


Assore is supportive of the broad-based economic imperatives contained in the Minerals and Petroleum Resources Development Act (the MPRD Act) and the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry issued thereunder (the Mining Charter), and has embarked on initiatives aimed at meeting these requirements at its mining operations, as set out below.

The MPRD Act has changed the previous common law and statutory position in South Africa in terms of which mineral rights could be held privately. Instead, pursuant to the MPRD Act and with effect from 1 May 2004, the State has assumed sovereignty and custodianship of all mineral rights in South Africa and will grant prospecting rights and mining rights to applicants based on the merits of their applications (which are designated as 'new order rights'). A transitional period is provided during which holders of existing mineral and exploration rights (designated as 'old order rights'), upon meeting certain requirements, may convert such existing in-use old order rights into new order rights, or in the case of unused rights, may apply for new order rights.

The Mining Charter is intended to facilitate the entry of historically disadvantaged South Africans (HDSAs) into the mining industry. The scorecard which the State has issued pursuant to the Mining Charter requires, *inter alia*, that mining companies achieve 15% HDSA ownership of mining assets within five years (ie 1 May 2009) and 26% within 10 years (ie 1 May 2014). The Mining Charter also requires, *inter alia*, that mining companies provide plans and achieve employment equity at management level and procure goods and services from black empowered organisations on a preferential basis in accordance with the predetermined criteria set out in such plans.

In view of meeting the Charter's requirements, Assore, through the appropriate group companies, has:

- Completed an audit of current compliance with the requirements of the Charter:
- Commenced with the introduction of a preferential procurement policy at all its operations.
- Concluded empowerment transactions with Mampa Investment Holdings (being the commercial arm of The Mankwe Development Foundation) (Mampa) in April 2004 and Shanduka Resources (Proprietary) Limited (Shanduka Resources) and the Bokamoso Trust (the Community Trust) in February 2006 (refer below).
- Developed social and labour plans for each of operations which supports the integrated development plan of the relevant local authorities. The plan, which has received the approval of the relevant departments includes the construction of educational facilities, maintenance and upgrading of roads and presentation of programmes on adult education, health and safety and environmental awareness.
- Succeeded in obtaining new order mining rights for its operation at Zandspruit 168 JP and .
- Applied for and obtained new order mining rights on the iron ore deposits mined at Khumani.
- Submitted applications for the conversion of all remaining old order rights to new order rights in particular manganese ore (Nchwaning and Gloria mines), chrome ore (Dwarsrivier) and Wonderstone.

Following the introduction of the MPRD Act, Assore has entered into the following empowerment transactions:

- 1 In April 2004, an empowerment transaction was finalised with Mampa in terms of which Mampa acquired a 44% interest in

Rustenburg Minerals Development Company (Proprietary) Limited (RMDC). RMDC mines chromitite in the Rustenburg area and was previously a wholly owned subsidiary of the Assore group. Mampa is represented on both the management committee and the board of RMDC and has an option to increase its stake in RMDC to 51%. In October 2005 RMDC was successful in its application to convert all of its mining rights to new order rights and on 29 June 2006 RMDC paid its maiden dividend in terms of the joint venture agreement, Mampa receiving R2,5 million.

- 2 In February 2006, the Assore group entered into empowerment transactions effecting the acquisition of 15,02% of the issued ordinary share capital of Assore by two black economic empowerment (BEE) entities, namely:
 - Shanduka Resources, a subsidiary of Shanduka Group (Proprietary) Limited (Shanduka), which purchased an 11,76% equity interest in Assore; and
 - the Community Trust, which has been formed to benefit HDSAs and HDSA community groupings, which purchased a 3,26% equity interest in Assore.
 - On 15 September 2008 the company acquired 2 931 653 Assore shares (being 10,47% of issued share capital) with the intention of negotiating a second empowerment transaction, which once implemented, will result in 26% of the Assore share capital being owned by HDSA's being the required percentage by the year 2014 in terms of the Socio-economic Empowerment Charter for the South African mining industry.

SHANDUKA RESOURCES

Shanduka Resources is a subsidiary of Shanduka, a black-owned and managed investment holding company founded by Cyril Ramaphosa, James Motlatsi and several other black professionals. Shanduka realises its own contribution to broad-based BEE ownership through community development trusts holding equity interests in Shanduka. These trusts are part of the Shanduka Foundation which was launched in 2004 as the vehicle through which Shanduka channels its social and community investment initiatives. Shanduka has committed to spend in excess of R100 million in upliftment programmes over the next 10 years.

The Shanduka Foundation is committed to support initiatives aimed at:

- developing women-led small businesses and new entrepreneurs;
- providing scholarships for deserving, previously disadvantaged students at accredited tertiary institutions enabling them to continue their studies in business related courses; and
- assisting underprivileged schools to acquire basic facilities through the Adopt-a-School programme.


Shanduka Resources has a long-term strategy to develop a diversified resources house with operational capabilities and has investments in the coal, diamond, paper and gold industries. Shanduka Resources will provide leadership for Assore's BEE partners and strategic support to Assore in achieving its BEE objectives.

THE COMMUNITY TRUST

The Community Trust was established for the benefit of HDSAs and broad-based HDSA community groupings in the areas in which the Assore group's mines and beneficiation plants are located. Assore has initiated a process through which it will identify and negotiate with certain community groupings for their participation as trustees and beneficiaries in the community trust in accordance with the Community Trust's trust deed.

Assore concluded relationship agreements with each of Shanduka Resources and the Community Trust in order to regulate the respective relationships between the parties to ensure, insofar as is possible, the continued compliance by each of Shanduka Resources and the Community Trust (as the Assore group's BEE partners) with the direct ownership requirements of the Mining Charter.

SUMMARY OF PREFERENTIAL PROCUREMENT

The group is committed to bringing previously disadvantaged South Africans into the mainstream of the economy by identifying, developing, facilitating and availing business opportunities to BBBEE suppliers at all its operations. Set out below is a summary of the percentage BBBEE procurement measure against total discretionary procurement which is as yet unaudited. Total discretionary procurement is defined as total procurement less procurement through public sector rendering rates  utility service provider etc.

	Total discretionary procurement	Agreement % BBBEE at June 2008
Assmang		
Wonderstone		
Rustenburg Minerals		
Xertech		