Assore for the purposes of providing to MS350 the requisite funding required by MS350 to redeem the A Preference Shares and the B Preference Shares respectively in terms of Phase 1 of the Second Empowerment Transaction, and the Second Tranche of which shall be issued by MS350 to Assore as partial discharge by MS350 of its payment obligations to Assore under the Assore/MS350 SPA in terms of Phase 2 of the Second Empowerment Transaction; and
- the D Preference Shares, which shall be subscribed for by Assore for the purposes of providing to MS350 the aggregate funding required to procure the subscription by MS460 (which shall be a wholly-owned subsidiary of MS350) for the Assore Subscription Ords in terms of Phase 2 of the Second Empowerment Transaction.

Additionally, MS350 shall, in accordance with the Sale Consideration Agreement, credit the Consideration Loan in favour of Assore in MS350's books of account, as partial discharge by MS350 of its payment obligations to Assore under the Assore/MS350 SPA.

7.1 Key terms of the C Preference Shares

The key terms of the C Preference Shares are set out below:

- 7.1.1 each C Preference Share in issue confers on Assore the right to receive a preferential, cumulative, variable rate cash dividend at the rate of 79% of the Prime Rate, calculated on the C Pref Issue Price in respect of such C Preference Share;
- 7.1.2 C Preference Dividends shall accumulate daily and shall be received on each C Pref Dividend Date;
- 7.1.3 each C Preference Share shall be redeemable by MS350 on the relevant C Pref Redemption Date as determined in accordance with the provisions of the C Preference Share Terms, being the earliest of:

- 7.1.3.1 the 20th anniversary of the C Pref Issue Date;
- 7.1.3.2 any Business Day, in Assore's sole discretion, subsequent to the occurrence of a C Preference Share Trigger Event, which Assore nominates as constituting the C Pref Redemption Date in respect of all and not less than all of the C Preference Shares in issue; and
- 7.1.3.3 any Business Day, in MS350's sole discretion, as MS350 elects on the provision of written notice to Assore to redeem such number of C Preference Shares as is recorded in such notice;
- 7.1.4 all C Pref Arrear Dividends shall be calculated at 100% of the Prime Rate from the relevant C Pref Dividend Date to the date of payment of such C Pref Arrear Dividend;
- 7.1.5 MS350 shall redeem each C Preference Share in issue on the relevant C Pref Redemption Date applicable thereto, in priority to the redemption of any other class of shares in the issued share capital of MS350, at the C Pref Redemption Price per C Preference Share, which shall be an amount equal to the sum of:
 - 7.1.5.1 the C Pref Issue Price in respect of each C Preference Share;
 - 7.1.5.2 the C Preference Dividend (whether declared or not) due for declaration and payment on the C Pref Redemption Date (increased or decreased in accordance with the C Preference Share Terms); and
 - 7.1.5.3 all unpaid C Pref Arrear Dividends (whether declared or not).

7.2 C Preference Share Trigger Events

A C Preference Share Trigger Event will be deemed to have occurred if:

- 7.2.1 MS350 fails to redeem any C Preference Share in issue on the C Pref Redemption Date applicable thereto and/or fails to effect payment to the C Pref Holder of the C Pref Redemption Price together with all other amounts payable on such redemption of such C Preference Share as determined in accordance with the C Preference Share Terms, in full;
- 7.2.2 MS350 fails to pay any amount required to be paid by it to the C Pref Holder in terms of any of the C Preference Share Creation Agreement, the First Tranche C Pref Subscription Agreement, the Sale Consideration Agreement and/or MS350's Constitutional Documents on the relevant date for such payment (irrespective of the reason for such failure);
- 7.2.3 MS350 fails to pay any amount required to be paid by it to the D Pref Holder in terms of the D Pref Subscription Agreement and/or MS350's Constitutional Documents on the relevant date for such payment (irrespective of the reason for such failure);
- 7.2.4 subsequent to any Determination Date, it is determined that the consolidated NAV of the Assore Group is in an amount less than R6.6 billion;
- 7.2.5 on any date ("**the Relevant Date**"), the aggregate C Pref Redemption Price which would be required to be paid to the C Pref Holder in terms of the C Preference Share Terms if all the C Preference Shares held by the C Pref Holder on the Relevant Date were required to be redeemed on the Relevant Date, exceeds by R250 million or more the aggregate C Pref Redemption Price which would be required to be paid to the C Pref Holder in terms of the C Preference Share Terms if all the C Preference Shares held by the C Pref Holder on any day preceding the Relevant Date ("**the Preceding Date**") were required to be redeemed on the Preceding Date;
- 7.2.6 a Relevant Party is wound-up, sequestrated or placed into liquidation or judicial management, whether provisionally or finally and whether voluntarily or compulsorily (other than a voluntary liquidation in the course of the *bona fide* reorganisation or restructuring of such Relevant Party), or any business rescue proceedings commence in respect of a Relevant Party;
- 7.2.7 any step is taken in respect of a Relevant Party (including an application to court, proposal or convening of a meeting) with a view to any moratorium, general offer of compromise, composition or similar arrangement with any of its creditors or the commencement of any business rescue proceedings in respect of a Relevant Party;

- 7.2.8 a Relevant Party gives notice of, or takes steps to convene a meeting of its board of directors, shareholders or trustees (as applicable) to adopt a resolution sequestering or winding it up, or placing it in liquidation or under judicial management, whether provisionally or finally and whether voluntarily or compulsorily (other than a voluntary liquidation in the course of the *bona fide* reorganisation or restructuring of such Relevant Party) or for the commencement of any business rescue proceedings;
- 7.2.9 any of the assets of a Relevant Party having an aggregate Fair Market Value (as determined in accordance with the C Preference Share Terms):
- 7.2.9.1 in the case of a Relevant Party other than Assore, equal to or exceeding R50 million;
or
- 7.2.9.2 in the case of Assore, equal to or exceeding R250 million,
are subjected to judicial attachment or any business rescue proceedings or the control of a business rescue practitioner and such Relevant Party fails to procure the release of such assets from attachment or such business rescue proceedings or the control of such business rescue practitioner within 30 Business Days of such attachment or proceedings commencing or control being imposed, except that if such Relevant Party provides evidence on an ongoing basis to the reasonable satisfaction of the C Pref Holder that steps have been initiated within 21 Business Days of such attachment to appeal, review or rescind the attachment order and to procure the suspension of the attachment or suspension of the business rescue proceedings or the release of such control over such assets, and that such steps are being expeditiously pursued, the period of 30 Business Days shall run from either (i) the date that (a) the attachment order becomes final or (b) the business rescue proceedings are finally concluded, or (ii) the attempt to procure suspension of the attachment or business rescue proceedings or control by the business rescue practitioner fails (as the case may be);
- 7.2.10 a court judgment or arbitration award in an amount equal to or exceeding:
- 7.2.10.1 in the case of a Relevant Party other than Assore, R50 million; or
- 7.2.10.2 in the case of Assore, R250 million,
is given or made against such Relevant Party, which is not satisfied within 30 Business Days of it coming to the notice of such Relevant Party, except that if such Relevant Party provides evidence on an ongoing basis to the reasonable satisfaction of the C Pref Holder that steps have been initiated within 21 Business Days of such court judgment or arbitration award to appeal, review or rescind same and that such steps are being expeditiously pursued, the period of 30 Business Days shall run from either the date the court judgment or arbitration award becomes final or the attempt to appeal, review or rescind same fails (as the case may be);
- 7.2.11 a Relevant Party (other than Assore) breaches any obligation assumed by it, or any warranty, representation or undertaking given by it, in terms of any of the Transaction Documents (including any Phase 3 Transaction Agreement), which obligation, warranty, representation or undertaking is, or is deemed to be, material, in any manner whatsoever and such Relevant Party fails to remedy the relevant breach within 10 Business Days of receipt of a written notice by such Relevant Party from the C Pref Holder demanding that such breach be so remedied;
- 7.2.12 any Material Adverse Change occurs in relation to MS350 and such Material Adverse Change is not remedied within a period of 10 Business Days from the date of receipt by MS350 of a written notice from the C Pref Holder advising it that a Material Adverse Change has occurred;
- 7.2.13 any Relevant Party (other than Assore) repudiates any of the Transaction Documents (including any Phase 3 Transaction Agreement) to which it is a party;
- 7.2.14 at any time it is or becomes unlawful for a Relevant Party (other than Assore) to perform or comply with all or any of its obligations under any of the Transaction Documents (including any Phase 3 Transaction Agreement) to which it is a party, which obligations are or are deemed to be, material, or any such obligations (so being or deemed to be material) are not, or cease to be, legal, valid, binding and/or enforceable; and/or

7.2.15 if MS350 receives any notice of any proceedings at the instance of, or before, any court of law, governmental or quasi-governmental authority having jurisdiction over MS350 and/or its assets, which proceedings involve or are intended to result in MS350 being or becoming obliged to Dispose of any of its assets.

7.3 **Key terms of the D Preference Shares:**

The key terms of the D Preference Shares are set out below:

- 7.3.1 each D Preference Share in issue confers on Assore the right to receive a preferential, cumulative, variable rate cash dividend at the rate of 79% of the Prime Rate, calculated on the D Pref Issue Price in respect of such D Preference Share;
- 7.3.2 D Preference Dividends shall accumulate daily and shall be received on each D Pref Dividend Date;
- 7.3.3 each D Preference Share shall be redeemable by MS350 on the relevant D Pref Redemption Date as determined in accordance with the provisions of the D Preference Share Terms, being the earliest of:
 - 7.3.3.1 the 21st anniversary of the D Pref Issue Date;
 - 7.3.3.2 any Business Day, in Assore's sole discretion, subsequent to the occurrence of a D Preference Share Trigger Event, which Assore nominates as constituting the D Pref Redemption Date in respect of all and not less than all of the D Preference Shares in issue;
 - 7.3.3.3 any Business Day, in MS350's sole discretion, as MS350 elects on the provision of written notice to Assore to redeem such number of D Preference Shares as is recorded in such notice; and
 - 7.3.3.4 provided that, notwithstanding anything to the contrary, the D Preference Shares may, in time, be redeemed by MS350 only subsequent to all of the C Preference Shares having been redeemed in full;
- 7.3.4 all D Pref Arrear Dividends shall be calculated at 100% of the Prime Rate from the relevant D Pref Dividend Date to the date of payment of such D Pref Arrear Dividend;
- 7.3.5 MS350 shall redeem each D Preference Share in issue on the relevant D Pref Redemption Date applicable thereto in priority to the redemption of any other class of shares in the issued share capital of MS350 (other than the C Preference Shares), at the D Pref Redemption Price per D Preference Share, which shall be an amount equal to the sum of:
 - 7.3.5.1 the D Pref Issue Price in respect of each D Preference Share;
 - 7.3.5.2 the D Preference Dividend (whether declared or not) due for declaration and payment on the D Pref Redemption Date (increased or decreased in accordance with the D Preference Share Terms); and
 - 7.3.5.3 all unpaid D Pref Arrear Dividends (whether declared or not),
provided that, notwithstanding anything to the contrary, the aggregate D Pref Redemption Price payable in respect of each D Preference Share shall only be payable by MS350 out of its distributable reserves, such that such payment by MS350 constitutes a dividend for the purposes of the Income Tax Act.

7.4 **D Preference Share Trigger Events**

The D Preference Share Trigger Events are identical to the C Preference Share Trigger Events recorded under paragraph 7.2, changed only as the context may require in respect of the D Preference Shares.

7.5 Comparison of key preference share terms

Details of the A Preference Shares and the B Preference Shares were set out in a circular to Assore shareholders dated 15 December 2005. Details of the C Preference Shares and the D Preference Shares are set out in paragraph 7.1 to 7.4 above.

The following table sets out the key terms of the preference shares in MS350 before and after the implementation of the Second Empowerment Transaction.

