– Acquisition of Dwarsrivier completed
– First furnace at Sakura Ferroalloys in production
– Commodity prices recover in second half
– Final dividend declared of R5,00 per share
– Strong cash position maintained

ASSORE

Assore Limited Company registration number: 1950/037394/06
Share code: ASR ISIN: ZAE000146932 ("Assore" or "group" or "company")

www.assore.com

Final results for the year ended 30 June 2016

Consolidated income statement

R'000	Year ended 30 June 2016 Reviewed	Year ended 30 June 2015 Audited
Revenue	**2 941 047**	3 357 297
Turnover	**2 027 813**	2 526 096
Cost of sales	**(1 918 242)**	(2 376 827)
Gross profit	**109 571**	149 269
Fees and commission earned from joint venture	**673 761**	643 442
Other income	**266 391**	205 672
Impairment of non-financial assets – group	**(65 686)**	(365 073)
Impairment of financial assets	**(30 344)**	(114 258)
Other expenses	**(514 814)**	(408 869)
Finance costs	**(38 576)**	(33 391)
Profit before taxation, joint venture and associate	**400 303**	76 792
Taxation	**(176 376)**	(102 293)
Profit/(loss) after taxation, before joint venture and associate	**223 927**	(25 501)
Share of profit from joint venture, after taxation	**1 281 000**	1 317 138
Share of loss from associate, after taxation	**(7 286)**	(1 197)
Profit for the year	**1 497 641**	1 290 440
Attributable to:		
Shareholders of the holding company	**1 539 363**	1 403 371
Non-controlling shareholders	**(41 722)**	(112 931)
As above	**1 497 641**	1 290 440
Earnings as above	**1 539 363**	1 403 371
Impairment of non-financial assets	**268 395**	771 261
Impairment of financial assets	**30 344**	114 258
Profit on sale of subsidiary	**(8 578)**	–
(Profit)/loss on disposal of property, plant and equipment	**(8 321)**	10 009
Taxation effect of above items	**(58 824)**	(180 831)
Non-controlling shareholders' portion	**(18 203)**	(141 717)
Headline earnings	**1 744 176**	1 976 351
Earnings per share (basic and diluted – cents)	**1 491**	1 360
Headline earnings per share (basic and diluted – cents)	**1 690**	1 915
Dividends per share declared in respect of the profit for the year (cents)	**700**	600
– Interim	**200**	300
– Final	**500**	300
Weighted average number of ordinary shares (million)		
Ordinary shares in issue	**139,61**	139,61
Weighted impact of treasury shares held in trust	**(36,40)**	(36,40)
	103,21	103,21

Consolidated statement of comprehensive income

R'000	Year ended 30 June 2016 Reviewed	Year ended 30 June 2015 Audited
Profit for the year (as above)	**1 497 641**	1 290 440
Items that may be reclassified into the income statement dependent on the outcome of a future event	**125 367**	(11 428)
Loss on revaluation to market value of available-for-sale investments after taxation	**(18 270)**	(24 209)
Loss on revaluation to market value of available-for-sale investments	**(23 544)**	(29 758)
Deferred capital gains tax thereon	**5 274**	5 549
Exchange differences on translation of foreign operations	**139 877**	15 506
Actuarial gain/(loss) on pension fund, after taxation	**3 760**	(2 725)
Total comprehensive income for the year, net of tax	**1 623 008**	1 279 012
Attributable to:		
Shareholders of the holding company	**1 652 559**	1 384 130
Non-controlling shareholders	**(29 551)**	(105 118)
As above	**1 623 008**	1 279 012

