

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, throughout this Circular including this cover page.

Shareholders are referred to pages 2 and 3 of this Circular, which sets out the actions required of them with regard to the implementation of Assore's Third Empowerment Transaction, full details of which are set out in this Circular. If you are in any doubt as to the action that you should take, please consult your CSDP, broker, banker, legal adviser, accountant or other professional adviser immediately.

If you have disposed of all of your Ordinary Shares, this Circular should be forwarded together with the form of proxy (*blue*) to the purchaser of such shares, or the CSDP, broker, banker or agent through whom you disposed of such shares.

This Circular is issued for the purpose of providing information to the public with regard to Assore and the proposed corporate actions described herein.



## ASSORE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1950/037394/06)

JSE share code: ASR ISIN: ZAE000146932

## CIRCULAR TO SHAREHOLDERS

relating to Phase II of the Third Empowerment Transaction, to be implemented by Assore for the purposes of placing the Sale Shares under the control of broad-based BEE groupings, being a broad-based community trust and a broad-based Assore employee trust, including:

- **amendments to the Memorandum of Incorporation of Assore to create the Assore Preference Shares;**
- **the subscription by Standard Bank for the Assore Preference Shares;**
- **the subscription by Assore for the MS904 Preference Shares;**
- **the salient terms of the Assore Employee Trust and the Fricker Road Trust; and**
- **the provision of financial assistance by Assore to MS904 in terms of section 44 of the Companies Act;**

and incorporating:

- **a notice of General Meeting; and**
- **a form of proxy (*blue*) (for use by Certificated Shareholders and Dematerialised Shareholders with "own name" registration only).**

The directors of Assore whose names are listed on page 14 of this Circular, individually and collectively, accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no facts that have been omitted from this Circular which would make any statement in this Circular false or misleading, and all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law.

Standard Bank, which is regulated in terms of the Listings Requirements, is acting as investment bank and sponsor to Assore only in relation to the preparation of this Circular and will not be responsible to any party, other than Assore and the JSE, in relation to the preparation of this Circular.

**Investment bank and  
sponsor to Assore**



**Standard Bank**

**Programme and  
implementation managers**



**b a r n s t o n e**

**Attorneys to Assore**



**Webber Wentzel  
Attorneys**

Date of issue: Wednesday, 14 December 2011

*This Circular is available in English only. Copies of this Circular may be obtained during normal business hours from Wednesday, 14 December 2011 until Thursday, 19 January 2012, both days inclusive, from the registered office of Assore and the Transfer Secretaries whose addresses are set out in the "Corporate Information and Advisers" section of this Circular. This Circular will also be available in electronic form on Assore's website ([www.assore.com](http://www.assore.com)) from Wednesday, 14 December 2011.*

---

## CORPORATE INFORMATION AND ADVISERS

---

### Company secretary and registered office

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

### Investment bank and sponsor

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

### Auditors

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

### Accounting advisers

Deloitte & Touche  
(Registration partnership number 902276)  
Deloitte Place, The Woodlands  
20 Woodlands Drive  
Woodmead, Sandton  
Johannesburg  
2196  
South Africa  
(Private Bag X6, Gallo Manor, 2052)

### Date of incorporation

19 June 1950

### Place of incorporation

South Africa

### Website

[www.assore.com](http://www.assore.com)

### Transfer secretaries

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

### Attorneys

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

### Programme and implementation managers

Barnstone Corporate Services Proprietary Limited  
(Registration number 2003/024319/07)  
Unit 13 Cambridge Park  
5 Bauhinia Street  
Highveld Techno Park  
Centurion  
0157  
South Africa  
(Suite 475, Private Bag, X15, Menlopark, 0102)

---

## TABLE OF CONTENTS

---

The definitions and interpretation provisions commencing on page 5 of this Circular apply *mutatis mutandis* to this table of contents.

	<i>Page</i>
<b>CORPORATE INFORMATION AND ADVISERS</b>	Inside front cover
<b>ACTION REQUIRED FROM SHAREHOLDERS</b>	2
<b>SALIENT DATES AND TIMES</b>	4
<b>DEFINITIONS AND INTERPRETATIONS</b>	5
<b>CIRCULAR TO SHAREHOLDERS</b>	
1. INTRODUCTION	14
2. RATIONALE	15
3. OVERVIEW OF THE THIRD EMPOWERMENT TRANSACTION	16
4. SHAREHOLDING STRUCTURE	17
5. OVERVIEW OF THE FRICKER ROAD TRUST	18
6. OVERVIEW OF THE ASSORE EMPLOYEE TRUST	19
7. THE RELATIONSHIP AGREEMENT	21
8. THE SHAREHOLDERS' AGREEMENT	22
9. FINANCIAL ASSISTANCE	23
10. THIRD EMPOWERMENT TRANSACTION FUNDING	23
11. THE SECURITY AGREEMENT	28
12. SUSPENSIVE CONDITIONS	28
13. IFRS CHARGE	28
14. SHARE CAPITAL OF ASSORE	29
15. INFORMATION RELATING TO THE DIRECTORS	29
16. MAJOR SHAREHOLDERS	31
17. OPINIONS AND RECOMMENDATIONS	32
18. IRREVOCABLE UNDERTAKINGS	32
19. INFORMATION RELATING TO ASSORE	32
20. MATERIAL CHANGES	33
21. COSTS OF THE THIRD EMPOWERMENT TRANSACTION	33
22. EXPERTS' CONSENTS	33
23. GENERAL MEETING OF SHAREHOLDERS	33
24. DIRECTORS' RESPONSIBILITY STATEMENT	33
25. DOCUMENTS AVAILABLE FOR INSPECTION	34
<b>ANNEXURE 1</b> TERMS OF THE ASSORE PREFERENCE SHARES	35
<b>ANNEXURE 2</b> TRANSACTION AGREEMENTS AVAILABLE FOR INSPECTION	54
<b>ANNEXURE 3</b> TRADING HISTORY OF ASSORE SHARES ON THE JSE	55
<b>NOTICE OF GENERAL MEETING OF SHAREHOLDERS</b>	57
<b>FORM OF PROXY (blue)</b>	Attached

---

## ACTION REQUIRED FROM SHAREHOLDERS

---

The definitions and interpretation provisions commencing on page 5 of this Circular apply, *mutatis mutandis*, to this section on the action required from Shareholders.

This Circular is important and requires your immediate attention. The action that you have to take is set out below:

### 1. GENERAL MEETING

A General Meeting of Shareholders will be held at 10:00 on Thursday, 19 January 2012 at the registered office of Assore, being Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, to consider and, if deemed fit, pass the special and ordinary resolutions required to implement Phase II of the Third Empowerment Transaction contemplated in this Circular. 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 actions required from Shareholders regarding the General Meeting. If you are in any doubt as to what actions to take, please consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

If you hold Ordinary Shares, you are entitled to attend the General Meeting in person and to vote, or abstain from voting, your Ordinary Shares on all the special and ordinary resolutions proposed at the General Meeting, as follows:

#### 1.1 If you have dematerialised your ordinary shares without “own name” registration

##### 1.1.1 Voting at the General Meeting

If you have not been contacted by your CSDP or broker, you should contact your CSDP or broker and furnish it with your voting instructions in the manner and within the time permitted under the agreement concluded between you and your CSDP or broker. 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 agreement concluded between you and your CSDP or broker. You must **not** complete the attached form of proxy (*blue*).

##### 1.1.2 Attendance and representation at the General Meeting

In accordance with the agreement between you and your CSDP or broker, you must advise your CSDP or broker if you wish to attend the General Meeting in person, or if you wish to send a proxy to represent you at the General Meeting. Your CSDP or broker should then issue to you the necessary letter of representation for you or your proxy to attend the General Meeting.

#### 1.2 If you have dematerialised your ordinary shares with “own name” registration

##### 1.2.1 Voting and attendance at the General Meeting

You may attend and vote at the General Meeting in person. Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*blue*) in accordance with the instructions it contains, which form must be lodged with, or posted to, the Transfer Secretaries to be received by no later than 10:00 on Tuesday, 17 January 2012.

#### 1.3 If you have not dematerialised your ordinary shares

##### 1.3.1 Voting and attendance at the General Meeting

You may attend and vote at the General Meeting in person. Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy (*blue*) in accordance with the instructions it contains, which form must be lodged with, or posted to, the Transfer Secretaries to be received by no later than 10:00 on Tuesday, 17 January 2012.

2. **IF YOU WISH TO DEMATERIALISE YOUR ORDINARY SHARES, PLEASE CONTACT YOUR BROKER.**

3. **IF YOU HAVE DISPOSED OF ALL OF YOUR ORDINARY SHARES**

If you have disposed of all of your Ordinary Shares, this Circular, together with the attached form of proxy (*blue*), should be handed to the purchaser of such Ordinary Shares or the broker or other agent who disposed of your Ordinary Shares for you.

---

## SALIENT DATES AND TIMES

---

The definitions and interpretation provisions commencing on page 5 of this Circular apply to these salient dates and times.

---

**2011/2012**

---

Record date, as determined by the Assore Board in accordance with section 59 of the Companies Act, to be eligible to receive this Circular and notice of General Meeting	Friday, 9 December
Last day to trade Ordinary Shares on the JSE in order to be recorded in the Share Register on the record date to be eligible to vote at the General Meeting	Friday, 6 January
Record date to be eligible to vote at the General Meeting	Friday, 13 January
Last day for receipt of forms of proxy for the General Meeting by 10:00	Tuesday, 17 January
General meeting to be held at 10:00	Thursday, 19 January
Release of results of the General Meeting on SENS	Thursday, 19 January
Announcement of results of the General Meeting published in the press	Friday, 20 January
Anticipated implementation of Phase II of the Third Empowerment Transaction	Monday, 13 February

---

**Notes:**

1. The abovementioned dates and times are South African local dates and times, and are subject to change. Any such material change will be released on SENS and published in the South African press.
2. If the date of 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 purposes of calculating the latest time by which forms of proxy must be received, Saturdays, Sundays and South African public holidays will be excluded.
3. If the General Meeting is adjourned or postponed, forms of proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement of the General Meeting.