	Before Second Empowerment Transaction		After Second Empowerment Transaction	
	A Preference Shares	B Preference Shares	C Preference Shares	D Preference Shares
Aggregate amount of initial funding (R'000)	53 600	25 000	766 500	233 800
Redemption amount as at last practicable date (R'000)	39 349	25 000	Not applicable	Not applicable
Dividend rate as a percentage of prime	75%	75%	79%	79%
Dividend rate as a percentage of prime post redemption of 50% of initially issued preference shares	72.5%	72.5%	Not applicable	Not applicable
Redemption date	2014	2016	2030	2031
Permissible dividends/payments to ordinary shareholders	Once 40% of the A Preference Shares are redeemed, MS350 may annually declare a dividend to its ordinary shareholder (ie Bokamoso Trust) equal to 32% of such amount of its profits available for distribution as exceeds the amount required to satisfy its obligations in respect of the A Preference Shares in such year (as determined by the holder of the A Preference Shares).	Once 40% of the B Preference Shares are redeemed [#] , MS350 may annually declare a dividend to its ordinary shareholder (ie Bokamoso Trust) equal to 32% of such amount of its profits available for distribution as exceeds the amount required to satisfy its obligations in respect of the B Preference Shares in such year (as determined by the holder of the B Preference Shares).	The C and D Preference Shares shall permit an annual payment to be made by MS350 to Bokamoso Trust in an aggregate amount equal to the greater of R2 million or 2.5% of MS350's aggregate distributable reserves (see paragraph 8 for further details).	The C and D Preference Shares shall permit an annual payment to be made by MS350 to Bokamoso Trust in an aggregate amount equal to the greater of R2 million or 2.5% of MS350's aggregate distributable reserves (see paragraph 8 for further details).

[#] Note: Subsequent to a full redemption of the A Preference Shares

7.6 Key terms of the Consideration Loan

The key terms of the Consideration Loan are set out below:

- 7.6.1 the Consideration Loan shall (save upon the occurrence of a repayment default) not bear interest;
- 7.6.2 the Consideration Loan shall be repayable by MS350 upon receipt of written demand from Assore; provided that Assore shall not be entitled to issue such demand until the expiry of 12 months from the date upon which all of the C Preference Shares and all of the D Preference Shares have been redeemed in full by MS350. Should MS350, however, become subject to any business rescue proceeding during such 12 month period, repayment of the Consideration Loan shall be accelerated;
- 7.6.3 should MS350 fail to effect repayment of the Consideration Loan upon receipt of written demand from Assore, the Consideration Loan shall attract interest at the Prime Rate plus 200 basis points from the date upon which the default arose until repayment is effected;
- 7.6.4 following the date upon which MS350 has redeemed all of the C Preference Shares and all of the D Preference Shares in full, MS350 shall be permitted to voluntarily repay the Consideration Loan (or any portion thereof) as it may determine, with no penalty or premium being payable in respect of such voluntary repayment; and

7.6.5 the Consideration Loan shall be secured by MS350 and MS460 in favour of Assore in accordance with the provisions of the Security Agreements.

8. PERMISSIBLE ANNUAL BEE FLOW-THROUGH PAYMENT TO BOKAMOSO TRUST

Assore has agreed that MS350 shall be entitled (but not obliged), in each of its financial years during the Funding Period, to effect a cash payment to Bokamoso Trust (prior to the payment of any preference dividends in respect of the C Preference Shares and the D Preference Shares), in accordance with the provisions of section 90 of the Companies Act (or any replacement provision from time to time) and subject to all applicable laws from time to time, in an aggregate amount equal to the greater of (i) R2 million or (ii) 2.5% of MS350's aggregate distributable reserves in such financial year; provided that:

8.1 should 2.5% of MS350's aggregate distributable reserves in such financial year comprise an amount less than R2 million, then, provided that MS350 has sufficient distributable reserves in aggregate to do so, MS350 shall be entitled to effect payment to Bokamoso Trust of an amount equal to (but not exceeding) R2 million; and

8.2 should MS350's aggregate distributable reserves in such financial year comprise an amount of less than R2 million, then MS350 shall be entitled to effect payment to Bokamoso Trust of such aggregate distributable reserves in their entirety, but MS350 shall not be permitted to effect any further payment to Bokamoso Trust in such financial year.

9. THE SECURITY AGREEMENTS

Assore, Bokamoso Trust, MS350 and MS460 (as applicable) have entered into the Security Agreements in order for MS350 and MS460 (as the case may be) to provide security in favour of Assore in respect of MS350's obligations to Assore under the Specified Agreements.

In terms of the MS350 Cession and Pledge of Assore Ords Agreement, MS350 shall cede to Assore, *in securitatem debiti*, all of MS350's right, title and interest in and to any and all Assore shares held by MS350 from time to time, and pledge all such Assore shares to Assore, as security for MS350's obligations to Assore under the Specified Agreements.

In terms of the MS350 Cession and Pledge of MS460 Ords and Claims Agreement, MS350 shall cede to Assore, *in securitatem debiti*, all of MS350's right, title and interest in and to any and all MS460 Ords and MS460 Claims held by MS350 from time to time, and pledge all such MS460 Ords to Assore, as security for MS350's obligations to Assore under the Specified Agreements.

In terms of the MS460 Guarantee Agreement, MS460 shall irrevocably and unconditionally guarantee the full and punctual payment by MS350 of all amounts payable by MS350 to Assore under the Specified Agreements.

As security for its obligations to Assore under the MS460 Guarantee Agreement, MS460 shall, in terms of the MS460 Cession and Pledge of Assore Ords Agreement, cede to Assore, *in securitatem debiti*, all of MS460's right, title and interest in and to any and all Assore shares held by MS460 from time to time, and pledge all such Assore shares to Assore.

The Security Agreements shall commence upon the implementation of Phase 2 of the Second Empowerment Transaction having been effected, subject to the requisite approval by the members of MS350 and MS460 (as applicable) having been obtained by way of special resolution in accordance with the provisions of section 38 of the Companies Act, to the extent that the granting of such security by MS350 and MS460 (as applicable) in favour of Assore constitutes the granting of financial assistance in respect of the subscription by Assore for ordinary and preference shares in the share capital of MS350.

Should Phase 3 of the Second Empowerment Transaction be implemented, such that MS460 sells to MS350 all of the Assore shares held by MS460, then the MS460 Guarantee Agreement and the MS460 Cession and Pledge of Assore Ords Agreement shall automatically terminate, and the MS350 Cession and Pledge of Assore Ords Agreement shall thereupon apply in respect of all Assore shares then held by MS350, including those acquired from MS460.

In the event that Assore repurchases Assore shares from MS350 or MS460 as a result of the implementation of the Security Agreements, the maximum number of Assore shares that can be repurchased equate to 3 987 110 Assore shares as at the last practicable date.

10. THE RELATIONSHIP AGREEMENT

As part of the Second Empowerment Transaction, Assore, Bokamoso Trust, MS350 and MS460 have entered into the Relationship Agreement in order to regulate the relationship between such parties *vis-à-vis* the securing and retention of Assore's BEE status under the BEE Legislation in respect of Bokamoso Trust's effective shareholding in Assore (through MS350 and MS460). The Relationship Agreement aims to provide for the continued compliance by Bokamoso Trust (in its capacity as one of Assore's BEE partners), MS350 and MS460 with the applicable provisions of the BEE Legislation.

Upon the implementation of Phase 2 of the Second Empowerment Transaction, the Relationship Agreement shall supersede the Existing Relationship Agreement concluded between Assore, Bokamoso Trust and MS350 in terms of the First Empowerment Transaction, and the Existing Relationship Agreement shall be terminated.

The Relationship Agreement regulates, in particular, the principles and mechanics applicable to disposals by Bokamoso Trust of its equity interest in MS350, and the restrictions applicable thereto so as to ensure that MS350's status as an HDSA Company is secured for so long as is required under the BEE Legislation. In this regard, Bokamoso Trust has agreed that:

- during the Funding Period, it shall not be entitled (save with Assore's prior written consent) to dispose of any of its equity in MS350;
- after the end of the Funding Period but for so long as the BEE Legislation (and the requirements thereunder) remain applicable to Assore ("the Empowerment Period"), Bokamoso Trust shall not be entitled to dispose of any of its equity in MS350 unless, *inter alia*:
 - o Assore consents thereto in writing;
 - o the disposal is approved by the Department of Mineral Resources of the Government of South Africa;
 - o Bokamoso Trust has first offered the relevant equity to be disposed of to the remaining shareholders of MS350 in accordance with the pre-emptive rights provisions recorded in the Shareholders Agreement; and
 - o the third party proposing to acquire Bokamoso Trust's equity in MS350 (i) is not a competitor of the Assore Group and (ii) has at least the same (or better) BEE status as Bokamoso Trust,
- after the Empowerment Period, Bokamoso Trust shall be entitled to dispose of any of its equity in MS350; provided that it does so in accordance with the provisions of the Shareholders Agreement (in terms of which the shareholders of MS350 have agreed to grant each other pre-emptive rights over their respective shareholdings in MS350).

Assore and Bokamoso Trust have agreed that, during the Empowerment Period, neither MS350 nor MS460 shall be entitled (save with Assore's prior written consent or as may be required to implement Phase 3) to dispose of any of their Assore shares.

Assore may, dispose of any of its equity in MS350 at any time, subject to the provisions of the Shareholders Agreement (and, in particular, the pre-emptive rights afforded by Assore in favour of the remaining shareholders of MS350).

11. THE SHAREHOLDERS AGREEMENT

Assore, Bokamoso Trust, MS350 and MS460 have entered into the Shareholders Agreement in order to regulate (i) the relationship between Assore and Bokamoso Trust in their capacities as shareholders in the issued ordinary share capital of MS350, and (ii) the relationship between such parties as regards the day-to-day management and corporate governance of each of MS350 and MS460.

The Shareholders Agreement regulates, in particular, the principles and mechanics applicable to the shareholders of MS350 as regards disposals of their equity interests in MS350, the pre-emptive rights which have been granted by such shareholders in favour of each other, and the minority protections granted in favour of any shareholder in MS350 holding 20% or more of the issued ordinary share capital of MS350.

As regards the exercise of voting rights in respect of the Assore shares held by MS350 and MS460, the Shareholders Agreement provides that, when permitted to do so at law, MS350 and MS460 shall exercise such voting rights in such manner as is determined by their respective boards of directors, which Bokamoso Trust shall control as majority shareholder in MS350.

12. **SUSPENSIVE CONDITIONS**

The Second Empowerment Transaction will be implemented upon the fulfilment of various suspensive conditions which are extensively recorded in the Implementation Agreement. These include, *inter alia*, the following:

- the execution by each party of each of (i) the Phase 1 Transaction Agreements, (ii) the Phase 2 Transaction Agreements and (iii) the Security Agreements, to which it is a party;
- to the extent required, the obtaining of all approvals of any regulatory authorities (including, without limitation and if applicable, the JSE, the SRP and the Competition Authorities) as may be required to implement the Second Empowerment Transaction, either unconditionally or on terms and conditions acceptable to all the parties to the Second Empowerment Transaction, such acceptability to be confirmed in writing;
- all of the special and ordinary resolutions to be proposed to Assore shareholders, as set out in the attached notice of general meeting, being approved by the requisite majority of Assore shareholders at the general meeting which is to be held at 10:00 at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg on Tuesday, 19 January 2010;
- the authorised but unissued share capital of MS350 having been increased, in terms of the C Preference Share Creation Agreement and the D Preference Share Creation Agreement (and in accordance with the provisions of section 75(1)(a) of the Companies Act), by the creation of the C Preference Shares and the D Preference Shares respectively; and
- the registration of the aforementioned special resolutions by the Registrar of Companies in accordance with the provisions of section 200 of the Companies Act.