Consolidated statement of financial position

R'000	At 30 June 2016 Reviewed	At 30 June 2015 Audited
ASSETS		
Non-current assets		
Property, plant and equipment and intangible assets	**178 609**	256 504
Investments		
– joint venture	**15 094 529**	14 585 308
– available-for-sale	**180 084**	233 972
– associate	**124 848**	120 756
– other	**44 591**	47 808
Pension fund surplus	**68 070**	57 474
Net deferred taxation asset	**17 421**	4 964
Total non-current assets	**15 708 152**	15 306 786
Current assets		
Inventories	**1 037 471**	924 762
Trade and other receivables	**418 466**	410 325
Restricted cash	**479 522**	450 000
Cash resources	**3 184 925**	2 421 195
Total current assets	**5 120 384**	4 206 282
TOTAL ASSETS	**20 828 536**	19 513 068
EQUITY AND LIABILITIES		
Share capital and reserves		
Ordinary shareholders' interest	**18 945 480**	17 808 956
Non-controlling (deficit)/interests	**(33 871)**	15 765
Total equity	**18 911 609**	17 824 721
Non-current liabilities		
Long-term liabilities		
– interest-bearing	**—**	346 100
– non-interest-bearing	**28 554**	21 081
Total non-current liabilities	**28 554**	367 181
Current liabilities		
Interest-bearing	**995 774**	960 866
Non-interest-bearing	**892 599**	360 300
Total current liabilities	**1 888 373**	1 321 166
TOTAL EQUITY AND LIABILITIES	**20 828 536**	19 513 068

Consolidated statement of cash flow

R'000	Year ended 30 June 2016 Reviewed	Year ended 30 June 2015 Audited
Cash generated/(utilised) by operations	**212 491**	(962 774)
Cash retained from investing activities	**862 431**	817 093
Other financing activities	**(311 192)**	422 278
Increase in cash for the year	**763 730**	276 597
Cash resources at beginning of year	**2 421 195**	2 144 598
Cash resources per statement of financial position	**3 184 925**	2 421 195

Consolidated statement of changes in equity

R'000	Year ended 30 June 2016 Reviewed	Year ended 30 June 2015 Audited
Share capital, share premium and other reserves		
Balance at beginning of year	**398 836**	418 583
Other comprehensive income/(loss) for the year	**113 196**	(19 747)
Net decrease in the market value of available-for-sale investments	**(18 270)**	(24 209)
Actuarial gains/(losses) on pension plan after taxation	**3 760**	(2 725)
Foreign currency translation reserve arising on consolidation	**127 706**	7 187
Balance at end of year	**512 032**	398 836
Treasury shares		
Balance at end of the year	**(5 051 583)**	(5 051 583)
Retained earnings		
Balance at beginning of year	**22 461 703**	21 935 592
Profit for the year attributable to shareholders	**1 539 363**	1 403 371
Ordinary dividends declared during the year	**(516 035)**	(877 260)
– total dividends declared	**(698 035)**	(1 186 660)
– dividends on treasury shares held in BEE trusts	**182 000**	309 400
Balance at end of year	**23 485 031**	22 461 703
Ordinary shareholders' interest	**18 945 480**	17 808 956
Non-controlling interests		
Balance at beginning of year	**15 765**	150 271
Share of total comprehensive loss	**(49 636)**	(134 506)
– profit for the year	**(41 722)**	(112 931)
– other comprehensive income	**12 171**	7 813
– share of total comprehensive loss	**(29 551)**	(105 118)
– derecognition of non-controlling interest on disposal of subsidiary	**8 232**	—
– dividends paid to non-controlling shareholders	**(28 317)**	(29 388)
Balance at end of year	**(33 871)**	15 765
Total equity	**18 911 609**	17 824 721

Fair values of financial instruments

The group uses quoted prices in active markets that are unadjusted for identical assets and liabilities for financial instruments measured at level 1. The values of all other financial instruments recognised, but not subsequently measured at fair value, approximate fair value.

R'000	Year ended 30 June 2016 Reviewed Level 1	Year ended 30 June 2015 Audited Level 1
Assets measured at fair value		
Available-for-sale investments	**180 084**	233 972
Other investments	**44 591**	47 808
	224 675	281 780

Commentary

Results

Headline earnings for the financial year to 30 June 2016 ("2016"or "the reporting period") declined by 11,7% to R1,7 billion, compared to R2,0 billion in the previous financial year (2015). After taking into account impairment charges of R299 million (2015: R886 million), attributable earnings for 2016 were similar to those recorded in 2015, at R1,5 billion, with attributable earnings for Assmang Proprietary Limited (Assmang) marginally lower by 2,7% at R2,6 billion in 2016. The group's principal investment is a 50% interest in Assmang, which it controls jointly with African Rainbow Minerals Limited (ARM), and in accordance with International Financial Reporting Standards (IFRS), is accounted for using the equity method.