---

## DEFINITIONS AND INTERPRETATIONS

---

Throughout this Circular and including the annexures hereto, unless the context indicates otherwise, the words listed in the column on the left below shall have the meaning stated opposite them in the column to the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender shall include references to the other genders and words and expressions denoting natural persons shall include juristic persons and associations of persons:

<b>“Allocation Committee”</b>	a committee established and constituted by Assore, in its sole and absolute discretion, for the purposes of allocating Dividend Participation Rights and Equity Participation Rights to the Assore Employee Trust Beneficiaries in accordance with the provisions of the Assore Employee Trust;
<b>“Allocation Date”</b>	1 July in each year;
<b>“Assmang”</b>	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 African Rainbow Minerals Limited;
<b>“Assore”</b>	Assore Limited (registration number 1950/037394/06), a public company incorporated in accordance with the laws of South Africa, all the ordinary shares of which are listed on the exchange operated by the JSE;
<b>“Assore Board”</b>	the board of directors of Assore as constituted from time to time;
<b>“Assore Employee Trust”</b>	the trustees for the time being of the Assore Employee Trust, a trust registered by the Master of the High Court of South Africa under Master’s reference number IT1460/2011;
<b>“Assore Employee Trust Beneficiaries”</b>	each person designated by Assore as such, regardless of whether such person is an HDSA or not, who is a full-time, permanent, non-managerial employee of Assore or any of its subsidiaries from time to time, for a period of not less than one year, and such other full-time, permanent employee of Assore or any of its subsidiaries as the Allocation Committee may identify from time to time;
<b>“Assore Employee Trust Deed”</b>	the amended and restated trust deed of the Assore Employee Trust, entered into between Assore and the Assore Employee Trustees on 8 December 2011;
<b>“Assore Employee Trustees”</b>	the persons appointed as trustees in terms of the provisions of the Assore Employee Trust Deed from time to time;
<b>“Assore Financial Covenants”</b>	the financial covenants as agreed between Assore and Standard Bank as set out in the Assore Preference Share Subscription Agreement;
<b>“Assore Funding Agreement”</b>	means: <ul style="list-style-type: none"><li>• the Assore Preference Share Subscription Agreement;</li><li>• the Assore Preference Share Terms;</li><li>• the Assore Preference Share Subscription Notice; and</li><li>• the Flow of Funds Agreement;</li></ul>
<b>“Assore Group” or “the Group”</b>	Assore, and its subsidiaries and joint venture entities;
<b>“Assore Insolvency Event”</b>	in relation to Assore, any insolvency event, as set out in the Assore Preference Share Terms, which event would constitute a Trigger Event;

<b>“Assore Preference Share Dividend Date”</b>	Redemption Date, and any other date on which an Assore Preference Dividend is required to be paid in relation to such Assore Preference Share in terms of the Assore Preference Share Terms, as the case may be;
<b>“Assore Preference Share Issue Date”</b>	in relation to each Assore Preference Share, the date of issue of such Assore Preference Share by Assore to Standard Bank;
<b>“Assore Preference Share Material Adverse Change”</b>	means a change which has or will have a material adverse effect on: <ul style="list-style-type: none"> <li>• the business, operations, financial condition, or prospects of either Assore or Assmang and which consequently adversely affects the ability of Assore to perform any of its obligations under any Funding Agreement to which it is a party; and/or</li> <li>• the validity or enforceability of any Funding Agreement; and/or</li> <li>• the rights or remedies of Standard Bank (or any subsequent holders of Assore Preference Shares and its/their appointed Facility Agent) under any Funding Agreement to which it is a party;</li> </ul>
<b>“Assore Preference Share Redemption Date”</b>	in relation to each Assore Preference Share, the date on which Assore is required to redeem such Assore Preference Share in accordance with the Assore Preference Share Terms by paying the Assore Preference Share Redemption Price to Standard Bank;
<b>“Assore Preference Share Redemption Schedule”</b>	the schedule according to which Assore is required to redeem the unredeemed Assore Preference Shares as set out in the Assore Preference Share Terms;
<b>“Assore Preference Share Redemption Price”</b>	in relation to each Assore Preference Share, an amount equal to the Assore Preference Share Subscription Price of such Assore Preference Share;
<b>“Assore Preference Share Scheduled Dividends”</b>	the cumulative, preferential cash dividend per Assore Preference Share calculated and payable in accordance with the Assore Preference Share Terms;
<b>“Assore Preference Share Subscription Agreement”</b>	the agreement concluded between Assore and Standard Bank on 8 December 2011 in terms of which Assore will issue the Assore Preference Shares to Standard Bank to facilitate Phase II of the Third Empowerment Transaction;
<b>“Assore Preference Share Subscription Notice”</b>	the notice addressed by Assore to Standard Bank, requesting Standard Bank, subject to the provisions of the Assore Preference Share Subscription Agreement, to subscribe for the Assore Preference Shares;
<b>“Assore Preference Share Subscription Price”</b>	in relation to each Assore Preference Share, the amount paid by Standard Bank to Assore upon the subscription therefore, being an amount of R100 000 per Assore Preference Share;
<b>“Assore Preference Share Arrear Dividends”</b>	such amount of any Assore Preference Share Scheduled Dividend which is not declared and/or paid on an Assore Preference Share Dividend Date in terms of the Assore Preference Share Terms;
<b>“Assore Preference Shares”</b>	28 500 cumulative, redeemable no par value preference shares in the issued share capital of Assore, to be issued to Standard Bank for a total consideration of R2.85 billion in respect of the Third Empowerment Transaction;
<b>“Assore Preference Share Terms”</b>	the rights, terms and privileges attaching to each Assore Preference Share, as recorded in the Assore Preference Share Subscription Agreement and to be incorporated in Assore’s Memorandum of Incorporation;



<b>“Assore Preference Share Trigger Events”</b>	events of default in respect of the Assore Preference Shares, as set out in the Assore Preference Share Terms;
<b>“BEE”</b>	Black Economic Empowerment, as envisaged in the BEE Legislation;
<b>“BEE Legislation”</b>	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;
<b>“Bokamoso Trust”</b>	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, which was established to facilitate the First Empowerment Transaction;
<b>“Business Day”</b>	any day other than a Saturday, Sunday or official public holiday in South Africa;
<b>“Certificated Shareholders”</b>	Shareholders holding Certificated Shares;
<b>“Certificated Shares”</b>	Ordinary Shares which have not been dematerialised in terms of the requirements of Strate, the title to which is represented by a share certificate or other physical document of title;
<b>“Charter”</b>	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. 33573 of 20 September 2010), for so long as it remains in force, as amended, replaced or substituted from time to time;
<b>“Charter Scorecard”</b>	the Scorecard for the Charter, published under Government Gazette (No. 33573 of 20 September 2010), for so long as it remains in force, as amended, replaced or substituted from time to time;
<b>“this Circular”</b>	this bound document dated Wednesday, 14 December 2011, comprising the circular to Shareholders and the annexures hereto, a notice of General Meeting and a form of proxy ( <i>blue</i> );
<b>“Codes of Good Practice”</b>	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;
<b>“Companies Act”</b>	the Companies Act, 2008 (Act 71 of 2008), as amended, re-enacted or substituted from time to time;
<b>“CSDP”</b>	a Central Securities Depository Participant, accepted as a participant in terms of the Securities Services Act;
<b>“Dematerialised Shareholders”</b>	Shareholders who hold Dematerialised Shares;
<b>“Dematerialised Shares”</b>	Ordinary Shares that have been dematerialised in accordance with Strate, whereby physical share certificates or other Documents of Title have been validated and cancelled by the Transfer Secretaries and captured onto Strate by the selected CSDP or broker and the shareholding is recorded electronically;
<b>“Determination Date”</b>	in each year, the date falling 30 days prior to the Allocation Date, being the date upon which the Allocation Committee shall determine the number of Dividend Participation Rights and Equity Participation Rights to be allocated to the Assore Employee Trust Beneficiaries;
<b>“Directors”</b>	the directors of Assore from time to time;

<b>“Dividend Participation Right”</b>	a non-transferable entitlement allocated by the Allocation Committee to an Assore Employee Trust Beneficiary from time to time to participate in a portion of the dividend income received by the Assore Employee Trust from MS904, in accordance with the Assore Employee Trust Deed;
<b>“Documents of Title”</b>	share certificates, certified transfer deeds, balance receipts or any other Documents of Title to Certificated Shares, acceptable to Assore;
<b>“Empowerment Requirements”</b>	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;
<b>“EPS”</b>	earnings per Ordinary Share;
<b>“Equity Participation Right”</b>	a non-transferable entitlement allocated by the Allocation Committee to an Assore Employee Trust Beneficiary from time to time to participate in the equity appreciation in the value of the issued Ordinary Shares held by MS904, as calculated in accordance with a formula set out in the Assore Employee Trust;
<b>“Equity Reserve Shares”</b>	Ordinary Shares acquired by the Assore Employee Trust from time to time, which will be accumulated in anticipation of payments owing to Assore Employee Trust Beneficiaries holding Equity Participation Rights;
<b>“Facility Agent”</b>	the entity or person appointed by Standard Bank to fulfil the role of facility agent in terms of the Assore Preference Share Subscription Agreement;
<b>“Facility Agreement”</b>	the written facility agreement entered into between Standard Bank and MS904 on 27 June 2011, which records the terms and conditions on which a principal amount of R2.73 billion was lent and advanced by Standard Bank to MS904, for the purposes of MS904 utilising such funding to acquire the Sale Shares in terms of Phase I of the Third Empowerment Transaction;
<b>“First Empowerment Transaction”</b>	the transaction entered into between, <i>inter alia</i> , Assore, Shanduka Resources, MS343, Bokamoso Trust, MS350 and Standard Bank on 10 November 2005, in terms of which Assore achieved 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;
<b>“Flow of Funds Agreement”</b>	the written flow of funds agreement entered into between Standard Bank, Assore and MS904 on 8 December 2011, which records the cash flows which are to occur pursuant to the implementation of the provisions of the Assore Preference Share Subscription Agreement and the MS904 Preference Share Subscription Agreement, in order to discharge all amounts owing by MS904 to Standard Bank under the Facility Agreement;
<b>“Fricker Road Trust”</b>	the trustees for the time being of the Fricker Road Trust, a trust registered by the Master of the High Court of South Africa under Master’s reference number IT1461/2011;