13. **GENERAL AUTHORITY TO ISSUE SHARES**

Assore is requesting from its shareholders a general authority, in terms of section 221 of the Companies Act, to issue 78 630 authorised but unissued Assore shares, which authority shall remain in place until the next annual general meeting of Assore. The granting of such general authority shall not be inter-conditional on the approval for the Second Empowerment Transaction being obtained, and any issue of authorised but unissued Assore shares by Assore implemented pursuant to such general authority shall be independent of the Second Empowerment Transaction. This general authority must be implemented in line with the requirements of the Listings Requirements, which include, *inter alia*:

- the equity securities which are the subject of the issue for cash must be of a class already in issue;
- the equity securities must be issued to public shareholders as defined in the Listings Requirements and not to related parties as defined in the Listings Requirements; and
- the maximum discount at which such Assore shares will be issued is 10% of the volume weighted average price per Assore share prior to the date that the price of the issue is agreed between the issuer and the parties subscribing for the securities.

14. **UNAUDITED PRO FORMA FINANCIAL EFFECTS**

The *pro forma* financial effects set out below have been prepared to assist Assore shareholders to assess the impact of the Second Empowerment Transaction on the EPS, HEPS, NAV and TNAV per Assore share. The *pro forma* financial effects are not material and are disclosed for the information of Assore shareholders. The material assumptions are set out in the notes following the table set out on page 30 below.

These *pro forma* financial effects have been disclosed in terms of the Listings Requirements and do not constitute a representation of the future financial position of Assore on implementation of the Second Empowerment Transaction.

The *pro forma* financial effects are the responsibility of the Assore Board and are provided for illustrative purposes only, and, because of their nature, may not fairly present Assore's financial position, changes in its equity, results of operations or cash flows.

	Consolidated total for the year ended 30 June 2009	<i>Pro forma adjustments</i>	Unaudited <i>pro forma</i> results after the Second Empowerment Transaction	Percentage change
EPS (cents)	13 669	(56)	13 613	(0.4)
HEPS (cents)	13 772	(57)	13 715	(0.4)
NAV per Assore share (cents)	24 210	(351)	23 859	(1.4)
TNAV per Assore share (cents)	24 199	(351)	23 848	(1.5)

Notes:

1. The EPS and HEPS per Assore share "after the Second Empowerment Transaction" are based on the assumption that the Second Empowerment Transaction was implemented for the 12 month period commencing on 1 July 2008, being the commencement of the most recent complete financial year for Assore.
2. The NAV and TNAV per Assore share "after the Second Empowerment Transaction" are based on the assumption that the Second Empowerment Transaction was implemented on 30 June 2009, being the last day of the most recent complete financial year.
3. EPS and HEPS calculations for the 12 month period commencing on 1 July 2008 are based on the weighted number ordinary Assore shares in issue, being 23.7 million (that is net of 3.9 million treasury shares).
4. Since the Assore Subscription Ords will be issued to an entity consolidated in the Assore Group, the shares will be accounted for as treasury shares for purposes of EPS and HEPS calculations, and thus will have no impact on the denominator in the respective calculations.
5. The EPS and HEPS for financial year ended 30 June 2009 are adjusted by R13.3 million, being the transaction costs (R12.9 million), R0.1 million, being the net impact of settling the A Preference Shares and Securities Transfer Tax of R0.3 million.
6. NAV and TNAV per Assore share as at 30 June 2009 are based on the Assore shares in issue as at 30 June 2009, being 27.9 million, including treasury shares as at 30 June 2009, being 4.2 million. The adjusted amount after the Second Empowerment Transaction gives effect to the issue of the Assore Subscription Ords, being 349 747 Assore shares, at 30 June 2009.

15. IFRS CHARGE

Based on the statement on share-based payments in terms of IFRS, there is no charge to Assore associated with the Second Empowerment Transaction, as Bokamoso Trust and MS350 will be consolidated by Assore for accounting purposes.

16. SHARE CAPITAL OF ASSORE

As at the last practicable date, the authorised and issued share capital of Assore is as set out below.

	Before the Second Empowerment Transaction R'000	After the Second Empowerment Transaction R'000
Authorised share capital		
40 000 000 ordinary shares of 2.5 cents each	1 000	1 000
220 preference shares of 1 cent each	–	–
Issued share capital		
27 571 653 ordinary shares of 2.5 cents each	689	
27 921 400 ordinary shares of 2.5 cents each		698
143 preference shares of 1 cent each	–	–
Treasury share capital		
2 723 653 treasury shares held by MS460	(68)	
3 073 400 treasury shares held by MS460		(77)
913 710 treasury shares held by MS350	(23)	(23)
Share premium account	30 358	264 092

17. INFORMATION RELATING TO DIRECTORS

17.1 Directors' interests in transactions

None of the directors of Assore has or have had any material beneficial interest in transactions effected by Assore during the current financial year or any earlier year in respect of outstanding or unimplemented transactions.

17.2 Details of directors

The Assore Board is currently constituted as follows:

Director	Age	Nationality	Portfolio	Business address
<i>Executive</i>				
Desmond Sacco	69	South African	Chairman	Assore House 15 Fricker Road Illovo Boulevard Johannesburg, 2196
Robert John Carpenter	66	South African	Deputy Chairman	Assore House 15 Fricker Road Illovo Boulevard Johannesburg, 2196
Christopher John Cory	57	South African	Chief Executive Officer	Assore House 15 Fricker Road Illovo Boulevard Johannesburg, 2196
Phillip Christiaan Crous	58	South African	Group Technical Director	Assore House 15 Fricker Road Illovo Boulevard Johannesburg, 2196
<i>Non-executive</i>				
Brian Michael Hawksworth	73	South African	Independent non-executive director	3 Oakly Farm 27 Twelfth Avenue Parktown North Johannesburg, 2193
Matamela Cyril Ramaphosa	57	South African	Non-executive director	18 Acacia Road Chislehurst Sandton, 2196
Edward Montagu Southey	67	South African	Independent non-executive director	10 Fricker Road Illovo Boulevard Johannesburg, 2196
Dr Johannes Cornelius van der Horst	65	South African	Independent non-executive director	8 Dundee Road Newlands Cape Town, 7700
<i>Alternate</i>				
Nicholas Giulio Sacco	34	South African	Alternate director	Assore House 5 Fricker Road Illovo Boulevard Johannesburg, 2196
Patrick Eugenio Sacco	31	South African	Alternate director	Assore House 15 Fricker Road Illovo Boulevard Johannesburg, 2196
Rowan Murray Smith	45	South African	Alternate director	18 Acacia Road Chislehurst Sandton Johannesburg, 2196

Further details of the directors of Assore, its material subsidiaries and management are detailed in Annexure 5 to this circular as required in terms of the Listings Requirements.

17.3 Interests of directors

On the last practicable date, the directors of Assore held 7 865 098 Assore shares beneficially, directly or indirectly. Details of their individual shareholdings are set out in the table below:

	Number of shares		Total	Percentage of total shares in issue
	Beneficial Direct	Beneficial Indirect		
Executive				
Desmond Sacco	167 500	6 486 098	6 653 598	24.13
R J Carpenter	22 400		22 400	0.08
C J Cory	10 000		10 000	0.04
P C Crous	3 000		3 000	0.01
Non-executive				
B M Hawksworth	1 000		1 000	–
M C Ramaphosa		1 106 000	1 106 000	4.01
E M Southey				
Dr J C van der Horst				
Alternate				
N G Sacco	34 050		34 050	0.12
P E Sacco	35 050		35 350	0.13
R M Smith				
Total	273 000	7 592 098	7 865 098	28.53

None of the directors of Assore have beneficially acquired any Assore shares, directly or indirectly, since the end of the financial year ended 30 June 2009.

17.4 Directors' remuneration

The remuneration of the directors of Assore (as at the last practicable date) for the twelve month period ending 30 June 2009, is set out in the table below:

	Fees ¹ R'000	Salary R'000	Bonuses ² R'000	Pension scheme contributions R'000	Fringe benefits ³ R'000	Total R'000
Executive						
Desmond Sacco	110	3 806	317		463	4 696
R J Carpenter	96	3 619	11 636	822	233	16 406
C J Cory	96	3 305	11 494	750	251	15 896
P C Crous	96	2 904	11 313	659	211	15 183
Non-executive						
B M Hawksworth	150					150
M C Ramaphosa	120					120
E M Southey	60					60
Dr J C van der Horst	120					120
Alternate						
N G Sacco		1 338	72	84	34	1 528
P E Sacco	36	432	72	88	118	746
R M Smith						
Total	884	15 404	34 904	2 403	1 310	54 905

Notes:

1. Directors' fees for executives include fees received from Assmang.
2. Due to Assore's shareholding structure, Assore is unable to offer directors remuneration by way of share incentives or option arrangements, and bonuses are determined based on results for the year.
3. Other fringe benefits include medical aid contributions, car scheme allowances, life insurance contributions, leave paid out, study loan benefits, use of assets and unemployment insurance fund contributions.

The remuneration receivable by the directors will not be varied as a result of the Second Empowerment Transaction.

18. MAJOR SHAREHOLDERS

The names of persons who are reflected in the share register of Assore as holding an interest of 5% or more in the issued ordinary share capital of Assore as at the last practicable date, are set out below:

	Number of shares	Percentage holding
Oresteel*	14 638 000	53.09
MS343**	3 292 890	11.94
MS460	2 723 653	9.88
Others (<5%)	6 917 110	25.09
Total	27 571 653	100.00

* The directors and major shareholders of Oresteel are as follows:

Directors:

- Mr Desmond Sacco
- Mr R J Carpenter
- Mr C J Cory
- Mrs S G Dufour Berte
- Mr B M Hawksworth
- Mr K Ota
- Mr N G Sacco
- Mr P E Sacco
- Mr T Hattori (Alternate)

Major shareholders:

- Sumitomo Corporation
- Sacco Family

** Wholly-owned subsidiary of Shanduka Resources

19. RELATED PARTY TRANSACTION AND FAIRNESS OPINION

Pursuant to the provisions of the Listings Requirements, each of Bokamoso Trust and MS350 are deemed to be 'related parties' to Assore (as such term is defined in the Listings Requirements), due to the fact that Messrs Desmond Sacco and Christopher Cory (being the Chairman and Chief Executive Officer of Assore respectively) are each trustees of Bokamoso Trust and directors of MS350. As a result, the Second Empowerment Transaction constitutes a 'related party transaction' in terms of the Listings Requirements.

Although Messrs Desmond Sacco and Christopher Cory are trustees of Bokamoso Trust and directors of MS350, neither of them, nor any of their immediate families, has any economic interest in Bokamoso Trust.

20. OPINIONS AND RECOMMENDATIONS**20.1 Independent professional expert's opinion**

The Second Empowerment Transaction constitutes a related party transaction in terms of the Listing Requirements, and the Assore Board is therefore required to obtain an opinion from an independent professional expert to assess whether the Second Empowerment Transaction is fair to Assore shareholders.

PwC has been appointed as the independent professional expert to advise the Assore Board as to whether the terms and conditions of the Second Empowerment Transaction are fair to Assore shareholders.

PwC has reviewed and considered the terms and conditions of the Second Empowerment Transaction and is of the opinion that such terms and conditions are fair to Assore shareholders.

In this regard Assore shareholders are referred to PwC's opinion letter, a copy of which is set out in Annexure 1 to this circular.

20.2 **Opinion of the Assore Board**

Taking the PwC opinion, as well as the implications of the Second Empowerment Transaction into account, the Assore Board is of the unanimous opinion that the Second Empowerment Transaction is in the best interests of, and is fair to, Assore shareholders, and recommends that Assore shareholders vote in favour of all the special and ordinary resolutions to be proposed at the general meeting necessary to implement the Second Empowerment Transaction.

In respect of their personal beneficial holdings in Assore, the directors of Assore intend to vote, to the extent allowed, in favour, of all of the special and ordinary resolutions to be proposed by Assore at the general meeting.

21. **ASSORE SHAREHOLDER AND ORESTEEL VOTING RESTRICTIONS**

In terms of the Listings Requirements, any related party and its associates, in respect of the transaction, will be taken into account in determining a quorum at the general meeting, but their votes will not be taken into account in determining the results of the voting at such meeting in relation to any resolution in connection with the related party transaction.