During the second half of 2016, prices for the group's products recovered, due mostly to the application of economic stimulus and increased environmental restrictions in China, which favour the group's products, combined with improved steel prices and increased productivity. The index price for iron ore (62% iron content, "fines" grade, delivered in China) reached levels of below US dollars 40 per tonne in the first half of 2015, but recovered to an average price of US dollars 52 per tonne for the second half. Prices for manganese ores also recovered over the second half of 2016, during which the average price was US dollars 3.13 per manganese unit (44% manganese content, "lumpy" grade, delivered in China), 18% higher than during the first half of the year.

After declining significantly towards the end of the first half of 2016, and into the second half, prices for chrome ore recovered and increased sharply during the middle of the second half, with average prices for the year at approximately US dollars 150 per tonne (44% grade concentrate, delivered in China). These recent increases in selling prices were brought about mainly by global inventory shortages.

The average rand/US dollar exchange rate across the second half of 2016 was R15,38, which was 12,2% weaker than the first half. This also lifted the profitability of the group over the second half. The resultant turnover for Assmang for 2016 was 2,2% lower than 2015, with commissions earned for 2016 by the group at similar levels to 2015.

Impairment charges

During the year, a review of the continued commercial viability of Furnace 6 at Assmang's Cato Ridge Works was undertaken and it was decided to cease production of high-carbon ferromanganese from this furnace, resulting in an impairment charge of R333 million. Assets at Machadodorp Works, with a net book value of R72 million were also written down, in the form of an impairment charge. In accordance with IFRS, the group recognised 50% of Assmang's results in determining its profit and therefore the group's share of the impairment arising from Assmang is R203 million. In addition, the group has assumed impairment charges amounting to R96 million, most of which arose from the assessment of the recoverability of the remaining assets at Rustenburg Minerals (R41 million) and the reduction in the value of the group's share portfolio (R30 million). The total impairment charge recognised therefore amounts to R299 million, before deferred taxation relief and obligations of non-controlling shareholders.

Sales volumes

For the second consecutive financial year, Assmang achieved record sales volumes of iron and chrome ores due to increased production at Khumani Iron Ore Mine and at Dwarsrivier Chrome Mine, combined with the utilisation of additional port and rail capacities. The initial impact of the expansion project at Assmang's Black Rock mines, combined with increased rail capacity, realised additional sales tonnages of manganese ore. Sales volumes of ferromanganese were depressed due to lower levels of global crude steel production.

The table below sets out Assmang's sales volumes for the year:

Metric tons '000	Year ended 30 June 2016	2015	Increase/(decrease) %
Iron ore	**17 008**	16 185	5
Manganese ore*	**3 030**	2 736	11
Manganese alloys	**175**	223	(22)
Chrome ore	**1 147**	1 068	7

**Excluding sales to intra-group and associated alloy plants.*

Expansion projects

On 24 June 2015, Assore announced the acquisition from ARM of its 50% indirect share of Assmang's Dwarsrivier Chrome Mine (Dwarsrivier) for a consideration of R450 million. The final necessary regulatory approval was granted on 30 June 2016 and payment for Dwarsrivier was completed on 29 July 2016. The acquisition will improve the balance of the group's product risk as well as generate production and marketing efficiencies. In terms of the transaction, Assore also refunded Assmang an amount of R55 million for funding advanced from the effective date of the transaction, being 1 July 2014. Refer "Event after the reporting period" below for more detail of the transaction.

Construction of the Sakura Ferroalloys smelting plant in Malaysia, in which Assmang holds a 54,36% interest, is nearing completion, with the first ferromanganese being produced (tapped) from Furnace 1 in May 2016, and the first shipment exported in June 2016. Furnace 1 has a design production capacity of 110 000 tonnes of ferromanganese per annum. The second furnace, which will produce 70 000 tonnes of silico manganese annually, is scheduled to be commissioned in September 2016 and is expected to reach full production capacity in early 2017. The anticipated cost to completion of the project remains within its original budget of US dollars 328 million.

The expansion and sustainability project at Assmang's Black Rock Mines continues, with most aspects of the project remaining on schedule. Once completed, this will enable Assmang's Manganese Division to produce in excess of 4 million tons of manganese products annually, from the end of 2017. Assmang spent R1,7 billion (2015: R1,3 billion) during 2016 on the project, with R2,1 billion remaining to be spent.