<b>“Fricker Road Trust Beneficiaries”</b>	the beneficiaries of the Fricker Road Trust, being the members of the communities of HDSA persons, who are living, working or operating in and around the mining and beneficiation operations of Assore and its subsidiaries (which groups or communities specifically exclude those surrounding Assmang’s operations), as determined by Assore from time to time, with particular emphasis on the HDSA employees of Assore and its subsidiaries and the immediate families of such employees;
<b>“Fricker Road Trust Deed”</b>	the amended and restated trust deed of the Fricker Road Trust entered into between Assore and the Fricker Road Trustees on 8 December 2011 and as amended from time to time;
<b>“Fricker Road Trustees”</b>	the persons appointed as trustees in terms of the provisions of the Fricker Road Trust Deed;
<b>“General Meeting”</b>	the General Meeting of Shareholders, to be held at 10:00 on Thursday, 19 January 2012, at the registered offices of Assore, being Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg;
<b>“HDSA”</b>	means: <ul style="list-style-type: none"> <li>• 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;</li> <li>• a category or community of persons contemplated above;</li> <li>• 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</li> <li>• an HDSA owned and controlled company;</li> </ul>
<b>“HEPS”</b>	headline earnings per Ordinary Share;
<b>“IFRS”</b>	International Financial Reporting Standards;
<b>“Independent”</b>	means in the context of any trustee of the Fricker Road Trust or the Assore Employee Trust who is designated as such, a person who has no employment with and no direct or indirect beneficial interest in such trust, Assore and/or any of its subsidiaries;
<b>“JSE”</b>	JSE Limited (registration number 2005/022939/06), a company licensed to operate an exchange under the Securities Services Act;
<b>“Last Practicable Date”</b>	Friday, 9 December 2011, being the last practicable date prior to the finalisation of this Circular;
<b>“Listings Requirements”</b>	the Listings Requirements of the JSE, as amended from time to time;
<b>“Memorandum of Incorporation”</b>	the Memorandum of Incorporation of Assore;
<b>“MPRDA”</b>	the Mineral and Petroleum Resources Development Act, 2002 (No. 28 of 2002), as amended or replaced from time to time;
<b>“MS343”</b>	Main Street 343 Proprietary Limited (registration number 2005/026440/07), a private company incorporated in accordance with the laws of South Africa, and a wholly-owned subsidiary of Shanduka Resources;
<b>“MS350”</b>	Main Street 350 Proprietary Limited (registration number 2005/026562/07), a private company incorporated in accordance with the laws of South Africa, and a special purpose vehicle owned as to 51% by the Bokamoso Trust and as to 49% by Assore;

<b>“MS460”</b>	Main Street 460 Proprietary Limited (registration number 2006/021404/07), a private company incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of MS350;
<b>“MS904”</b>	Main Street 904 Proprietary Limited (registration number 2011/008937/07), a private company incorporated in accordance with the laws of South Africa, and a special purpose vehicle incorporated to facilitate the Third Empowerment Transaction, owned as to 51% by the Fricker Road Trust and as to 49% by the Assore Employee Trust;
<b>“MS904 Material Adverse Change”</b>	<p>means a change which has or will, in the reasonably exercised opinion of Assore, have a material adverse effect on:</p> <ul style="list-style-type: none"> <li>• the business, operations, financial condition or prospects of MS904; and/or</li> <li>• the ability of MS904 to perform any of its obligations under the Phase II Transaction Agreements to which it is a party; and/or</li> <li>• the validity or enforceability of the Phase II transaction Agreements; and/or</li> <li>• the rights or remedies of Assore under the Phase II Transaction Agreements,</li> </ul> <p>and which will, in the reasonably exercised opinion of Assore adversely affect: (i) MS904’s ability to redeem all of the MS904 Preference Shares in issue held by Assore on the MS904 Preference Share Redemption Date applicable thereto; and/or (ii) MS904’s ability to effect payment to Assore of the MS904 Preference Share Redemption Price required to be paid on such MS904 Preference Share Redemption Date and/or (iii) MS904’s ability to effect payment to Assore of the MS904 Preference Share Scheduled Dividend pertaining to such MS904 Preference Shares on the relevant MS904 Preference Shares Dividend Dates;</p>
<b>“MS904 Preference Share Arrear Dividends”</b>	such amount of any MS904 Preference Share Scheduled Dividend which is not declared and/or paid on an MS904 Preference Share Dividend Date in terms of the MS904 Preference Share Terms;
<b>“MS904 Preference Share Dividend Date”</b>	in relation to each MS904 Preference Share, the 5th day of April and the 5th day of October of each year, the MS904 Preference Share Redemption Date, and any other date on which an MS904 Preference Dividend is required to be paid in relation to such MS904 Preference Share in terms of the MS904 Preference Share Terms, as the case may be;
<b>“MS904 Preference Share Issue Date”</b>	in relation to each MS904 Preference Share, the date of issue of such MS904 Preference Share by MS904 to Assore;
<b>“MS904 Preference Share Redemption Date”</b>	in relation to each MS904 Preference Share, the date on which MS904 is required to redeem such MS904 Preference Share in accordance with the MS904 Preference Share Terms by paying the MS904 Preference Share Redemption Price to Assore;
<b>“MS904 Preference Share Redemption Price”</b>	in relation to each MS904 Preference Share, an amount equal to the MS904 Preference Share Subscription Price of such MS904 Preference Share;
<b>“MS904 Preference Share Scheduled Dividends”</b>	the cumulative, preferential cash dividend per MS904 Preference Share calculated and payable in accordance with the MS904 Preference Share Terms;
<b>“MS904 Preference Share Subscription Price”</b>	in relation to each MS904 Preference Share, the amount paid by Assore to MS904 upon the subscription therefore, being an amount of R100 000 per MS904 Preference Share;

<b>“MS904 Preference Share Terms”</b>	the rights, terms and privileges attaching to each MS904 Preference Share, as recorded in the MS904 Preference Share Subscription Agreement and to be incorporated in MS904’s Memorandum of Incorporation;
<b>“MS904 Preference Share Trigger Events”</b>	events of default in respect of the MS904 Preference Shares, as set out in the MS904 Preference Share Terms;
<b>“MS904 Preference Shares”</b>	28 500 variable rate, cumulative, redeemable no par value preference shares in the authorised but unissued share capital of MS904, to be issued to Assore to facilitate the Third Empowerment Transaction;
<b>“MS904 Preference Share Subscription Agreement”</b>	the agreement to be concluded between MS904 and Assore in terms of which MS904 will issue 28 500 variable rate, cumulative, redeemable no par value preference shares to Assore, for a total consideration of R2.85 billion to facilitate the Third Empowerment Transaction;
<b>“NAV”</b>	net asset value;
<b>“Ordinary Shares”</b>	the ordinary shares in Assore’s authorised and issued share capital;
<b>“Oresteel”</b>	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;
<b>“Own-name Registration”</b>	Ordinary Shareholders who have dematerialised their shares with a CSDP in terms of the Securities Services Act, and which shares are registered by the CSDP on the sub-register kept by the CSDP in the name of such Ordinary Shareholder;
<b>“Phase I”</b>	means the first phase of the Third Empowerment Transaction, as set out in more detail in the circular sent to Assore shareholders on 8 July 2011, which involved the acquisition by MS904, of the Sale Shares from MS343 funded by way of a bridge loan in the amount of R2.73 billion, advanced by Standard Bank in accordance with the provisions of the Facility Agreement, and supported by Assore by way of the Phase I Financial Assistance;
<b>“Phase I Financial Assistance”</b>	the provision of financial assistance by Assore to MS904 for the purpose of, or in connection with, the acquisition by MS904 of the Sale Shares from MS343 in order to facilitate Phase I of the Third Empowerment Transaction, as contemplated under, and provided in accordance with, the provisions of section 44 of the Companies Act;
<b>“Phase II”</b>	means the second phase of the Third Empowerment Transaction, which involves the introduction of a long-term BEE vendor financing structure by Assore in respect of MS904, and the amendment of the trust deeds of the Fricker Road Trust and the Assore Employee Trust to establish the broad-based BEE beneficiaries of such trusts;
<b>“Phase II Transaction Agreements”</b>	individually and collectively, as the context may require, the agreements and related documents entered into between Assore, MS904, the Assore Employee Trust, the Fricker Road Trust and Standard Bank (as applicable) in order to conclude and implement Phase II of the Third Empowerment Transaction, being: <ul style="list-style-type: none"> <li>• the Fricker Road Trust Deed;</li> <li>• the Assore Employee Trust Deed;</li> <li>• the Relationship Agreement;</li> <li>• the Shareholders’ Agreement;</li> <li>• the Assore Preference Share Subscription Agreement;</li> <li>• the Assore Preference Share Terms;</li> <li>• the MS904 Preference Share Subscription Agreement;</li> </ul>