As related parties in respect of the Second Empowerment Transaction, pursuant to the Listings Requirements, neither Bokamoso Trust nor MS350 shall be entitled to vote on the special and ordinary resolutions to be put before Assore shareholders for the purposes of obtaining their approval for the implementation of the Second Empowerment Transaction.

MS460 shall, pursuant to the provisions of section 39 of the Companies Act, not be entitled to exercise any votes in respect of the Assore shares presently held by it as treasury shares.

In addition, as a result of the involvement of Messrs Desmond Sacco and Christopher Cory as trustees of Bokamoso Trust and directors of MS350, the immediate Sacco family and all directors appointed by them to the board of directors of Oresteel will recuse themselves from voting on all decisions to be made by the board of directors of Oresteel in relation to the Second Empowerment Transaction.

It is further noted that, subsequent to the implementation of the Second Empowerment Transaction and as required by the JSE, neither MS350 nor MS460 shall be entitled to exercise any voting rights in respect of the Assore shares held by them until such time as Assore has procured the appointment of a majority of independent trustees to Bokamoso Trust. Assore intends to appoint independent trustees to Bokamoso Trust within twelve months of the implementation of the Second Empowerment Transaction.

22. **IRREVOCABLES**

Oresteel, holding 53.09% of the pre-implementation Assore shares, and MS343, holding 11.94% of the pre-implementation Assore shares, have irrevocably undertaken to vote in favour of all of the special and ordinary resolutions, relating to the Second Empowerment Transaction, to be proposed by Assore at the general meeting.

23. **ADEQUACY OF WORKING CAPITAL**

After considering the effects of the Second Empowerment Transaction, the Assore Board declares that it believes that:

- the Assore Group will, in the ordinary course of business, be able to pay its debts for a period of 12 months from the date of this circular;

- the assets of the Assore Group will be in excess of its liabilities, measured in accordance with the accounting policies used in the annual report for the 12 months ended 30 June 2009, for a period of 12 months from the date of this circular;
- the ordinary share capital and reserves of the Assore Group will be adequate for ordinary business purposes for a period of 12 months from the date of this circular; and
- the working capital of the Assore Group will be adequate for a period of 12 months from the date of this circular.

As regards the potential future repurchase of Assore shares due to perfecting the security granted in favour of Assore under the Security Agreements, the Assore Board has undertaken to submit a working capital pack to Assore's sponsor prior to any specific repurchase of Assore shares in terms of the Second Empowerment Transaction.

24. INFORMATION RELATING TO ASSORE

24.1 Incorporation and background

Assore, which was incorporated in 1950, is a mining holding company principally engaged in ventures involving base minerals and metals. Assore's shares are listed on the JSE and its holding company is Oresteel.

Assore is responsible for marketing all products produced by its joint venture entities and subsidiaries, the bulk of which is exported and the remainder either used in Assore's beneficiation processes or sold locally.

Assore's principal investment is a 50% interest in Assmang, with Assmang being jointly controlled with ARM in terms of a long-standing agreement. Assmang is involved in the mining of manganese, iron and chrome ores and the production of manganese and chrome alloys. In addition, Assore mines chrome ore and Wonderstone (a type of pyrophyllite) for its own account, and produces a range of ceramic products for use in specialised industrial operations.

24.2 Directors' opinion on prospects of the business

Assore's results remain influenced by the prevailing conditions of the global economy. As was cautioned in the results announcement published by Assore in August, it is still not possible at this stage to predict with sufficient certainty the extent of any possible recovery in the global economy. Trading conditions have shown some signs of improving, however, the current weakness of the US dollar, and the volatility of the South African Rand are creating additional uncertainties in predicting earnings and cash flows.

Manganese ore sales are being seriously restricted by insufficient rail and shipping capacity through Port Elizabeth. Discussions are being held with the relevant authorities to resolve this problem, but there appears to be no short-term solution.

Recent reports of significant increases in the future cost of electricity will necessitate a review of the business models of Assore's alloy production, however, the Assore Board remains confident that these operations will retain their ability to increase shareholder value.

24.3 Litigation statement

Assore is not currently involved in any legal or arbitration proceedings, including any proceedings that are pending or are threatened of which Assore is aware, that may have or have had in the previous twelve months a material effect on the Assore Group's financial position.

25. MATERIAL CHANGES

As at the last practicable date, there have been no material changes in the financial or trading position of the Assore Group since the financial year ended 30 June 2009.

26. COSTS OF THE SECOND EMPOWERMENT TRANSACTION

The cash expenses of the Second Empowerment Transaction as detailed below, are estimated to be R12.95 million. All the fees payable to the parties below are exclusive of VAT:

Description	R'000
Investment bank	7 425
Independent expert	500
Sponsor	75
Independent transaction sponsor	75
Reporting accountants	200
Legal fees	4 500
Printing, publication and distribution costs	74
JSE listing fee	76
JSE documentation	20
Total	12 945

27. EXPERTS' CONSENTS

The investment bank and sponsor, independent expert, independent sponsor, attorneys, independent reporting accountants, auditor and transfer secretaries have consented in writing to act in their stated capacities and to their names being included in this document and have not withdrawn their consent prior to publication of this document.

28. GENERAL MEETING

A general meeting of Assore shareholders will be held at 10:00 on Tuesday, 19 January 2010, at the registered offices of Assore, being Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, to consider and, if deemed fit, pass with or without modification, the special and ordinary resolutions necessary to effect, *inter alia*, the Second Empowerment Transaction.

A notice convening the general meeting and a form of proxy (*blue*) for use by certificated shareholders and dematerialised shareholders with "own name" registration who are unable to attend the general meeting are attached to this circular. A duly completed form of proxy (*blue*) must be received by the transfer secretaries (being Computershare Investor Services (Proprietary) Limited) by no later than 10:00 on Friday, 15 January 2010.

29. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Assore during normal office hours from the date of posting of this circular to Assore shareholders up to and including the date of the general meeting:

- a signed copy of this circular;
- a copy of the independent expert's fairness opinion;
- a copy of the reporting accountants' report on the unaudited *pro forma* financial information and effects of the Second Empowerment Transaction;
- the audited financial statements of Assore for each of the three financial years ended 30 June 2007 to 30 June 2009;
- the Transaction Documents (as listed in Annexure 2 to this circular);
- the memorandum and articles of association of Assore and its subsidiaries;
- the latest competent person's report, dated 31 August 2009;

- all material contracts; and
- consent letters of the investment bank and sponsor, independent sponsor, the attorneys to Assore and the transfer secretaries.

For and on behalf of:

THE BOARD OF DIRECTORS OF ASSORE LIMITED

C J Cory

Chief Executive Officer

Illovo

11 December 2009

FAIRNESS OPINION

"The Directors
Assore Limited
Assore House
15 Fricker Road
Illovo Boulevard
Johannesburg
South Africa
2196

7 December 2009

Dear Directors

Opinion in Connection with the Related Party Transaction between Assore Limited ("Assore") and The Bokamoso Trust

1. INTRODUCTION

Assore has undertaken to implement the second phase of its Black Economic Empowerment transaction ("the Second Empowerment Transaction"). The Second Empowerment Transaction aims to place an additional 11.01% of Assore's ordinary shares under the control of historically disadvantaged South Africans ("HDSAs"), as defined in the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry. Pursuant to the transaction at least 26% of Assore's ordinary issued shares will be owned or controlled by HDSAs.

It is envisaged that the implementation of the Second Empowerment Transaction will entail the Bokamoso Trust, through Main Street 350 (Pty) Ltd ("MS350"), acquiring an additional economic interest of approximately 5.6% of Assore's issued share capital post implementation. The Bokamoso Trust was formed solely for the purpose of providing benefits to the HDSA communities surrounding the mining and beneficiation operations of Assore. MS350 is the special purpose vehicle used to hold Bokamoso Trust's interest in Assore.

Mr Christopher Cory ("Mr Cory"), Chief Executive Officer of Assore, and Mr Desmond Sacco ("Mr Sacco"), Chairman of Assore, are currently the sole trustees of the Bokamoso Trust and sole directors of MS350, but have no beneficial economic interest, direct or indirect, in MS350 and are not beneficiaries, direct or indirect, of the Bokamoso Trust. In terms of the Second Empowerment Transaction, Assore shares will be issued at a share price equal to the 30 day volume weighted average price of Assore on the last practicable day prior to the announcement date of the Second Empowerment Transaction.

The JSE Limited ("JSE") Listings Requirements classify the Second Empowerment Transaction as a related party transaction, due to Messrs Sacco and Cory's positions as trustees of the Bokamoso Trust and directors of MS350 and Assore.

In terms of rules 10.4 (f) of the JSE Listings Requirements, if an issuer, or any of its subsidiaries, proposes to enter into a related party transaction, the issuer must include a statement by the board of directors confirming whether the Second Empowerment Transaction is fair insofar as the shareholders of the issuer are concerned and that the board of directors has been so advised by an independent professional expert acceptable to the JSE. The board of directors must obtain a fairness opinion in accordance with Schedule 5 before making this statement.

The Board of Directors of Assore ("the Board") has requested PricewaterhouseCoopers Corporate Finance (Pty) Ltd ("PwC") to act as independent professional expert in terms of the JSE Listings Requirements and to provide an opinion as to whether the terms and conditions of the Second Empowerment Transaction are Fair (as defined below) as far as Assore shareholders are concerned. Please note that this opinion deals specifically with the Bokamoso Trust component of the Second Empowerment Transaction and we do not express an opinion on the remainder of the Second Empowerment Transaction.

We understand that the results of our work will be used by the Assore board to satisfy the requirements of Section 10.4 (f) of the JSE Listings Requirements.

2. DEFINITION OF FAIR

In the case of a related party transaction, a transaction would be considered fair if the consideration payable by the investors to the company is equal to, or greater than the underlying value of the businesses/assets subject to the transaction.

Fairness is primarily based on quantitative issues and reasonableness on qualitative issues surrounding the particular offer. Even though the value of the assets under consideration may differ from the market value of the shares being offered, an offer may still be reasonable after considering other significant factors. Other significant factors in this instance include the obligation of the Company to meet the requirements of BEE legislation, including the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry, the Codes of Good Practice for the Minerals Industry, and the Mineral and Petroleum Resources Development Act, No. 28,

This Fairness opinion does not purport to cater for individual shareholders' positions but rather the general body of shareholders. A shareholder's decision regarding fairness of the terms of the Second Empowerment Transaction may be influenced by his or her particular circumstances (for example taxation and the price paid for the shares). Should a shareholder be in doubt, he or she should consult an independent adviser as to the merits of the Second Empowerment Transaction, considering his/her personal circumstances.

3. SOURCES OF INFORMATION

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Assore management and from various public, financial, and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our indicative valuation include:

- Publicly available information relating to the iron-ore, chrome and manganese mining industries obtained from Assore management and public sources;
- Presentation provided to the Assore board entitled "Assore Limited – Phase 2 BEE transaction board presentation" dated August 2009;
- Annual reports of Assore for the years ended 30 June 2007, 2008 and 2009;
- Assore projections for years ending 30 June 2010 to 30 June 2029 received on 2 November 2009, "Valuation model (September 09) v_24 GA (2 11 09).xls" prepared by Assore management and Standard Bank ("the Assore Projections");
- The Assore Transaction model received on 30 October 2009, "ASR BEEP2_v40 (26 10 09).xls", prepared by Standard Bank;
- Various Assore analyst reports;
- McGregor BFA for share price information relating to Assore, ALSI and Mining Index;
- Bloomberg, Factiva and Reuters for comparable company information, including beta information;
- 2008 Ernst & Young Mergers and Acquisitions Survey;
- 2007/2008 PwC Valuation Methodology Survey; and
- Macroeconomic forecasts from various South African banks and BMI.

Where practicable, we have corroborated the reasonableness of the information provided to us for the purpose of supporting our opinion, whether in writing or obtained through discussions with management of Assore.