Capital expenditure

Capital expenditure for the year in Assmang amounted to R3,0 billion (2015: R3,8 billion). In addition to the expenditure on expansion projects referred to above, approximately one third of the remainder was spent on waste-stripping in its Iron Ore Division, with replacement capital making up the balance.

Event after the reporting period

On 29 July 2016, Assore acquired the entire issued share capital of Dwarsrivier Chrome Mine Proprietary Limited (DCM) from Assmang. This acquisition has resulted in a better commercial balance in the base minerals to which the group is exposed.

The final accounting for the business combination has not yet been completed as the group is in the process of determining the acquisition date fair values of the identifiable assets and liabilities of DCM. Furthermore, the group is still in the process of determining the fair value of the total purchase consideration, which excluding the equity interest in DCM, the value of which is still being determined, is comprised as follows:

	R'000
Purchase price, agreed as at 1 July 2014	450 000
Amount refunded to Assmang for operating funds advanced between 1 July 2014 (effective date of the transaction) and 30 June 2016 (closure date of the transaction)	55 313
Interest foregone on purchase consideration placed in escrow and paid to seller in terms of acquisition agreement	34 894
	540 207

Had control been obtained from 1 July 2015, the following disclosures for 2016 would have been adjusted as follows:

R'000	Reviewed	Adjustment	Adjusted
Profit for the year attributable to shareholders of the holding company	1 539 363	17 934	1 557 297
Revenue	2 941 047	1 667 301	4 608 348

Outlook

The economic environment facing the steel industry continues to be challenging with China's economic slowdown impacting globally across a range of indicators, contributing to increased volatility in financial markets, sluggish growth in global trade and lower commodity prices in the last two years. The global steel market continues to suffer from insufficient investment expenditure and weakness in the manufacturing sector. Within the European Union (EU), the predicted mild recovery in steel demand has not taken place, with lower than expected demand set to continue into 2017.

The recent increases in iron ore prices have attracted additional supply from higher cost producers and will add to the already-existing oversupplied iron ore market. Prices are therefore expected to remain under pressure and it is unlikely that the current price levels will be maintained. Pressure from the Chinese authorities on steel mills and pelletising operations continues to increase demand for "lumpy" grade products, which carry a premium over the "fines" grade material. This is expected to continue into the near to medium term.

The markets for manganese are driven by similar dynamics, where oversupply of mostly medium-grade ores continues to cause volatility in prices for manganese ores. Current prices for manganese alloys are weak, however, these are expected to recover slightly off their low base.

Stainless steel production in China continues to be driven by increased demand and other seasonal factors that are expected to continue for the medium term. Consolidation in the South African ferrochrome industry, as well as stable levels of supply from chrome ore miners, have resulted in a notable recovery in chrome ore prices. Inventories of chrome ore in Chinese ports recently reached a ten-year low and based on the current fundamentals, the chrome ore market should remain strong in the near future.

Mining and alloy production in South Africa is becoming increasingly expensive, due largely to price increases in electricity and labour that continue to exceed inflation. Therefore, the group has embarked on further right-sizing and restructuring projects in an attempt to improve and maintain the competitiveness of its operations.

In addition to the impact of the above economic conditions and market dynamics, the results of the group continue to be significantly exposed to fluctuations in exchange rates.

Dividends

The results in this announcement include the interim dividend of 200 cents (2015: 300 cents) per share which was declared on 18 February 2016 and paid to shareholders on 14 March 2016. Based on the increased level of earnings achieved in the second half of the year, a final dividend of 500 cents (2015: 300 cents) per share has been declared, making a total dividend in respect of results for the year of 700 cents (2015: 600 cents) per share. The final dividend will be paid to shareholders on or about 3 October 2016 and, in accordance with IFRS, is not included in the results contained in this announcement as it was declared after year-end.