	<ul style="list-style-type: none"> <li>• the MS904 Preference Share Terms;</li> <li>• the Flow of Funds Agreement; and</li> <li>• the Security Agreement;</li> </ul>
<b>“Phase II Financial Assistance”</b>	<p>the provision of financial assistance by Assore to MS904 through:</p> <ul style="list-style-type: none"> <li>• the issue by Assore to Standard Bank of the Assore Preference Shares; and</li> <li>• the subscription by Assore for the MS904 Preference Shares,</li> </ul> <p>in order to provide MS904 with such vendor funding as will place it in a position to discharge all of its obligations to Standard Bank under the Facility Agreement, which financial assistance is provided in connection with the acquisition by MS904 of the Sale Shares from Shanduka Resources, and is accordingly required to be approved in accordance with the provisions of section 44 of the Companies Act;</p>
<b>“MS904 Phase II Funding Agreements”</b>	includes the MS904 Preference Share Subscription Agreement and the Security Agreement;
<b>“Prime Rate”</b>	the publicly quoted basic rate of interest per annum at which Standard Bank lends on overdraft, compounded monthly in arrears and calculated on a 365-day year factor, irrespective of whether the year is a leap year or not, and in terms of which a certificate signed by any manager or divisional director of such bank, whose qualification and authority need not be proved, setting out the Prime Rate shall constitute <i>prima facie</i> proof of the rate in question;
<b>“Rand” or “Rands”, abbreviated as “R”</b>	the lawful currency of South Africa;
<b>“Relationship Agreement”</b>	the written agreement entered into between the Fricker Road Trust, the Assore Employee Trust, MS904 and Assore, in terms of which Assore is provided with certain protections <i>vis-à-vis</i> the BEE status of MS904;
<b>“Sale Shares”</b>	16 464 450 Ordinary Shares, which were purchased on 19 August 2011 by MS904 from MS343 as part of Phase I of the Third Empowerment Transaction;
<b>“Second Empowerment Transaction”</b>	the transaction entered into between, <i>inter alia</i> , Assore, Bokamoso Trust, MS350 and MS460 on 1 December 2009, in terms of which Assore achieved a level of 26.07% HDSA participation (as measured under the Empowerment Requirements applicable at the time of implementation of the Second Empowerment Transaction) in respect of the ownership by HDSAs of equity in Assore’s issued ordinary share capital;
<b>“Securities Services Act”</b>	the Securities Services Act, 2004 (Act 36 of 2004), as amended or replaced from time to time;
<b>“Security Agreement”</b>	the Cession and Pledge Agreement entered into on 8 December 2011 between Assore, MS904, the Assore Employee Trust and the Fricker Road Trust: (i) in terms of which MS904 cedes to Assore, <i>in securitatem debiti</i> , all of MS904’s right, title and interest in and to any and all Ordinary Shares held by MS904 from time to time and (ii) pledge all such Ordinary Shares to Assore, as security for MS904’s obligations to Assore under the MS904 Preference Share Subscription Agreement;
<b>“SENS”</b>	the Securities Exchange News Service of the JSE;
<b>“Shanduka Resources”</b>	Shanduka Resources Proprietary Limited (registration number 2002/017835/07), a private company incorporated in accordance with the laws of South Africa;
<b>“Shareholders”</b>	holders of Ordinary Shares;

<b>“Shareholders’ Agreement”</b>	the written agreement entered into between the Fricker Road Trust, the Assore Employee Trust, MS904 and Assore, which regulates, <i>inter alia</i> , the relationship between the Fricker Road Trust and the Assore Employee Trust as shareholders of MS904 and the relationship of such parties with MS904;
<b>“Share Register”</b>	Assore’s securities register;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“Standard Bank”</b>	The Standard Bank of South Africa Limited (registration number 1962/000738/06), a public company incorporated in accordance with the laws of South Africa;
<b>“Strate”</b>	Strate Limited (registration number 1998/022242/06), a public company incorporated in accordance with the laws of South Africa and a registered CSDP responsible for the electronic custody and settlement system used by the JSE;
<b>“Third Empowerment Transaction”</b>	the third empowerment transaction concluded between, <i>inter alia</i> , Assore, MS343, MS904 and Standard Bank, in terms of which, <i>inter alia</i> , MS904 acquired the Sale Shares from MS343, with the intent that that such Ordinary Shares would be held for the benefit of broad-based BEE groupings, as facilitated by the Fricker Road Trust and the Assore Employee Trust, and which will maintain Assore’s current level of 26% BEE equity ownership (as measured under the Empowerment Requirements);
<b>“TNAV”</b>	tangible NAV;
<b>“Transfer Secretaries”</b>	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated and registered in accordance with the laws of South Africa;
<b>“VAT”</b>	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
<b>“VWAP”</b>	the volume weighted average trading price of an Assore share on the JSE over a period, being the total value of the Assore shares traded during the period divided by the total number of Assore shares traded during that period.



## **ASSORE LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 1950/037394/06)  
JSE share code: ASR ISIN: ZAE000146932

---

### **CIRCULAR TO SHAREHOLDERS**

---

#### **Directors**

##### **Executive:**

Desmond Sacco (Chairman)  
Christopher John Cory (Chief Executive Officer and Group Financial Director)  
Phillip Christiaan Crous (Group Technical Director)

##### **Non-executive:**

Edward Montagu Southey\* (Deputy Chairman and Lead Independent Director)  
Robert John Carpenter  
Donald Mzolisa Jones Ncube\*  
William Frank Urmson\*  
Johannes Cornelius van der Horst\*

##### **Alternate:**

Patrick Eugenio Sacco  
Alastair Duncan Stalker  
Bastiaan Hendrikus van Aswegen

\* Independent

---

### **1. INTRODUCTION**

Shareholders are referred to the announcement released on SENS on Thursday, 8 December 2011 and published in the South African press on Friday, 9 December 2011, in terms of which Shareholders were advised of the conclusion of all agreements relating to Phase II of the Third Empowerment Transaction. The Third Empowerment Transaction results in 11.79% of the entire issued ordinary share capital of Assore, being 16 464 450 Ordinary Shares with a market value of approximately R3.5 billion, based on the 30-day VWAP of R211.66 as at Friday, 2 December 2011, being placed under the control of broad-based BEE groupings. Post the implementation of Phase II Assore will secure, into perpetuity, BEE ownership of 26.1%.

Phase II of the Third Empowerment Transaction also introduces a long-term vendor financing structure by Assore in respect of MS904 and its holding of Ordinary Shares, and the amendment of the Assore Employee Trust Deed and the Fricker Road Trust Deed so as to further refine the manner in which the Assore Employee Trust Beneficiaries and the Fricker Road Trust Beneficiaries shall derive benefits through their effective interests in MS904.

Following such amendments, the Fricker Road Trust, which currently owns 51% of the issued ordinary share capital of MS904, will have as beneficiaries members of the communities of HDSA persons surrounding the operations of Assore and its subsidiaries, and the Assore Employee Trust, which owns 49% of the issued ordinary share capital of MS904, will have as beneficiaries the full-time, permanent, non-managerial employees of Assore and its subsidiaries. MS904 will therefore be owned and controlled by broad-based BEE groupings.



The Assore Board has considered the long-term Empowerment Requirements that will apply to the Assore Group going forward and is of the view that the Third Empowerment Transaction will result in Assore continuing to meet, up to and beyond 1 May 2014, the HDSA equity ownership target of 26%, as specified under the BEE Legislation, and will thus serve as a cornerstone of its ongoing BEE strategy.

The purpose of this Circular is to:

- furnish Shareholders with information relating to Phase II of the Third Empowerment Transaction;
- provide Shareholders with the salient terms of the Assore Preference Shares, and accordingly, amend Assore's Memorandum of Incorporation to include the Assore Preference Share Terms;
- request Shareholders to grant their approval for the provision by Assore of the Phase II Financial Assistance, by way of a special resolution, to satisfy the requirements of section 44 of the Companies Act; and
- convene the General Meeting at which Shareholders will be requested to consider, and if deemed fit pass, with or without modification the special and ordinary resolutions required to implement Phase II of the Third Empowerment Transaction.

## 2. RATIONALE

Assore is supportive of the broad-based economic imperatives contained in the BEE Legislation and is of the view that meaningful participation at an equity level by HDSAs is a commercial and social imperative for all South African companies, particularly those in the mining industry wishing to secure and retain their mining rights, and that it is furthermore essential to sustain South Africa's economic and democratic structures.

On 10 November 2005, Assore entered into the First Empowerment Transaction, which was implemented during February 2006, pursuant to which 15.02% of Assore's then issued Ordinary Shares were acquired by Assore's BEE partners, being Shanduka Resources and the Bokamoso Trust. The First Empowerment Transaction marked Assore's achievement of the 2009 Empowerment Requirement of 15% BEE ownership.

On 1 December 2009, Assore announced its Second Empowerment Transaction, which resulted in an additional 11.1% of Assore's issued Ordinary Shares being controlled by the Bokamoso Trust. Pursuant to the First Empowerment Transaction and the Second Empowerment Transaction, Assore's resultant BEE equity ownership achieved the 26% target set for mining companies in the MPRDA for 1 May 2014.

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

- successful 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;
- obtaining new order mining rights and/or converting to new order mining rights for the following operations:
  - Rustenburg Minerals Development Company Proprietary Limited's chrome operations on the farms Zandspruit, Groenfontein and Vogelstruisnek;
  - the iron ore deposits mined at Khumani; and
  - the manganese ore deposits mined at Black Rock; and
- submitting applications for the conversion to new order rights of all remaining old order mining rights, held by the Assore Group, which are currently being processed by the Department of Mineral Resources.