Our procedures and enquiries did not constitute an audit or an audit review in terms of the International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

4. **PROCEDURES**

The procedures we performed comprised the following:

- We considered the rationale for the Second Empowerment Transaction as represented by Assore management;
- We held discussions with Assore management concerning conditions in, and the economic outlook for, the industry in which Assore operates, and the history and future operations of Assore;
- We considered Assore's operating and financial results (including audited financial statements covering three years up to the date of valuation);
- We analysed key value drivers, including long-term forecast exchange rates, long term industry forecasts and other material inputs to the Assore Projections;
- We performed a desktop review of the share price trading history of Assore, as well as a review of analyst expectations and appraisal values relating to Assore;
- We considered a desktop analysis of the consolidated financial and operating projections including revenues, operating margins (e.g., earnings before interest and taxes), working capital investments, and capital expenditures based on historical operating results of Assore, industry results and expectations, and management representations. This analysis formed the basis for a Discounted Cash Flow valuation;
- We evaluated the financial effects of the funding structure being entered into in terms of the Second Empowerment Transaction, through a Monte Carlo simulation;
- We considered and applied appropriate valuation discounts/premiums to the results of our valuation analyses as deemed applicable; and
- In addition, we compared the results of our valuation to the average economic cost of recent black economic empowerment ("BEE") transactions to ensure that the facilitation granted by Assore is consistent with other BEE transactions.

5. **VALUATION APPROACH**

In considering the Second Empowerment Transaction as it relates to the Bokamoso Trust, PwC performed an independent valuation of each of the components of the Second Empowerment Transaction. The components of the Second Empowerment Transaction included in our review:

- the value of the Assore shares used as a basis for the Second Empowerment Transaction;
- the value inherent in the notional funding structure forming part of the structure; and
- a marketability discount resulting from the lock-in period inherent to the structure.

For the purposes of the Assore share price valuation, we considered Assore's share trading history and analyst expectations as a starting point. Due to the illiquidity of the Assore share, we considered an Income Approach (Discounted Cash Flow) based on Assore management's forecast as our primary approach.

In consideration of the funding structure and lock-in terms we utilised our understanding of similar transactions, available market research and option modelling in our assessment.

In addition we compared the result of our valuation (the summation of each of the components above) to the average economic cost of recent BEE transactions.

6. **ASSUMPTIONS**

Our opinion is based on the following key assumptions:

- Current economic, regulatory and market conditions will not change materially. Specifically the requirements of the Mining Charter as currently outlined remains in place and applicable to Assore;
- Assore is not involved in any material legal proceedings;
- Assore has no material outstanding disputes with the South African Revenue Service;

- There are no known undisclosed contingencies that could have a material effect on the value of Assore;
- The structure of the Second Empowerment Transaction will not give rise to any undisclosed tax liabilities;
- For the purposes of this engagement, we assumed Assore's existing business to be ongoing under current business plans and management; and
- Representations made by Assore management during the course of forming this opinion.

7. **OPINION**

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Assore's management up to 30 October 2009. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Based upon our analysis, subject to the foregoing and after taking into account all financial and non-financial considerations noted during our analysis, we are of the opinion that the terms and conditions in respect of the Second Empowerment Transaction, as it relates to the Bokamoso Trust, are Fair to the ordinary shareholders of Assore.

This Fairness opinion does not purport to cater for individual shareholders' positions but rather the general body of shareholders. A shareholder's decision regarding fairness of the terms of the Second Empowerment Transaction may be influenced by his or her particular circumstances (for example taxation and the price paid for the shares). Should a shareholder be in doubt, he or she should consult an independent adviser as to the merits of the Second Empowerment Transaction, considering his/her personal circumstances.

8. **INDEPENDENCE**

We confirm that PwC holds no shares in Assore, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, in Assore or the outcome of the Second Empowerment Transaction.

9. **LIMITING CONDITIONS**

This letter and opinion has been prepared solely for the Assore board in connection with and for the purposes of the Second Empowerment Transaction in terms of JSE Listings Requirements. Therefore it shall not be relied upon for any other purpose. We assume no responsibility to anyone if this letter and opinion are used for anything other than their intended purpose.

Budgets/projections/forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently, this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those projected/forecast by the management of Assore.

Yours faithfully

Jan Groenewald
Director

TRANSACTION DOCUMENTS AVAILABLE FOR INSPECTION

- The Implementation Agreement
- The C Preference Share Creation Agreement
- The D Preference Share Creation Agreement
- The First Tranche C Pref Subscription Agreement
- The Bokamoso Trust/MS350 Ords Subscription Agreement
- The D Pref Subscription Agreement
- The Assore/MS350 SPA
- The Sale Consideration Agreement
- The MS350/MS460 Loan Agreement
- The MS460/Assore Ords Subscription Agreement
- The Shareholders Agreement
- The Relationship Agreement
- The MS350 Cession and Pledge of Assore Ords Agreement
- The MS350 Cession and Pledge of MS460 Ords and Claims Agreement
- The MS460 Guarantee Agreement
- The MS460 Cession and Pledge of Assore Ords Agreement

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

"The Directors
Assore Limited
Assore House
15 Fricker Road
Illovo Boulevard
Johannesburg
2196

7 December 2009

REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF ASSORE LIMITED

INTRODUCTION

In February 2006, Assore Limited ("Assore") implemented an empowerment transaction pursuant to which approximately 11.9% of Assore's ordinary shares were acquired by Shanduka Resources (Proprietary) Limited and 3.3% of Assore's ordinary shares were acquired by the Bokamoso Trust ("Bokamoso") through its wholly owned subsidiary, Main Street 350 (Proprietary) Limited ("Main 350").

In September 2008, Assore concluded a transaction in terms of which Assore repurchased and cancelled approximately 1.2% of Assore's issued ordinary shares, and Main Street 460 (Proprietary) Limited ("Main 460"), a wholly owned subsidiary of Assore, purchased approximately 9.9% of Assore's issued ordinary shares.

The abovementioned purchase and repurchase of Assore's ordinary shares was done to facilitate the second phase of Assore's BEE strategy, which aims to achieve that in aggregate 26% of Assore's ordinary shares will be owned and controlled by historically disadvantaged South Africans.

In order to implement the above, the directors of Assore have proposed an arrangement with Bokamoso whereby:

- Assore sells its interest in and loan claim against its wholly-owned subsidiary, Main 460 to Main 350;
- Main 350 allots and issues 49% of its ordinary shares to Assore together with C and D class preference shares;
- Assore provides Main 350 with an interest free loan; and
- Main 460 acquires an additional 1.2% of the ordinary shares in Assore from a fresh issue of Assore ordinary shares.

The envisaged effect of the above is that Assore and Bokamoso will have a 49% and 51% shareholding respectively in Main 350 which in turn will hold 14.2% of Assore's issued ordinary shares.

Collectively, these transactions are called 'the proposed second empowerment transaction'.

REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

We have performed our limited assurance engagement in respect of the unaudited *pro forma* financial effects as set out in paragraph 14 and Annexure 7 of the circular to shareholders, to be dated on or about 11 December 2009 (collectively, "the unaudited *pro forma* financial information") issued in connection with the proposed second empowerment transaction that is the subject of the circular to Assore shareholders.

The unaudited *pro forma* financial information has been prepared in accordance with the requirements of the Listings Requirements of the JSE Limited (“JSE”), for illustrative purposes only, to provide information about how the proposed second empowerment transaction might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the unaudited *pro forma* balance sheet being reported on.

DIRECTORS’ RESPONSIBILITY

The directors of Assore are responsible for the compilation, contents and presentation of the unaudited *pro forma* financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Assore; and the unaudited *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

REPORTING ACCOUNTANTS’ RESPONSIBILITY

Our responsibility is to express our limited assurance conclusion on the unaudited *pro forma* financial information included in the circular to Assore shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro forma Financial Information* issued by SAICA. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

SOURCES OF INFORMATION AND WORK PERFORMED

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the unaudited *pro forma* adjustments in light of the accounting policies of Assore the issuer, considering the evidence supporting the unaudited *pro forma* adjustments and discussing the adjusted unaudited *pro forma* financial information with the directors of the company in respect of the corporate actions that are the subject of the circular. In arriving at our conclusion, we have relied upon financial information prepared by the directors of Assore and other information from various public, financial and industry sources. While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing or International Standards on Review Engagements* and accordingly, we do not express an audit or review opinion.

In our limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the unaudited *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of the issuer;
- the adjustments are not appropriate for the purposes of the unaudited *pro forma* financial information as disclosed in terms of the Sections 8.17 and 8.30 of the JSE Listings Requirements.

Ernst & Young Inc.

Registered Auditor
Per: L P van Breda

Wanderers Office Park
52 Corlett Drive, Illovo
Johannesburg”

TRADING HISTORY OF ASSORE SHARES ON THE JSE

The highest and lowest share prices, the closing prices and the volumes traded of Assore shares on the JSE, quarterly from 30 September 2006 to 30 September 2008, monthly from 30 November 2008 to 31 October 2009 and daily from 16 October 2009 to 27 November 2009, being the last practicable date, are set out below.

		High (cents)	Low (cents)	Close (cents)	Volume	Value (R million)
Quarterly						
2006	September	15 500	11 000	15 010	135 922	17.86
	December	17 255	15 000	15 500	156 702	24.49
2007	March	20 600	15 000	20 600	270 381	44.64
	June	27 500	18 700	27 000	581 365	139.93
	September	38 500	26 000	38 000	186 548	59.07
	December	44 000	36 095	44 000	294 719	117.29
2008	March	65 000	40 500	61 700	273 110	155.10
	June	85 000	61 700	79 999	316 598	242.15
	September	80 000	60 000	60 500	509 632	362.44
Monthly						
2008	November	50 100	35 000	40 000	183 799	68.60
	December	48 500	40 000	48 500	48 198	22.27
2009	January	48 500	35 205	39 500	13 821	5.50
	February	40 000	32 000	34 000	103 272	36.85
	March	44 000	34 000	44 000	33 885	12.92
	April	49 989	42 000	44 900	108 076	47.17
	May	50 000	44 832	48 000	32 086	14.67
	June	53 000	48 000	48 015	49 181	24.28
	July	53 000	45 644	53 000	51 137	24.60
	August	59 899	50 050	58 400	37 064	20.18
	September	64 899	57 000	63 000	73 429	45.99
	October	67 800	61 900	64 800	288 785	187.12
Daily						
2009	October 16	63 815	63 800	63 810	608	0.39
	October 19	64 400	63 810	63 810	401	0.26
	October 20	63 810	63 100	63 810	577	0.37
	October 21	63 700	63 500	63 500	1 983	1.26
	October 22	63 500	63 200	63 500	522	0.33
	October 23	63 700	63 500	63 700	26 841	17.10
	October 26	67 400	63 700	67 200	225 583	146.93
	October 27	–	–	67 200	–	–
	October 28	66 995	64 200	64 624	4 243	2.74
	October 29	67 500	64 617	66 200	934	0.62
	October 30	67 800	64 600	64 800	676	0.45
	November 02	65 500	63 500	64 152	4 055	2.63
	November 03	64 350	63 200	63 301	1 047	0.66
	November 04	65 500	63 350	65 500	2 873	1.84
	November 05	65 500	63 500	63 510	940	0.60
	November 06	69 000	65 000	69 000	4 082	2.69
	November 09	70 000	67 510	70 000	35 959	25.13
	November 10	72 500	70 000	71 000	36 736	26.08

	High (cents)	Low (cents)	Close (cents)	Volume	Value (R million)
November 11	72 500	68 200	70 000	35 300	25.09
November 12	70 000	70 000	70 000	100	0.07
November 13	70 000	70 000	70 000	688	0.48
November 16	70 300	69 900	70 300	2 524	1.77
November 17	71 000	70 999	71 000	910	0.65
November 18	71 000	71 000	71 000	573	0.41
November 19	71 100	70 500	71 000	6 693	4.75
November 20	71 000	69 005	69 500	3 095	2.17
November 23	71 400	70 000	71 200	217	0.15
November 24	73 500	69 005	72 500	2 200	1.57
November 25	73 000	70 556	72 500	6 572	4.75
November 26	72 400	72 399	72 400	16	0.01
November 27	71 626	70 000	70 000	1 283	0.90

* Last practicable date 27 November 2009

Source: *I-Net Bridge*

DIRECTORS

The full names and profiles of the directors of Assore as at the last practicable date are set out below:

DESMOND SACCO, 69

Chairman

BSc (Hons) (Geology) (Wits) (Unisa)

Des qualified as a geologist and joined the Assore Group in 1968. He was appointed to the Assore Board in 1974 and, on retirement of his father in 1992, was appointed Chairman and Managing Director of Assore. In that year, he was also appointed Deputy Chairman of Assmang and in 1999, became Chairman of Assmang. He is a fellow of the Institute of Directors (IOD) and of the Geological Society of South Africa (GSSA).