Accounting policies, basis of preparation and review by auditors

The financial results for the year under review have been prepared under the supervision of Mr CJ Cory, CA(SA), and in accordance with IAS 34 Interim Financial Reporting and comply with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE Limited (JSE) and the Companies Act, No 71 of 2008, as amended. The accounting policies applied are consistent with those adopted in the financial year ended 30 June 2015, and amendments and improvements to IFRS effective in the year have not had any significant impact on the results or disclosures of the group for the year under review. Ernst & Young Inc, the group's auditors, have reviewed and issued an unmodified report on the condensed financial results included in this announcement in accordance with ISRE 2410 – *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A copy of their report is available for inspection at the registered office of the company.

Directors

On 26 May 2016, Ms IN Mkhari resigned from the board as an independent non-executive director and the board wishes to thank her for her contribution during the period of her appointment.

Declaration of final dividend

Shareholders are advised that on 6 September, the board declared final gross dividend number 119 (the dividend), of 500 (2015: 300) cents per share (gross) for the year ended 30 June 2016.

In terms of paragraph 11.17 of the Listings Requirements of JSE Limited, shareholders are advised of the following with regard to the declaration:

1. the dividend has been declared from retained earnings;
2. the local dividend tax (dividend tax) rate of 15% will apply;
3. the net local dividend amount is 425,0 cents per share for shareholders liable to pay dividends tax;
4. the issued ordinary share capital of Assore is 139 607 000 shares, of which 36 400 000 shares are accounted for as treasury shares in terms of IFRS and are therefore excluded from earnings per share calculations; and
5. Assore's income tax reference number is 9045/018/84/4.

The salient dates are as follows:

Last day for trading to qualify for and participate in the final dividend	Tuesday, 27 September 2016
Trading "ex dividend" commences	Wednesday, 28 September 2016
Record date	Friday, 30 September 2016
Dividend payment date	Monday, 3 October 2016
Dates (inclusive) between which share certificates may not be dematerialised or rematerialised	Wednesday, 28 September 2016 to Friday, 30 September 2016

On behalf of the board

Desmond Sacco — Chairman
CJ Cory — Chief Executive Officer

Johannesburg
7 September 2016

Segmental information

R'000	Associate mining and beneficiation: Iron ore	Manganese	Chrome	Sub-total	Marketing and shipping	Other mining and beneficiation	Eliminations and adjustments*	Consolidated
Year ended 30 June 2016 – reviewed								
Revenues								
Third party	**12 532 603**	**6 666 055**	**1 893 709**	**21 092 367**	**2 650 817**	**290 230**	**(21 092 367)**	**2 941 047**
Inter-segment	**—**	**—**	**—**	**—**	**5 542**	**—**	**(5 542)**	**—**
Total revenues	**12 532 603**	**6 666 055**	**1 893 709**	**21 092 367**	**2 656 359**	**290 230**	**(21 097 909)**	**2 941 047**
Contribution to profit after taxation	**2 440 236**	**103 748**	**42 965**	**2 586 949**	**367 384**	**(143 457)**	**(2 586 949)**	**223 927**
Impairment of financial and non-financial assets	**—**	**(405 418)**	**—**	**(405 418)**	**(30 344)**	**(65 686)**	**202 709**	**(298 739)**
Year ended 30 June 2015 – audited								
Revenues								
Third party	12 622 422	7 152 284	1 798 712	21 573 418	3 007 156	350 161	21 573 438	3 357 297
Inter-segment	—	—	—	—	5 101	—	(5 101)	—
Total revenues	12 622 422	7 152 284	1 798 712	21 573 418	3 012 257	350 161	21 578 539	3 357 297
Contribution to profit after taxation	2 381 257	94 165	183 802	2 659 224	197 485	(222 986)	(2 659 224)	(25 501)
Impairment of financial and non-financial assets	(147 114)	(665 262)	—	(812 376)	(114 258)	(365 073)	406 188	(885 519)

**Eliminations and adjustments comprise mainly the adjustments required to give effect to the requirement of IFRS to equity account the group's investment in Assmang.*

Directors:
Executive Desmond Sacco *(Chairman)*, CJ Cory *(Chief Executive Officer)*, PE Sacco *(Marketing)*, BH van Aswegen *(Operations and Growth)*
Non-executive EM Southey* *(Deputy Chairman* and *Lead Independent Director)*, TN Mgoduso*, S Mhlarhi*, WF Urmson*

**Independent*

Registered office Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196

Company secretary African Mining and Trust Company Limited

Transfer office Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001

Sponsor The Standard Bank of South Africa Limited