The Third Empowerment Transaction will result in Assore continuing to meet, up to and beyond 1 May 2014, the HDSA equity ownership target of 26%, as specified under the BEE Legislation, and will thus serve as a cornerstone of its ongoing BEE strategy.

### **3. OVERVIEW OF THE THIRD EMPOWERMENT TRANSACTION**

#### **3.1 Phase I of the Third Empowerment Transaction**

The Third Empowerment Transaction is being implemented in two phases. Phase I involved the acquisition of the Sale Shares from MS343 (a wholly-owned subsidiary of Shanduka Resources) by MS904, owned as to 51% by the Fricker Road Trust and as to 49% by the Assore Employee Trust, for an aggregate purchase price of R2 683 705 350.

In order to acquire the Sale Shares from MS343, MS904 was capitalised by way of a loan facility in the amount of R2.73 billion, advanced to MS904 by Standard Bank in terms of the Facility Agreement. The facility is repayable on the earlier of the expiry of six months from the date of implementation of Phase I, being 19 August 2011, or the date of implementation of Phase II of the Third Empowerment Transaction.

In order to implement Phase I, Assore guaranteed, in favour of Standard Bank, the payment of all monies and the performance of all obligations which are, or which may become, due by MS904 to Standard Bank in terms of the Facility Agreement.

The conclusion of and implementation by Assore of Phase I of the Third Empowerment Transaction amounted to the granting of financial assistance by Assore to MS904 as contemplated under section 44 of the Companies Act in connection with the acquisition of the Sale Shares, and Shareholders were thus requested to grant their approval by way of a special resolution in order to satisfy the requirements of section 44 of the Companies Act. Phase I of the Third Empowerment Transaction was implemented on 19 August 2011, on which day Assore released an announcement on SENS informing Shareholders that all conditions precedent in relation to the Phase I Financial Assistance, to be provided by Assore to MS904, had been met.

#### **3.2 Phase II of the Third Empowerment Transaction**

On Thursday, 8 December 2011, Assore released an announcement on SENS, which furnished Shareholders with details of Phase II of the Third Empowerment Transaction. Phase II involves the introduction of a long-term vendor financing structure by Assore in respect of MS904 and its holding of Ordinary Shares, and the amendment of the Fricker Road Trust Deed and the Assore Employee Trust Deed to make express provision for the distribution of the benefits to the Fricker Road Trust Beneficiaries and the Assore Employee Trust Beneficiaries.

The Fricker Road Trust Deed has been amended so as to define, as its beneficiaries, the members of the communities of HDSA persons who are living, working or operating in and around the mining operations of Assore and its subsidiaries. The Fricker Road Trust will utilise the economic benefits derived from the Ordinary Shares it indirectly owns through MS904 to carry on or facilitate projects and/or activities for the benefit of such HDSA persons in the areas of health and education.

The Assore Employee Trust Deed has been amended so as to define, as its beneficiaries, the full-time, permanent, non-managerial employees of Assore and its subsidiaries who are in the employ of Assore for a period of at least one year (as well as other employees who are designated as beneficiaries by the Allocation Committee from time to time). The Assore Employee Trust will utilise the economic benefits derived from the Ordinary Shares it indirectly owns through MS904 to make distributions to such beneficiaries, as well as to provide them with exposure to the growth in the price of Ordinary Shares, which will vest in the hands of such beneficiaries in terms of a pre-determined schedule as set out in the Assore Employee Trust Deed.

Phase II of the Third Empowerment Transaction will be facilitated by way of Standard Bank subscribing for the Assore Preference Shares in the authorised but unissued share capital of Assore, to the value of R2.85 billion. Assore will, in turn, capitalise MS904 by subscribing for the MS904 Preference Shares in the authorised but unissued share capital of MS904, to the value of R2.85 billion, which will provide MS904 with the aggregate funding required to discharge its obligations to Standard Bank, in terms of the Facility Agreement, being a total amount of R2.85 billion (comprising the capital plus interest in respect of the bridge loan advanced in terms of the Facility Agreement).

Assore will redeem the Assore Preference Shares over a maximum period of five years, with the option to redeem the whole or any portion of the unredeemed amount at any time in advance of its scheduled redemptions.

### 3.3 MS904

MS904 has been incorporated as a special purpose vehicle for the purpose of acquiring and holding the Sale Shares, and being the vehicle through which the Fricker Road Trust and the Assore Employee Trust hold their effective interests in Assore as its broad-based BEE partners.

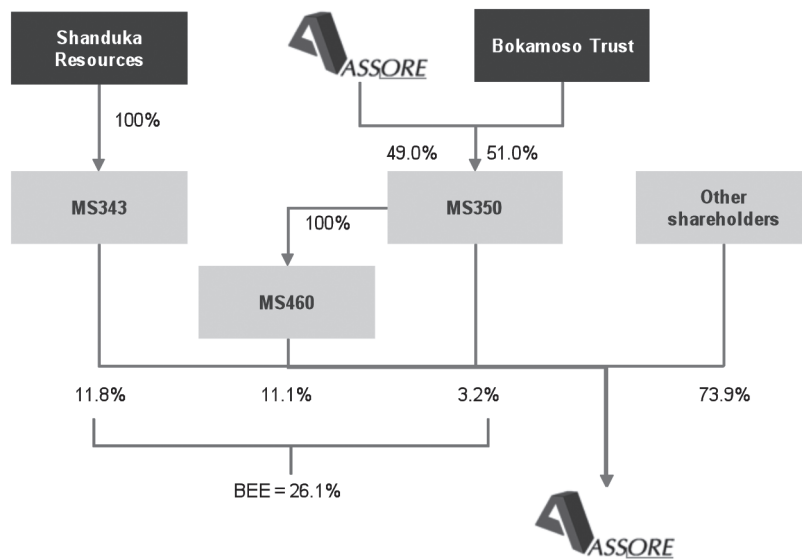
### 3.4 Future cash flows

Dividends paid by Assore in respect of its Ordinary Shares and, accordingly, received by MS904 in respect of its holding of the Sale Shares will be utilised as follows:

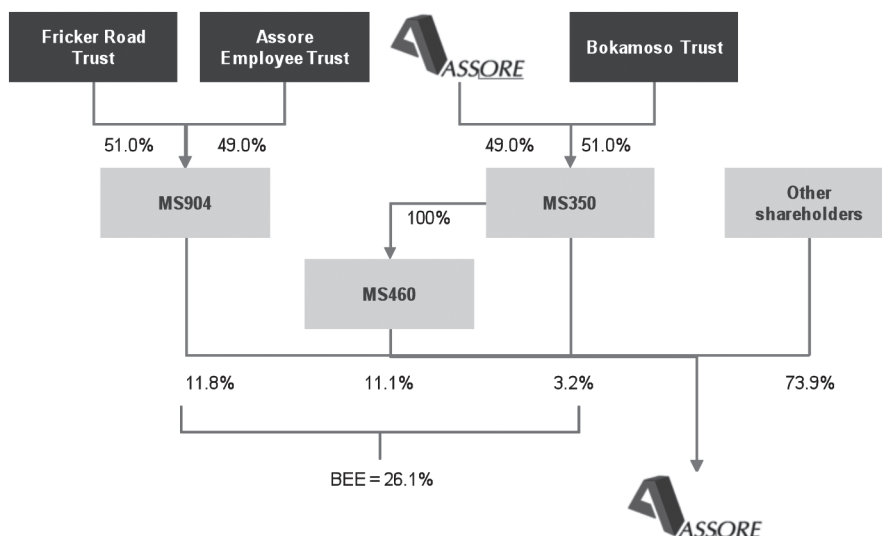
- 77% of the dividends received will be used to service and, to the extent possible, redeem the MS904 Preference Shares; and
- 23% of the dividends received by MS904 will be declared and paid as a dividend to the Fricker Road Trust and the Assore Employee Trust, in proportion to their respective shareholdings in MS904, to enable them, in turn, to make distributions to their respective beneficiaries.

## 4. SHAREHOLDING STRUCTURE

Prior to Phase I of the Third Empowerment Transaction, the Assore shareholding structure was as follows:



Subsequent to the implementation of Phase I of the Third Empowerment Transaction, the resultant shareholding structure is as follows:



There will be no change to the Assore ordinary shareholding structure post-implementation of Phase II of the Third Empowerment Transaction.

## 5. OVERVIEW OF THE FRICKER ROAD TRUST

### 5.1 Rationale

Pursuant to Phase I of the Third Empowerment Transaction, MS904 is held as to 51% by the Fricker Road Trust, which trust has an effective shareholding of 6.01% in the entire issued ordinary share capital of Assore. The Fricker Road Trust was established to serve as one of Assore's broad-based BEE partners for the purposes of benefiting the Fricker Road Trust Beneficiaries.

As part of Assore's commitment to the social and economic development and empowerment of the Fricker Road Trust Beneficiaries, the sole objective of the Fricker Road Trust is to utilise the economic benefits attached to the Ordinary Shares it indirectly owns through MS904 to carry on or facilitate projects and/or activities for the benefit of the Fricker Road Trust Beneficiaries in the areas of health and education.

Examples of health and education projects and/or activities to be carried on or facilitated by the Fricker Road Trust include, but are not limited to:

- the provision of healthcare services to poor and needy persons;
- the provision of preventative and education programmes relating to HIV/AIDS;
- the provision of primary healthcare education, sex education or family planning;
- the provision of education by a school or higher education institution;
- adult basic education and training, including literacy and numeracy education;
- training for unemployed persons with the purpose of enabling them to obtain employment; and
- the funding of bursary schemes to facilitate the attendance of schools or higher education institutions.