R J CARPENTER, 66

Deputy Chairman

BA, ACIS

Bob joined the Ore & Metal Company Limited in 1964 and was appointed Managing Director in 1991. Ore & Metal is a wholly owned subsidiary of Assore and acts as selling and shipping agent for products produced by all of the Assore Group companies (including Assmang). He was appointed to the Assore Board in 1987, to the Assmang board in 1989 and was made Deputy Chairman of Assore in 1993.

C J CORY, 57

Chief Executive Officer and Financial Director

BA, CA(SA), MBA (Wits)

Chris completed articles with Alex, Aiken & Carter (now KPMG) and qualified as a Chartered Accountant in 1982. In 1989 he joined the Assore Group as Group Accountant. In 1992, he was appointed Group Financial Director and made Chief Executive Officer in June 2004 when the roles of Chairman and Managing Director were split. He was appointed to the Assmang board as a non-executive director in 1993 and currently chairs the Assmang Audit Committee. He is a member of the South African Institute of Chartered Accountants (SAICA).

P C CROUS, 58

Group Technical Director

BSc (Eng), BComm, MBA

Phil trained as a mining engineer obtaining a BSc (Eng) at Pretoria University in 1975. Thereafter he joined Iscor, and in 1977 took up a position with Assmang where he advanced to Mine Manager. In 1982, he joined Sasol as General Mine Manager and was subsequently promoted to Operations Manager at Secunda Collieries, responsible for four mechanised mines. In 1988 he joined manufacturing company Sandock-Austral as Managing Director. In 1991 he was invited to join Assore in his current position as Group Technical Director and was appointed to the Assmang board in 1992. He is a member of the South African Institute of Mining and Metallurgy (SAIMM) and the Institute of Directors (IOD).

B M HAWKSWORTH, 73

Independent non-executive director

CA(SA)

Brian qualified as a Chartered Accountant in Durban and relocated to Johannesburg in 1973 as a partner of Ernst & Young. Since withdrawing as a partner of Ernst & Young he holds several non-executive directorships including on the Financial Services Board. He was appointed to the Assore Board as an independent non-executive director in 1996 and currently chairs the Assore Audit and Remuneration Committees.

He is a member of the South African Institute of Chartered Accountants (SAICA) and was a past member of its Council and Executive Committee and is also a fellow of the Institute of Directors which he chaired in the early 1990s.

M C RAMAPHOSA, 57

Non-executive director

BProc

Cyril is executive chairman and a significant shareholder of Shanduka Group (Proprietary) Limited. He is also non-executive chairman of MTN Group Limited, the Bidvest Group and SASRIA Limited and a non-executive director of SAB Miller plc, Macsteel Holdings (Proprietary) Limited, Alexander Forbes Limited and Standard Bank Group Limited. He was the first deputy chairman of the Commonwealth Business Council. He sits on the United Nations secretary general's advisory panel on International Support to NEPAD and is a member of the International Business Council of the World Economic Forum. Cyril has received several honorary doctorates. He joined the Assore Board as a non-executive director in July 2006.

E M SOUTHEY, 67

Independent non-executive director

BA LLB

Ed was admitted as an attorney, notary and conveyancer in 1968 and practiced as a partner of Webber Wentzel until his retirement as senior partner of that firm in 2006. He remains an executive consultant to the firm. He is a former president of the Law Society of the Northern Provinces and of the Law Society of South Africa. He is a director of a number of companies. He joined the Assore Board as a non-executive director in January 2009 and serves on Assore's Audit and Remuneration Committees.

DR J C VAN DER HORST, 65

Independent non-executive director

BA, LLD

Johannes studied at the Universities of Stellenbosch and Hamburg (Germany) and the Harvard Business School. He held various positions in Old Mutual from 1971 to 2002 where he was General Manager (Investments) from 1985 to 1997. In September 1997, he was appointed to head up Old Mutual's demutualisation project which culminated in the listing of Old Mutual on the London Stock Exchange and the JSE in July 1999. He served on the Assore Board between 1989 and 1997, and again since January 2003 when he was appointed as an independent non-executive director and serves on Assore's Audit and Remuneration Committees. He is also on the boards of Reunert Limited and Wooltru Limited.

CORPORATE GOVERNANCE

The Assore Group subscribes, in all its activities, to a policy of best practice in business management and corporate governance for South African companies, which it implements in accordance with the following three-dimensional framework:

- Installing a risk and control environment within its business entities where management is responsible for identifying, quantifying and managing risks to achieve the organisation's objectives on a sustainable basis.
- Creating a process which provides executive management, through the Audit Committee, with assurance over the adequacy of internal control within the organisation, ie that the risk and control environment in place is appropriate for the business concerned and is working as intended.
- Establishing a challenge process to identify the effectiveness of both the risk management environment and the assurance processes. This is generally the role of the internal audit function and other independent technical assurance specialists used on a consultancy basis.

Assore's shares are listed on the JSE, which requires that all listed companies comply with the Code of Corporate Practices as set out in the King Report on Corporate Governance. The King Report was originally issued in November 1994 and updated in March 2002 as the "King II Report". The objective of the King Reports is to formulate recommendations for the maintenance and improvement of standards of corporate governance in South African companies in accordance with international best practice. The company is in the process of assessing the impact of the revised King Code and Report on Governance for South Africa ("King III") on its governance structures. King III replaces King II on 1 March 2010.

The Assore Group's practices are compliant with all the material requirements of the King II Report, however, since the Chairman of Assore has an effective majority shareholding in the majority shareholder of Assore, certain aspects of the King II Report are considered to either be redundant or have an impact of a possible reduction of governance achieved by the governance structures as they currently exist. The table below is an analysis of those points of the King II Report that, mostly for this reason, are not applied, or are applied in a manner other than envisaged by the King II Report.

Code ref.	Comment
2.1.17.	The Assore Board ensures that executive directors address their respective responsibilities, while there are sufficient independent directors to ensure that the integrity of the actions undertaken by the Assore Board as a whole are in the interests of all stakeholders.
2.3.5.	The Chairman has the controlling interest in the majority shareholder. Appraisal of the Chairman for the benefit of shareholders would thus not be an effective process.
2.4.6.	Assore does not appoint persons to the Assore Board in an executive directorship capacity, without such person having had sufficient exposure to the business in managerial roles. Non-executive appointments are made based on sufficient experience in non-executive roles.
2.7.10.	Formal evaluation of the various board committees does not occur. However, due to the size of the business, regular interaction occurs between all levels of management to ensure that the various bodies within the Assore Group act within their terms of reference.
2.8.1.	The skills set required of the Assore Board is determined by the Assore Board as a whole. Regular executive committee meetings are held, where business activities are managed, and responsible persons act on issues requiring attention.
3.1.2.	Due to the size of Assore, the risks as they pertain to the business are managed on an ongoing basis by the Assore Board, and via the executive committee and subsidiary company boards, the relevant employees are informed of the risks in the business, and how these are to be managed where possible.

Code ref.	Comment
5.2.1. & 5.2.3.	Ethical behaviour is enforced by management, which emanates from the executive committee. Due to the degree of executive involvement in management, ethical issues are managed on an ongoing basis, and the existence of a documented policy on ethics would be redundant.
6.2.3.	Assore is cash positive, and the formal conclusion at meetings regarding its going concern capability would be redundant.

BOARD OF DIRECTORS

The directors are committed to the principles of corporate discipline, transparency, independence, accountability, responsibility, fairness and social responsibility.

Composition

The Assore Board has a unitary structure comprising eight directors, four of which are executive and four non-executive. For the sake of clarity, the Chief Executive Officer does not also hold the position of Chairperson.

Of the four non-executive directors, Mr Cyril Ramaphosa represents the Shanduka group which is one of Assore's BEE partners. The other three non-executive directors are regarded as independent and hold directorships in other listed and unlisted companies registered in South Africa.

The non-executive directors do not receive any benefits from Assore other than their fee for services as directors, which, in the case of the director representing the Shanduka group, are paid over to his employer. The four executive directors are Messrs Desmond Sacco (*Chairman*), R J Carpenter (*Deputy Chairman*), C J Cory (*Chief Executive Officer*) and P C Crous (*Group Technical Director*) and each of these executives are also on the board of directors of Assore's joint-venture company, Assmang.

Remuneration

Details of emoluments paid to directors and directors' interests in shares of Assore are disclosed in Assore's annual report and paragraph 17 of this circular and none of the executive directors have signed contracts of service with Assore which specify either a paid notice period or additional compensation in the event of termination.

Election

In accordance with Assore's Articles of Association, all directors are subject to retirement by rotation and re-election by shareholders at least once every three years. In addition, all directors are subject to re-election by shareholders at the first Annual General Meeting following their initial appointment. A brief *curriculum vitae* of each director is set out in Annexure 5 to this circular.

Meetings

The Assore Board meets at least four times per annum on predetermined dates with additional meetings convened when considered necessary. The Assore Board met on four occasions in the year ended 30 June 2009 and attendance at these meetings was as follows:

	Possible	Attended
Desmond Sacco	4	3
R J Carpenter	4	4
C J Cory	4	4
P C Crous	4	4
B M Hawksworth	4	4
P N Boynton	2	2
M C Ramaphosa	4	1*
E M Southey	2	1
Dr J C van der Horst	4	4

*Meetings not attended were attended by relevant alternate director.

Audit Committee

B M Hawksworth (Chair)
E M Southey
Dr J C van der Horst

Currently, the Audit Committee is a subcommittee of the Assore Board and the chairman of the Audit Committee reports on activities of the committee at each board meeting.

Representatives of the internal and external auditors are also invited to attend the regular meetings of the committee and, if necessary, have direct access to the chairman of the Audit Committee throughout the year.

The Audit Committee was established in terms of a charter approved by the Assore Board which, *inter alia*, sets out its duties and responsibilities and is reviewed on an annual basis to ensure it remains appropriate to the activities of the Assore Group.

All the members of the Audit Committee, including the chairman, (who made himself available to take questions at Assore's Annual General Meeting) are non-executive directors and the committee meets at least three times per annum. The principal objectives of the Audit Committee are to:

- monitor the efficiency and effectiveness of the Assore Group's internal control environment;
- review and approve the drafts of financial reports prior to their issue, and recommend same to the Assore Board;
- consider the appropriateness of the Assore Group's accounting policies; and
- provide a forum for the management of the external and internal audit functions and the resolution of issues which arise from audit activities.

All internal audit work is undertaken based on programmes prepared in accordance with an ongoing risk evaluation process which ensures that the focus of the audit effort is optimised (refer to Risk Management and Internal Audit and Internal Control below).

The Audit Committee is also responsible for approving all other audit-related services.

The Audit Committee considers the expertise and experience of the Financial Director on an annual basis.

Remuneration Committee

B M Hawksworth (Chair)
Desmond Sacco
Dr J C van der Horst
E M Southey

The majority of the members are non-executive directors, including the chairman, and the committee meets at least once a year for the annual salary review which the Chief Executive Officer attends by invitation. Recommendations on the broad framework and cost of executive remuneration are made annually to the Assore Board for approval and, in order to do so, the committee is required to determine:

- the Assore Group's general policy on executive remuneration;
- specific remuneration packages for executive directors; and
- where necessary, criteria to assess the required performance of executive directors.

The remuneration of non-executive directors is determined by the Assore executive and, in terms of Assore's Articles of Association, requires approval at a shareholders' meeting. Remuneration of other employees in the Assore Group is determined annually by the executive directors in conjunction with the human resources department.

Insider trading and closed periods

The Assore Group operates a closed period prior to the publication of its interim and final results. During this period, directors, officers and designated persons who may have access to price-sensitive information are precluded from dealing in the shares of the Assore Group. The closed period extends from the first day of the month following the end of a financial reporting period and expires on the day on which the interim or final results are published. Where appropriate, dealing is also restricted during sensitive periods where major transactions are being negotiated and a public announcement is imminent.

RISK MANAGEMENT

Risk is an ever-present feature of business in general. It is exacerbated in the mining industry as a result of the remote locations of operations, the physical danger inherent in the day-to-day activities of mining and smelting operations and the volume and complexity of legislation with which these industries have to comply. The most prominent financial risks to which the Assore Group is exposed, namely fluctuations in exchange rates and world commodity prices, are to a large extent outside of the Assore Board's direct control and can only be indirectly controlled by timeous response to market fluctuations and setting appropriate business strategies.

Group risk management is achieved through the identification and control of all significant business risks, including operational risks, which could adversely affect the achievements of the Assore Group's business objectives. Risk is managed at group level through the appointment of various risk management committees, which comprise representatives from senior management. The committees report to the Assore Board through the Audit Committee. An independent formalised process of identifying, recording and reviewing the management of major risk exposures has been implemented, assisted by specialised external consultants, where required. Independent risk engineering consultants grade each operation against international risk standards for fire, security, engineering, commercial crime, contingency planning and mining, as well as environmental risk to monitor whether current practices meet the set criteria and are being maintained. The risk management committees are also responsible for ensuring that appropriate financial and insurance mechanisms are integrated into the risk plan and the Assore Group is protected against catastrophic risk including failure of IT systems. In addition, the group risk management process includes ongoing review of compliance with legislation in the areas of:

- environmental rehabilitation management;
- health and safety management; and
- human resource management.

This review is undertaken in conjunction with independent, specialist consultants and subjected to regular compliance audits. Reports emanating from these independent reviews are tabled at the Audit Committee, which monitors progress and raises unresolved issues at board level for resolution.

INTERNAL AUDIT AND INTERNAL CONTROL

The Assore Board, through its appointed Audit Committee, is accountable for the implementation of appropriate internal controls, which are reviewed regularly for efficiency and effectiveness. These controls are designed to manage the risk of failure, and provide reasonable assurance that there is an adequate system of internal control in place. As with all management systems, the assurance provided is not absolute and the risk of failure cannot be eliminated entirely. The internal audit functions at the various operations in the Assore Group have been outsourced to the special services divisions of recognised professional auditing firms. Internal auditors monitor the operation of the internal control systems and, after discussion with management, report findings and recommendations to the Audit Committee. Corrective action is taken to address control deficiencies as and when they are identified. Nothing has come to the attention of the Assore Board to indicate that any material breakdown in the effective functioning of controls, procedures and systems has occurred during the year ended 30 June 2009.

Representatives of the internal audit team are invited to attend Audit Committee meetings and, where areas of new risk are identified, eg initiation of capital projects or new systems of internal control, separate independent investigations take place on an *ad hoc* basis in addition to the programmed reviews referred to above.

EMPLOYEE PARTICIPATION AND SOCIAL INVESTMENT

For many years, collective bargaining procedures have been negotiated with workforce representatives but, where a workforce has elected not to be represented by a recognised union, it is encouraged to elect a Works Committee to achieve the same objectives. The forums so created are utilised in wage negotiations and to communicate information regarding operating performance and facilitate workforce participation in health, safety and educational issues.

The Assore Group is committed to promoting respect for the dignity of the individual, the maintenance of fair employment conditions and the development, through education, of competent and committed employees. The Assore Group, in conjunction with the Assore Chairman's Fund, provides financial assistance for study purposes to all members of staff, including their dependants, based on defined performance criteria. A substantial proportion of the donations made annually by the fund is made to a wide range of educational

institutions ranging from self-help programmes and adult literacy training to financial assistance for study at tertiary level. The Assore Chairman's Fund also supports and provides sponsorship for a variety of sporting events, in particular, providing financial assistance and incentives for the participation of young sportsmen and women from disadvantaged backgrounds who display significant sporting talent.

CODE OF ETHICS, RESPONSIBILITIES TO STAKEHOLDERS AND SUSTAINABLE DEVELOPMENT

The Assore Group has not developed a comprehensive Code of Ethics but the following principles have been adopted to guide various aspects of corporate behaviour to ensure the group remains committed to the highest standards of integrity in dealing with its stakeholders and developing its business activities in a sustainable way:

Investors

Dealing properly with all stakeholders in order to serve the best interests of shareholders on a sustainable basis. Commitment to full compliance with relevant laws and rules, good corporate governance, transparency and fair dealing.

Employees

Employing only the most appropriately skilled individuals and investing in their development in a non-discriminatory environment.

Communities

Promoting strong relationships with, and raising the capacity of the communities in which the group's activities are located.

Customers and business partners

Seeking mutually beneficial long-term relationships with customers, business partners, contractors and suppliers based on fair and ethical practices.

Governmental bodies

Respect for laws of the countries in which the group operates, while seeking to observe within its operations the universal standards promulgated by leading intergovernmental organisations.

Non-governmental organisations

Maintenance of constructive relations with relevant non-governmental organisations.

UNAUDITED *PRO FORMA* INCOME STATEMENT AND BALANCE SHEET

The unaudited *pro forma* financial information set out below has been prepared to assist Assore shareholders to assess the impact of the Second Empowerment Transaction on the financial position and results of Assore, based on the audited results of Assore for the twelve-month period ended 30 June 2009, the balance sheet at that date and Assore's normal accounting policies.

No adjustments have been made to the unaudited *pro forma* financial information, other than in respect of the corporate action contemplated in this circular. Due to its nature, this unaudited *pro forma* financial information may not fairly present Assore's financial position, changes in equity, results of operations or cash flows on implementation of the Second Empowerment Transaction. The unaudited *pro forma* financial information and effects are the responsibility of the board and are provided for illustrative purposes only.

The unaudited *pro forma* financial information as set out below should be read in conjunction with the report of the independent reporting accountants which is included as Annexure 3 to this circular.

UNAUDITED *PRO FORMA* BALANCE SHEET AT 30 JUNE 2009

The unaudited *pro forma* balance sheet assumes that the Second Empowerment Transaction was implemented on 30 June 2009.

	Audited R'000	Transaction phases (R'000):			Total adjustments	Consolidation adjustments	<i>Pro forma</i> R'000
	A	Phase 1 B	Phase 2 C	Costs D	B + C + D		
ASSETS							
Non-current assets							
Property, plant and equipment	5 118 685						5 118 685
Investment properties	61 838						61 838
Intangible assets	2 927						2 927
Investments – available-for-sale	415 066						415 066
– other	42 259						42 259
Deferred taxation	74 309						74 309
Investment in group companies (ordinary shares)			758 349		758 349	(758 349)	
Investment in group companies (preference shares)		39 632	935 243		974 875	(974 875)	
Loans to group companies			827 908		827 908	(827 908)	
	5 715 084	39 632	2 521 500		2 561 132	(2 561 132)	5 715 084
Current assets							
Inventories	1 804 010						1 804 010
Trade and other receivables	593 087						593 087
Cash deposits held by environmental trusts	47 739						47 739
Cash resources	3 001 328	(39 726)		(12 945)	(52 671)		2 948 657
	5 446 164	(39 726)		(12 945)	(52 671)		5 393 493
Total assets	11 161 248	(94)	2 521 500	(12 945)	2 508 461	(2 561 132)	11 108 577

	Audited R'000 A	Transaction phases (R'000):			Total adjustments B + C + D	Consolidation adjustments	Pro forma R'000
		Phase 1 B	Phase 2 C	Costs D			
EQUITY AND LIABILITIES							
Share capital and reserves							
Share capital	689		9		9		698
Share premium (Assore shares)	30 358		233 734		233 734		264 092
Share premium (subsidiary co shares)			524 606		524 606	(524 606)	
Treasury shares	(2 125 285)					(233 743)	(2 359 028)
Retained earnings	8 576 752	(377)		(12 945)	(13 322)		8 563 430
Other reserves	120 715						120 715
	6 603 229	(377)	758 349	(12 945)	745 027	(758 349)	6 589 907
Minority shareholders' interest	71 819						71 819
Total equity	6 675 048	(377)	758 349	(12 945)	745 027	(758 349)	6 661 726
Non-current liabilities							
Long-term borrowings	51 556	(39 349)			(39 349)		12 207
Deferred taxation	1 416 145						1 416 145
Long-term provisions	205 957						205 957
Preference shares issued to group companies		39 632	935 243		974 875	(974 875)	
Loans from group companies			827 908		827 908	(827 908)	
	1 673 658	283	1 763 151		1 763 434	(1 802 783)	1 634 309
Current liabilities							
Trade and other payables	648 490						648 490
Taxation	429 293						429 293
Short-term provisions	110 916						110 916
Short-term borrowings and overdrafts	1 623 843						1 623 843
	2 812 542						2 812 542
Total equity and liabilities	11 161 248	(94)	2 521 500	(12 945)	2 508 461	(2 561 132)	11 108 577
Issued number of shares ('000) Note E	27 572						27 922
Net asset value per share (in cents)	24 210						23 859
Tangible net asset value per share (in cents)	24 199						23 848

Notes:

A: Financial information extracted from the audited balance sheet as at 30 June 2009.

B: Phase 1 of the transaction, consisting of the following transaction steps:

- Loan from Assore to MS350 to redeem A Preference Shares and redemption of A Preference Shares on loan by Assore. The loan from Assore to MS350 is eliminated on consolidation;
- Loan to MS350 from Assore to repay its investment in the B Preference Shares. The loan from Assore to MS350 is eliminated on consolidation; and
- Issue of C Preference Shares to Assore by MS350 to settle loan account from Assore resulting from steps A and B above. The C preference shares are eliminated on consolidation.

C: Phase 2 of the transaction, consisting of the following transaction steps:

- Sale of interests in MS460 by Assore to MS350, for which MS350 issues 49% of its ordinary shares to Assore. Cession and assignment of loan between Assore and MS460 to MS350. As MS350 and MS460 are consolidated into the Assore group, the effects of the sale and cession are eliminated on consolidation;
- Issue of D Preference Shares by MS350 to Assore. Loan of proceeds by MS350 to MS460. The preference shares and loan account eliminate on consolidation; and
- Issue of Assore Subscription Ords to MS460, for cash. The Assore shares are treated as treasury shares on consideration.

D: Accounting for transaction costs.

E: The number of Assore shares includes 3.64 million shares held by subsidiary companies as treasury shares at 30 June 2009. The *pro forma* number of treasury shares amounts to 3.99 million shares.

Other notes:

Issue of 50 shares by MS350 to Bokamoso Trust less than R1000.

UNAUDITED *PRO FORMA* INCOME STATEMENT FOR FINANCIAL YEAR ENDED 30 JUNE 2009.