### 5.2 Trustees

The board of trustees of the Fricker Road Trust shall be constituted as follows:

- there shall at all times be four trustees, subject to the provisions of the Fricker Road Trust Deed;
- the majority of the Fricker Road Trustees shall at all times be HDSAs and Independent;
- 25% of the appointed trustees shall be female; and
- Assore shall at all times be entitled, but not obliged to appoint one trustee.

### 5.3 Beneficiaries

The Fricker Road Trust Beneficiaries include the members of the communities of HDSA persons who are living, working or operating in and around the mining operations of Assore and its subsidiaries. The Fricker Road Trust Beneficiaries specifically exclude the members of the communities surrounding Assmang's mining and beneficiation operations, who benefit from a range of initiatives operated by Assmang.

### 5.4 Operation

The basic mechanics of the Fricker Road Trust are as follows:

- the Fricker Road Trust will be funded on an ongoing basis by the dividends received as a result of its 51% ownership in MS904; and
- these dividends will enable the Fricker Road Trust to fund and facilitate projects and activities of a sufficient scale to meaningfully contribute to the health, education and empowerment of the Fricker Road Trust Beneficiaries.

The Fricker Road Trustees will determine the aggregate amount of any capital and income received during a particular financial year which shall be available for allocation. All of the expenses, costs, disbursements and liabilities incurred in or arising out of the formation or administration of the Fricker Road Trust in the ordinary course will be borne by the Trust.

The Fricker Road Trust will endure in perpetuity, or until the date that the trust is finally wound-up and liquidated as agreed between Assore and the Fricker Road Trustees.

## 5.5 **Distribution of income and capital**

The method for distribution of income and capital received by the Fricker Road Trust is as follows:

- prior to making an allocation, the Fricker Road Trustees will identify projects and/or activities that meet the specified guidelines as set out in the Fricker Road Trust Deed and, should the Fricker Road Trustees unanimously approve of the proposed project and/or activity, the Fricker Road Trustees shall determine an appropriate allocation to be made;
- no capital or income received by the Fricker Road Trust is allowed to accumulate for a period exceeding two years from the date initially received by the trust, and the Fricker Road Trustees shall be obliged to procure that any accumulated capital or income is utilised for the purposes of making allocations for the purposes of such projects and/or activities as have been identified and approved by the Fricker Road Trustees; and
- the Fricker Road Trust Beneficiaries shall have no vested rights or entitlement to any allocation from the trust until such time as the Fricker Road Trustees have made an allocation and the relevant due date for such allocation has arrived.

## 6. **OVERVIEW OF THE ASSORE EMPLOYEE TRUST**

### 6.1 **Rationale**

Pursuant to Phase I of the Third Empowerment Transaction, MS904 is held as to 49% by the Assore Employee Trust, which trust has an effective shareholding of 5.78% in the entire issued ordinary share capital of Assore. The Assore Employee Trust was established for the purposes of facilitating a share benefit scheme for the benefit of the Assore Employee Trust Beneficiaries.

As part of Assore's commitment to the social and economic development and empowerment of the Assore Employee Trust Beneficiaries, the sole objective of the Assore Employee Trust is to utilise the economic benefits derived from the Ordinary Shares it owns to allocate to the Assore Employee Trust Beneficiaries Equity Participation Rights and Dividend Participation Rights and effect payments to such Assore Employee Trust Beneficiaries in respect of such Participation Rights as these payments become due.

### 6.2 **Trustees**

The board of trustees of the Assore Employee Trust shall be constituted as follows:

- there shall at all times be seven trustees, subject to the provisions of the Assore Employee Trust Deed;
- it shall comprise three Independent trustees, three trustees nominated by the Assore Employee Trust Beneficiaries and one trustee appointed by Assore;
- the majority of trustees shall at all times be HDSAs and at least 25% of the trustees shall be female; and
- the beneficiary trustee shall be nominated by the Assore Employee Trust Beneficiaries, from their ranks and selected by the Allocation Committee, and will serve in office for a period not exceeding two years (but will be available for re-election thereafter).

### 6.3 **Beneficiaries**

All full-time, permanent, non-managerial employees of Assore or any one of its subsidiaries, regardless of whether such employees are HDSAs or not and who have been employed on a permanent basis for a period of not less than one year (or such other employee as may be designated as beneficiaries by the Allocation Committee from time to time) will be eligible to become beneficiaries of the Assore Employee Trust. The Assore Employee Trust Beneficiaries specifically exclude employees of Assmang.

## 6.4 Operation

The Assore Employee Trust will be funded on an ongoing basis by the dividends received as a result of its 49% ownership in MS904. These dividends will enable it to provide the Assore Employee Trust Beneficiaries with meaningful cash flow over the life of their employment, commencing with the implementation of Phase II of the Third Empowerment Transaction.

Assore Employee Trust Beneficiaries will be eligible to receive Equity Participation Rights and Dividend Participation Rights:

- Dividend Participation Rights will be allocated to Assore Employee Trust Beneficiaries on an annual basis, and will entitle them to share proportionately in the dividend income received from MS904 in respect of the underlying Ordinary Shares held by it; and
- Equity Participation Rights will be allocated to Assore Employee Trust Beneficiaries each year, so long as they remain in the employ of Assore, and will vest in such Assore Employee Trust Beneficiaries in accordance with a pre-determined schedule as set out in the Assore Employee Trust Deed.

80% of the total dividend income received by the Assore Employee Trust from MS904 will be paid out to Assore Employee Trust Beneficiaries *pro rata* to the Dividend Participation Rights held by them, with the remaining 20% being used to accumulate Equity Reserve Shares, in order to effect future payments relating to the settlement of Equity Participation Rights.

Equity Participation Rights will be allocated to Assore Employee Trust Beneficiaries on an annual basis, and will entitle them to share in the increase in the listed price of the Ordinary Shares over time according to a formula as set out in paragraph 6.5 below:

- Equity Participation Rights having a value equal to 10% of an Assore Employee Trust Beneficiary's basic annual salary will be allocated to him each year;
- the Equity Participation Rights allocated to Assore Employee Trust Beneficiaries will vest one year after the previous Allocation Date;
- should an Assore Employee Trust Beneficiary leave the employ of Assore for any reason other than dismissal or death, he will retain ownership of his vested Equity Participation Rights;
- should an Assore Employee Trust Beneficiary leave the employ of Assore as a result of dismissal, he will forego the benefit of any vested Equity Participation Rights;
- should an Assore Employee Trust Beneficiary leave the employ of Assore as a result of death, his estate will be entitled to receive the vested and previously allocated, but not yet vested, Equity Participation Rights. Any unvested Equity Participation Rights will be deemed to have vested upon his death; and
- after the conclusion of the first ten-year cycle applicable to Assore Employee Trust Beneficiaries who have become vested with Equity Participation Rights, the trustees shall, in each year, dispose of only such number of Equity Reserve Shares the proceeds of which shall be sufficient to discharge, in such year, payment to those Assore Employee Trust Beneficiaries who are then entitled to receive a payment in respect of their vested Equity Participation Rights, plus any taxes arising from disposal.

All of the expenses, costs, disbursements and liabilities incurred in or arising out of the formation or administration of the Assore Employee Trust in the ordinary course will be borne by the Assore Employee Trust.

The Assore Employee Trust will endure in perpetuity, or until the date that the trust is finally wound-up and liquidated as agreed between Assore and the Assore Employee Trustees.

## 6.5 Distribution of income and capital

The bases of the distribution of income and capital received by the Assore Employee follows:

- the number of Dividend Participation Rights to be allocated to Assore Employee Trust Beneficiaries is calculated as follows:

$A = B/C$ , where:

A = the number of Dividend Participation Rights to be allocated to a particular Assore Employee Trust Beneficiary in a particular year;

B = an amount equal to 10% of such Assore Employee Trust Beneficiary's basic annual salary as at the Allocation Date; and

C = the Assore 30 day VWAP as at the Allocation Date;

- the payment per Dividend Participation Right held by an Assore Employee Trust Beneficiary is calculated as follows:

$A = 80\% \times B/C$ , where:

A = the amount per Dividend Participation Right payable by the Assore Employee Trust to each holder of a Dividend Participation Right;

B = the aggregate amount of dividend income received by the Assore Employee Trust from MS904 (net of expenses incurred); and

C = the aggregate number of Dividend Participation Rights that have been allocated;

- the number of Equity Participation Rights to be allocated is calculated as follows:

$A = B/C$ , where:

A = the number of Equity Participation Rights to be allocated to a particular Assore Employee Trust Beneficiary in a particular year;

B = an amount equal to 10% of such Assore Employee Trust Beneficiary's basic annual salary as at the Allocation Date; and

C = the Assore 30-day VWAP as at the Allocation Date; and

- the payment per Equity Participation Right held by an Assore Employee Trust Beneficiary is calculated as follows:

$A = B \times (C - D)$ , where:

A = the amount per Equity Participation Right payable by the Assore Employee Trust to an Assore Employee Trust Beneficiary in respect of his vested Equity Participation Rights;

B = the number of vested Equity Participation Rights held by such Assore Employee Trust Beneficiary at the conclusion of a particular ten-year cycle;

C = the Assore 30-day VWAP as at the tenth anniversary of the Allocation Date upon which such beneficiary was first allocated an Equity Participation Right in respect of a particular ten year cycle; and

D = the notional debt per vested Equity Participation Right notionally attributed to each Equity Participation Right held by such Assore Employee Trust Beneficiary.

## 7. THE RELATIONSHIP AGREEMENT

As part of Phase II of the Third Empowerment Transaction, the Fricker Road Trust, the Assore Employee Trust, MS904 and Assore have entered into the Relationship Agreement in order to regulate the relationship between such parties *vis-à-vis* the securing and retention of MS904's HDSA status under the BEE Legislation in respect of MS904's shareholding in Assore.

The Relationship Agreement aims to provide for continued compliance by MS904 (in its capacity as one of Assore's BEE partners) with the applicable provisions of the BEE Legislation.

The parties to the Relationship Agreement agree that MS904 is intended to be and must remain, for as long as required under BEE Legislation, a ring fenced, insolvency remote, private company whose sole purpose is to hold Ordinary Shares, and whose corporate capacity shall be limited accordingly.

### 7.1 Undertakings by MS904

The Relationship Agreement regulates, in particular, the principles and mechanics applicable to disposals by MS904 of its equity interest in Assore and the restrictions applicable thereto so as to ensure that MS904's status as an HDSA company is secured for as long as is required under BEE Legislation. In this regard, MS904 undertakes, *inter alia*, not to:

- alter its authorised or issued share capital;
- vary, amend or otherwise alter the rights attaching to any class of shares in its share capital;
- cancel, repurchase, consolidate or sub-divide any of the shares in its share capital or extend any rights offer over its shares;
- hold any investment or conduct any business, other than the business of holding Ordinary Shares and cash and assets received solely by virtue of its holding of such Ordinary Shares; or
- dispose of or encumber or enter into any other transaction in respect of its Ordinary Shares.

### 7.2 Undertakings by the Fricker Road Trust

The Fricker Road Trust undertakes that, *inter alia*, for so long as it holds Ordinary Shares, unless with the written consent of Assore:

- it will be and will not cease to be an HDSA measured on an effective ownership basis in accordance with the BEE Legislation;
- the majority of all the votes of the Fricker Road Trustees on its board of trustees will be exercisable by HDSAs;
- for so long as it holds any Ordinary Shares, all of the Fricker Road Trust Beneficiaries shall constitute HDSAs, such that, when measured on a flow-through basis in accordance with BEE Legislation, the Fricker Road Trust shall constitute an HDSA in respect of which the ultimate effective participation by HDSA individuals comprises 100% and, accordingly, the Fricker Road Trust has, and shall so retain, an HDSA status of 100%; and
- it will not take any action, or fail to exercise any right, power or privilege, the immediate or future consequence of which is that any permission granted by any authority relating to the mining and/or prospecting rights of the Assore Group is withdrawn or revoked.

### 7.3 Undertakings by the Assore Employee Trust

The Assore Employee Trust undertakes that, *inter alia*, for so long as it holds Ordinary Shares, unless with the written consent of Assore:

- it will not take any action, or fail to exercise any right, power or privilege, the immediate or future consequence of which is that any permission granted by any authority relating to the mining and/or prospecting rights of the Assore Group is withdrawn or revoked; and
- the majority of all the votes of the Assore Employee Trustees on its board of trustees will be exercisable by HDSAs.

## 8. THE SHAREHOLDERS' AGREEMENT

The Fricker Road Trust, the Assore Employee Trust, MS904 and Assore have also entered into the Shareholders' Agreement in order to regulate the relationship between the Fricker Road Trust and the Assore Employee Trust in their capacities as shareholders of the entire issued ordinary share capital of MS904.

The Shareholders' Agreement regulates, in particular, the provisions applicable to the shareholders of MS904 as regards disposals of their equity interests in MS904, and the rights which have been granted by such shareholders in favour of the Assore. MS904 shall similarly not be entitled to dispose of its equity interest in Assore, or to encumber any of its equity.

The parties to the Shareholders' Agreement agree that the dividend policy of MS904 shall, subject to the provisions of the MS904 Phase II Funding Agreements, be to distribute all of its free cash flow after payments in respect of the MS904 Preference Shares, in each year. The parties agree that in each year, MS904 shall effect a cash payment in the form of a dividend (prior to any payments required to be made by MS904 to Assore in respect of the MS904 Preference Shares), to each of the Fricker Road Trust and the Assore Employee Trust, *pro rata* to their respective holdings, in an aggregate amount equal to 23%



of MS904's aggregate distributable reserves. Assore shall be permitted to determine a greater (but not lower) percentage trickle dividend in order to increase the annual flow through payment.

As regards the exercise of voting rights in respect of the Assore shares held by MS904, the Shareholders' Agreement provides that all decisions shall be taken by a majority vote of the shareholders at any general meeting.

## 9. FINANCIAL ASSISTANCE

In terms of section 44 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. As the subscription by Standard Bank for the Assore Preference Shares in accordance with the provisions of the Assore Preference Share Subscription Agreement and the subscription by Assore for the MS904 Preference Shares in accordance with the provisions of the MS904 Preference Share Subscription Agreement, are to be implemented for the purposes of Assore establishing a long-term vendor financing structure in respect of MS904 and thus capitalising MS904 with sufficient funding to discharge its obligations to Standard Bank under the Facility Agreement (which were initially incurred in connection with its acquisition of the Sale Shares from MS343), such vendor-financing structure constitutes the provision of financial assistance in connection with the acquisition of Ordinary Shares. Shareholders shall, accordingly, be requested to grant their approval by way of a special resolution in respect of the provision by Assore of the Phase II Financial Assistance in order to satisfy the requirements of section 44 of the Companies Act.

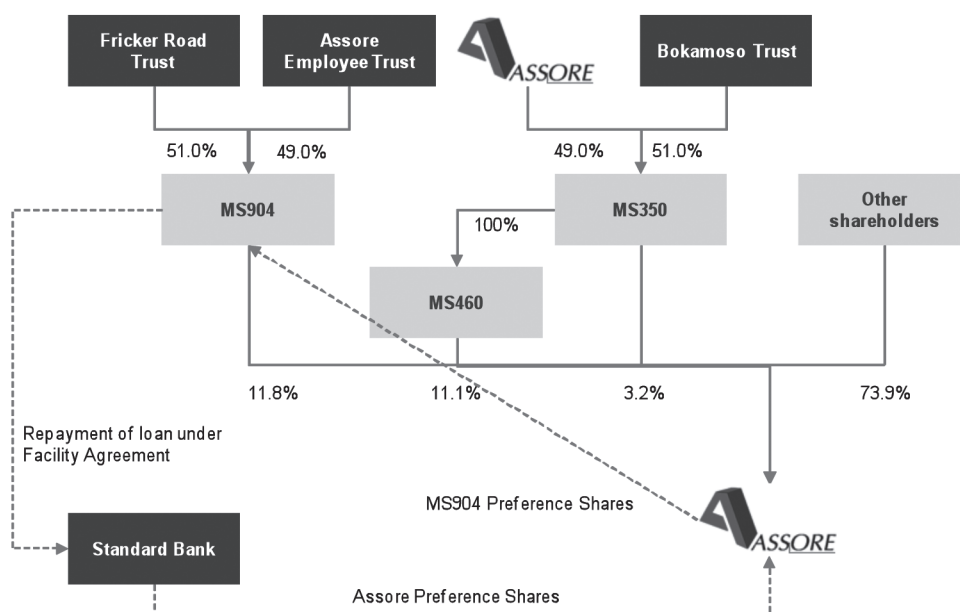
## 10. THIRD EMPOWERMENT TRANSACTION FUNDING

In accordance with the provisions of the Assore Preference Share Subscription Agreement, Standard Bank will subscribe for, and Assore will allot and issue to Standard Bank, the Assore Preference Shares for a total consideration of R2.85 billion.

In accordance with the provisions of the MS904 Preference Share Subscription Agreement, Assore will utilise the funding which it receives from Standard Bank to subscribe for, and MS904 will allot and issue to Assore, the MS904 Preference Shares for a total consideration of R2.85 billion.

The MS904 Preference Shares are subscribed for by Assore to provide MS904 with the funding required to discharge its obligation to Standard Bank in terms of the Facility Agreement. MS904 will repay Standard Bank a total amount of R2.85 billion, which includes the loan amount plus interest incurred thereon.

### 10.1 Illustration of the Third Empowerment Transaction funding



## 10.2 Key terms of the Assore Preference Shares

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

- 10.2.1 each Assore Preference Share in issue confers on Standard Bank the right to receive a preferential, cumulative cash dividend at the rate of 75% of the Prime Rate, calculated on the Assore Preference Share Subscription Price in respect of such Assore Preference Share;
- 10.2.2 should Secondary Tax on Companies levied in terms of the Income Tax Act, 1962, be abolished as anticipated, there will be an adjustment to the dividend rate on the Assore Preference Shares as set out in clause 1.1.30 in Annexure 1 to this Circular;
- 10.2.3 the Assore Preference Share Scheduled Dividends shall accumulate daily and shall be received on each Assore Preference Share Dividend Date;
- 10.2.4 each Assore Preference Share shall be redeemable by Assore according to the Assore Preference Share Redemption Schedule, as determined in accordance with the provisions of the Assore Preference Share Terms, which schedule demands redemption as follows:
  - on the first Business Day following the third anniversary of the Assore Preference Share Issue Date, Assore shall redeem such number of Assore Preference Shares such that, immediately after the redemption, no more than 40% of the Assore Preference Shares issued on the Assore Preference Share Issue Date shall remain in issue;
  - on the first Business Day following the fourth anniversary of the Assore Preference Share Issue Date, Assore shall redeem such number of Assore Preference Shares such that, immediately after the redemption, no more than 20% of the Assore Preference Shares issued on the Assore Preference Share Issue Date shall remain in issue; and
  - on the first Business Day following the fifth anniversary of the Assore Preference Share Issue Date, Assore shall redeem all unredeemed Assore Preference Shares;
- 10.2.5 Assore is entitled to voluntarily redeem any unredeemed Assore Preference Shares on any Business Day, in Assore's sole discretion, as Assore elects on the provision of written notice to Standard Bank to redeem such number of Assore Preference Shares as is recorded in such notice;
- 10.2.6 Assore is obliged to redeem any unredeemed Assore Preference Shares on any Business Day, in Standard Bank's sole discretion, subsequent to the occurrence of an unremedied Assore Preference Share Trigger Event, which Standard Bank nominates as constituting the Assore Preference Share Redemption Date in respect of all and not less than all of the Assore Preference Shares in issue; and
- 10.2.7 Assore shall redeem each Assore Preference Share according to the Assore Preference Share Redemption Schedule on the relevant Assore Preference Share Redemption Date applicable thereto, in priority to the redemption of any other class of share in the issued share capital of Assore, at the Assore Preference Share Redemption Price per Assore Preference Share, which shall be the Assore Preference Share Subscription Price in respect thereof; provided that Assore shall immediately prior to effecting payment of such Assore Preference Share Redemption Price declare and pay to Standard Bank all Assore Preference Share Dividends and Assore Preference Share Arrear Dividends (if any) payable in respect thereof.