The unaudited *pro forma* income statement assumes that the Second Empowerment Transaction was implemented on 1 July 2008

	Audited R'000 A	Transaction phases (R'000):			Total adjustments B + C + D	Consolidation adjustments	<i>Pro forma</i> R'000
		Phase 1 B	Phase 2 C	Costs D			
Revenue	9 527 669						9 527 669
Turnover	8 818 655						8 818 655
Cost of sales	3 983 720						3 983 720
Gross profit	4 834 935						4 834 935
Profit on disposal of available-for-sale investments	19 086						19 086
Investment income	392 659	(4 427)			(4 427)		388 232
Foreign exchange gains	566 220						566 220
Net technical fees and commissions on sales	278 832						278 832
Other income	173 117	5 234	51 297		56 531	(56 531)	173 117
Foreign exchange losses	(101 614)						(101 614)
Other expenses	(616 207)	(283)		(12 945)	(13 228)		(629 435)
Finance costs	(298 148)	(937)	(51 297)		(52 234)	56 531	(293 851)
Profit before taxation and State's share of profits	5 248 880	(413)		(12 945)	(13 358)		5 235 522
Taxation and State's share of profits	1 981 493	(36)			(36)		1 981 457
Profit for the year	3 267 387	(377)		(12 945)	(13 322)		3 254 065
Attributable to:							
Shareholders of the holding company	3 241 452						3 228 130
Minority shareholders	25 935						25 935
As above	3 267 387						3 254 065
Weighted number of shares ('000)							
(basic and diluted) Note E	23 714						23 714
Earnings per share (cents) (basic and diluted)	13 669						13 613
Headline earnings per share (cents) (basic and diluted)	13 772						13 715

Notes:

A: Financial information extracted from the audited income statement for the twelve months ended 30 June 2009.

B: Phase 1 of the transaction, consisting of the following impacts:

- Reduction of preference shares dividend, and consequential loss interest received;
- Loan to MS350 from Assore to repay its investment in the B Preference Shares. The loan from Assore to MS350 is eliminated on consolidation; and
- C Preference Share dividends of R63.1 million paid by MS350 and received by Assore (dividend rate is based on 79% of the prime interest rate being 10.5% at the last practicable date, thus resulting in an effective rate of 8.295%). These dividends paid and received are eliminated on consolidation.

C: Phase 2 of the transaction, consisting of the following impact:

- D Preference Share dividends of R63.1 million paid by MS350 and received by Assore (dividend rate is based on 79% of the prime interest rate being 10.5% at the last practicable date, thus resulting in an effective rate of 8.295%). These dividends paid and received are eliminated on consolidation.

D: Accounting for transaction costs.

E: The weighted number of Assore shares excludes 3.94 million weighted shares held in subsidiary companies as treasury shares for the financial year ended 30 June 2009. Since the Assore Subscription Ords are to be issued to a wholly-owned subsidiary, the shares will be accounted for as treasury shares, and will therefore have no impact on the denominator used for purposes of EPS and HEPS calculations.



ASSORE LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1950/037394/06)
JSE share code: ASR ISIN: ZAE000017117

Directors

Executive

Desmond Sacco (*Chairman*)
Robert John Carpenter (*Deputy Chairman*)
Christopher John Cory (*Chief Executive Officer*)
Phillip Christiaan Crous (*Group Technical Director*)

Non-executive

Brian Michael Hawksworth*
Matamela Cyril Ramaphosa
Edward Montagu Southey*
Dr Johannes Cornelius van der Horst*

Alternate

Nicholas Giulio Sacco
Patrick Eugenio Sacco
Rowan Murray Smith

* Independent

NOTICE OF GENERAL MEETING OF ASSORE SHAREHOLDERS

The definitions and interpretation provisions on pages 5 to 15 of this document apply *mutatis mutandis* to this notice of general meeting.

NOTICE IS HEREBY GIVEN THAT a general meeting of Assore shareholders will be held at 10:00 on Tuesday, 19 January 2010, at the registered office of Assore, located at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, for the purposes of considering and, if deemed fit, passing such ordinary and special resolutions as are set out in this notice of general meeting.

Except for Ordinary Resolution Number Five, which is not subject to the passing and registration (if applicable) of the special resolutions and ordinary resolutions set out in this Notice of General Meeting, each resolution is subject to the passing, and where appropriate, registration of the other special and ordinary resolutions (save for Ordinary Resolution Number Five).

SPECIAL RESOLUTION NUMBER ONE

RESOLVED THAT, the directors of Assore be and are hereby authorised, in terms of section 38(2A) of the Companies Act, to execute (and implement the provisions of) each of the following Transaction Documents, to the extent that the transactions and arrangements contemplated in, arising from or to be implemented pursuant to such Transaction Documents, constitute the granting by Assore of financial assistance as contemplated under section 38 of the Companies Act:

- the C Preference Share Creation Agreement;
- the D Preference Share Creation Agreement;
- the First Tranche C Pref Subscription Agreement;
- the D Pref Subscription Agreement; and
- the Sale Consideration Agreement.

REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER ONE

The reason for Special Resolution Number One is to give effect to the implementation of the Second Empowerment Transaction.

The effect of Special Resolution Number One is to provide specific authority to the directors of Assore to execute and implement each of the aforementioned Transaction Documents to the extent that same constitute, or result in the granting by Assore of, financial assistance as contemplated under section 38 of the Companies Act.

SPECIAL RESOLUTION NUMBER TWO

RESOLVED THAT, the directors of Assore be and are hereby authorised by way of a specific authority to implement the repurchase by Assore, in terms of section 85 of the Companies Act and in accordance with article 42J of Assore's Articles of Association and the Listings Requirements, of any Assore shares in the issued share capital of Assore from MS350 and/or MS460 pursuant to the exercise by Assore of its rights under any of (i) the C Preference Share Creation Agreement, (ii) the D Preference Share Creation Agreement, (iii) the MS350 Cession and Pledge of Assore Ords Agreement and/or (iv) the MS460 Cession and Pledge of Assore Ords Agreement, and that any of the directors of Assore be and are hereby authorised to sign all documents and perform all acts on behalf of Assore as may be required to give effect to this special resolution.

REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER TWO

The reason for Special Resolution Number Two is to comply with section 85 of the Companies Act and for Assore to obtain the specific authority required in terms of the Companies Act and the Listings Requirements for the repurchase by Assore of Assore shares from MS350 and/or MS460 (as applicable) should Assore wish to exercise any of its rights under the aforementioned Transaction Documents.

The effect of Special Resolution Number Two is to provide specific authority for Assore to repurchase Assore shares in accordance with the provisions of section 85 of the Companies Act.

ORDINARY RESOLUTION NUMBER ONE

RESOLVED THAT, the execution by the directors of Assore (for and on behalf of Assore) of each of the following Transaction Documents to which Assore is a party, be and is hereby approved and ratified, and that the directors of Assore be and are hereby authorised to implement the provisions of such Transaction Documents in accordance with their terms:

- the Implementation Agreement;
- the C Preference Share Creation Agreement;
- the D Preference Share Creation Agreement;
- the First Tranche C Pref Subscription Agreement;
- the D Pref Subscription Agreement;
- the Assore/MS350 SPA;
- the MS460/Assore Ords Subscription Agreement;
- the Sale Consideration Agreement;
- the Shareholders Agreement;
- the Relationship Agreement;
- the MS350 Cession and Pledge of Assore Ords Agreement;
- the MS350 Cession and Pledge of MS460 Ords and Claims Agreement;
- the MS460 Guarantee Agreement; and
- the MS460 Cession and Pledge of Assore Ords Agreement.

ORDINARY RESOLUTION NUMBER TWO

RESOLVED THAT, the directors of Assore be and are hereby authorised to sell to MS350 all of the MS460 Ords and all of the MS460 Claims held by Assore, in accordance with the provisions of the Assore/MS350 SPA as read with the Sale Consideration Agreement.

In terms of the Listings Requirements, the approval of a majority of 75% of Assore shareholders present or represented by proxy at the general meeting is required for this Ordinary Resolution Number Two to become effective.

ORDINARY RESOLUTION NUMBER THREE

RESOLVED THAT, the directors of Assore be and are hereby authorised on behalf of Assore, by way of a specific authority, to allot and issue the Assore Subscription Ords (ie 349 747) to MS460 at an aggregate cash subscription price of R233 742 915.04, in accordance with the provisions of the MS460/Assore Ords Subscription Agreement.

In terms of the Listings Requirements, the approval of a majority of 75% of Assore shareholders present or represented by proxy at the general meeting is required for this Ordinary Resolution Number Three to become effective.

ORDINARY RESOLUTION NUMBER FOUR

RESOLVED THAT, the directors of Assore be and are hereby authorised on behalf of Assore, to do all such things and sign all such documents as may be required to give effect to and implement the provisions of the special and ordinary resolutions set out in this notice of general meeting, and that all such actions already taken and all such documents already signed be and are hereby ratified.

ORDINARY RESOLUTION NUMBER FIVE

RESOLVED THAT, in accordance with the provisions of section 221 of the Companies Act, the Assore Board be and is hereby granted general authority to allot and issue 78 630 Assore shares in the authorised but unissued share capital of Assore on such terms and conditions as may be determined by the Assore Board.

For and on behalf of:

Assore Limited

C Stemmett

Company Secretary

Illovo

11 December 2009



ASSORE LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1950/037394/06)
JSE share code: ASR ISIN: ZAE000017117
("Assore")

FORM OF PROXY

For use only by members holding certificated shares and members who have dematerialised their share certificates and have elected "own-name" registration in the sub-register maintained by the Central Securities Depository Participant ("CSDP"), at the general meeting of Assore to be held at 10:00, on Tuesday, 19 January 2010 at the registered office of Assore, located at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg.

Members who have dematerialised their certificated shares through a CSDP or broker and have not elected "own-name" registration in the sub-register maintained by the CSDP must not complete this form of proxy, but should instruct their CSDP or broker to issue them with the necessary letter of representation to attend the general meeting, or if they do not wish to attend the general meeting, but wish to be represented thereat, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

Form of proxy for the general meeting

I/We

(Full name in block letters)

of

(Address)

being the holder/s of ordinary, preference shares in Assore, hereby appoint (see note 1)

1. Of or failing him/her,

2. Of or failing him/her,

3. the chairman of Assore, or failing him, the chairman of the general meeting

as my/our proxy to vote for me/us on my/our behalf at the general meeting of Assore to be held at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, at 10:00, on Tuesday, 19 January 2010 or at any adjournment thereof.

I/We desire to vote as follows (see note 2):

	For	Against	Abstain
Special Resolution Number One Approval for the granting of financial assistance			
Special Resolution Number Two Approval to implement a potential future repurchase by Assore of Assore shares held by MS350 and/or MS460 pursuant to a default event occurring in respect of the C Preference Shares and/or the D Preference Shares			
Ordinary Resolution Number One Authorising the execution by Assore of the Transaction Documents to which it is a party			
Ordinary Resolution Number Two Authorising the sale by Assore to MS350 of all MS460 Ords and MS460 Claims			
Ordinary Resolution Number Three Authorising the allotment and issue by Assore of the Assore Subscription Ords to MS460			
Ordinary Resolution Number Four General authorising and ratifying resolution			
Ordinary Resolution Number Five Granting of general authority to the Assore Board in terms of section 221 of the Companies Act to allot and issue 78 630 Assore shares in the authorised but unissued share capital of Assore			

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed at on 2010

Signature Assisted by me (where applicable)

Please read the notes and instructions on the reverse hereof.

Notes:

1. A member is entitled to appoint one or more proxies (none of whom need be a member of Assore) to attend, speak and vote in the place of that member at the general meeting. A member may therefore insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of Assore, or failing him, the chairman of the general meeting". The person whose name stands first on the proxy form and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of the general meeting, if he is the authorised proxy, to vote in favour of the resolutions at the general meeting, or any other proxy to vote or abstain from voting at the general meeting as he deems fit, in respect of the member's total holding.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
4. Every member present in person or by proxy and entitled to vote shall, on a show of hands, have only one vote and, upon a poll, every member shall have one vote for every ordinary share held.
5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of members in respect of joint holding.
6. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Assore's transfer secretaries or waived by the chairman of the general meeting.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the transfer secretaries of Assore or waived by the chairperson of the meeting.
8. The chairperson of the meeting may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the Articles of Association of Assore.
9. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to either Assore's registered office, Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 (Private Bag X03, Northlands, 2116) or its transfer secretaries (being Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 in South Africa (PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Friday, 15 January 2010.