## 10.3 Assore Preference Share Trigger Events

An Assore Preference Share Trigger Event will be deemed to have occurred if, amongst others:

- 10.3.1 Assore fails to declare and pay an Assore Preference Share Scheduled Dividend on the applicable Assore Preference Share Dividend Date and fails to remedy same within one Business Day;
- 10.3.2 Assore fails to redeem any Assore Preference Share on the Assore Preference Share Redemption Date applicable thereto and fails to remedy same within one Business Day;
- 10.3.3 Assore fails to comply with any Assore Financial Covenant at any time on which same are tested in terms of the Assore Preference Share Subscription Agreement;

- 10.3.4 if any indebtedness of Assore in excess of R100 000 000 (one hundred million Rand): (i) is not paid when due nor within any originally applicable grace period and/or (ii) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described);
- 10.3.5 if any of the assets of Assore having an aggregate fair market value of R100 000 000 (one hundred million Rand) or more are subjected to judicial attachment, and Assore, fails to procure the release of such assets from attachment within 30 (thirty) Business Days of such attachment, except that if Assore, provides evidence on an ongoing basis to the reasonable satisfaction of Standard Bank that steps have been initiated within 21 (twenty-one) Business Days of such attachment to appeal, review or rescind the attachment order and to procure the suspension of the attachment and that such steps are being expeditiously pursued, the period of 30 (thirty) Business Days shall run from the date the attachment order becomes final, or the attempt to procure suspension of the attachment fails;
- 10.3.6 if a court judgment or arbitration award in an amount of R100 000 000 (one hundred million Rand) or more, is given or made against Assore, which is not satisfied within 30 (thirty) Business Days of it coming to the notice of Assore, except that if Assore, provides evidence on an ongoing basis to the reasonable satisfaction of Standard Bank that steps have been initiated within 21 (twenty-one) 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 (thirty) Business Days shall run from the date the court judgment or arbitration award becomes final, or the attempt to appeal, review or rescind same fails;
- 10.3.7 if Assore breaches any obligation assumed by it, or any warranty, representation or undertaking given by it, in terms of any Assore Funding Agreement to which it is a party (other than a breach which has been specifically referred to in any of the other Assore Preference Share Trigger Events, in any manner whatsoever and such breach is not remedied within 20 (twenty) Business Days from date of receipt by Assore, of written notice from Standard Bank, demanding such remedy;
- 10.3.8 any Assore Insolvency Event occurs;
- 10.3.9 Assore ceases the business conducted by it as at the Assore Preference Share Issue Date;
- 10.3.10 if at any time, it is or becomes, unlawful for Assore to perform or comply with all or any of its obligations under any Assore Funding Agreement to which it is a party, or any such obligations are not, or cease to be, legal, valid, and/or enforceable unless such unlawfulness, illegality, invalidity and/or unenforceability: (i) are capable of remedy and (ii) is remedied within 10 (ten) Business Days of the earlier of Standard Bank giving notice thereof to Assore and Assore becoming aware thereof;
- 10.3.11 Assore repudiates any of the Assore Preference Share Terms or evidences intention to repudiate any of the Assore Preference Share Terms;
- 10.3.12 if Assore, at any time, without the prior written consent of Standard Bank, ceases to hold at least 50% (fifty per cent) of all the issued ordinary shares in the share capital of Assmang;
- 10.3.13 if Assore at any time, without the prior written consent of Standard Bank, encumbers any of the ordinary shares in the issued share capital of Assmang held by it;
- 10.3.14 if Assore at any time, without the prior written consent of Standard Bank, ceases to have the right to manage Assmang, either alone or with any one or more other persons;
- 10.3.15 any Material Adverse Change occurs; or
- 10.3.16 any seizure, expropriation or nationalisation occurs, by or on behalf of any governmental, regulatory or other authority, of the whole or the greater part of Assore's business and/or assets.

#### 10.4 **Key terms of the MS904 Preference Shares**

The key terms of the MS904 Preference shares are set out below:

- 10.4.1 each MS904 Preference Share in issue confers on Assore the right to receive a preferential, cumulative cash dividend at the rate of 75% of the Prime Rate, calculated on the MS904 Preference Share Subscription Price in respect of such MS904 Preference Share;
- 10.4.2 should Secondary Tax on Companies levied in terms of the Income Tax Act, 1962, be abolished as anticipated, there will be an adjustment to the dividend rate on the MS904 Preference Shares calculated in the same way as for the Assore Preference Shares, as set out in clause 1.1.30 in Annexure 1 to this Circular;
- 10.4.3 the MS904 Preference Share Scheduled Dividends shall accumulate daily and shall be received on each MS904 Preference Share Dividend Date;
- 10.4.4 each MS904 Preference Share shall be redeemable by MS904 on the 25th anniversary of the MS904 Preference Share Issue Date;
- 10.4.5 MS904 is entitled to voluntarily redeem any unredeemed MS904 Preference Shares on any Business Day, in MS904's sole discretion, as MS904 elects on the provision of written notice to Assore to redeem such number of MS904 Preference Shares as is recorded in such notice;
- 10.4.6 MS904 is obliged to redeem any unredeemed MS904 Preference Shares on any Business Day, in Assore's sole discretion, subsequent to the occurrence of an unremedied MS904 Preference Share Trigger Event, which Assore nominates as constituting the MS904 Preference Share Redemption Date in respect of all and not less than all of the MS904 Preference Shares in issue;
- 10.4.7 All MS904 Preference Share Arrear Dividends will be calculated at 100% of the Prime Rate from the relevant MS904 Preference Share Dividend Date to the date of payment of such MS904 Preference Share Arrear Dividend;
- 10.4.8 MS904 shall redeem each MS904 Preference Share on the relevant MS904 Preference Share Redemption Date applicable thereto, in priority to the redemption of any other class of share in the issued share capital of MS904, at the MS904 Preference Share Redemption Price per MS904 Preference Share, which shall be the MS904 Preference Share Subscription Price in respect thereof; provided that MS904 shall immediately prior to effecting payment of such MS904 Preference Share Redemption Price declare and pay to Assore all MS904 Preference Share Scheduled Dividends and MS904 Preference Share Arrear Dividends (if any) payable in respect thereof); and
- 10.4.9 MS904 will, after having utilised 23% of the aggregate of dividends received by MS904 pursuant to its holding of the Sale Shares, use the remaining balance of such dividends to effect payment to each of the Fricker Road Trust and the Assore Employee Trust of a dividend in proportion to their shareholdings in MS904, to redeem the MS904 Preference Shares.

#### 10.5 **MS904 Preference Share Trigger Events**

An MS904 Preference Share Trigger Event will be deemed to have occurred if, amongst others:

- 10.5.1 if MS904 fails to redeem any MS904 Preference Share in issue on the MS904 Preference Share Redemption Date applicable thereto;
- 10.5.2 if on any date ("the Relevant Date"), the aggregate MS904 Preference Share Redemption Price which would be required to be paid to Assore if all the MS904 Preference Shares were required to be redeemed on the Relevant Date, exceeds by R200 million or more the aggregate MS904 Pref Redemption Price if all the MS904 Preference Shares held by Assore on any day preceding the Relevant Date ("the Preceding Date") were required to be redeemed on the Preceding Date;
- 10.5.3 if Assore or MS904 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), or any business rescue proceedings commence in respect of such party;

- 10.5.4 if any step is taken in respect of Assore or MS904 (including an application to court 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 such party;
- 10.5.5 if Assore or MS904 gives notice of or takes steps to convene a meeting of its board of directors, shareholders or trustees (as applicable) to adopt a resolution sequestrating 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) or for the commencement of any business rescue proceedings;
- 10.5.6 if any of the assets of Assore or MS904 having an aggregate fair market value:
  - 10.5.6.1 in the case of MS904, equal to or exceeding R50 million; or
  - 10.5.6.2 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 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 party provides evidence on an ongoing basis to the reasonable satisfaction of Assore 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);
- 10.5.7 if a court judgment or arbitration award in an amount equal to or exceeding:
  - 10.5.7.1 in the case of MS904, R50 million; or
  - 10.5.7.2 in the case of Assore, R250 million,
 is given or made against such party, which is not satisfied within 30 Business Days of it coming to the notice of such party, except that if such party provides evidence on an ongoing basis to the reasonable satisfaction of Assore 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);
- 10.5.8 if MS904 breaches any obligation assumed by it, or any warranty, representation or undertaking given by it, in terms of any of the Phase II Transaction Agreements, which obligation, warranty, representation or undertaking is, or is deemed to be, material, or breaches any of the provisions of MS904's Memorandum of Association which contain or deal with any of the matters contemplated in clause 12 of the MS904 Preference Share Agreement, in any manner whatsoever and MS904 fails to remedy the relevant breach within 10 Business Days of receipt of a written notice from Assore demanding that such breach be so remedied;
- 10.5.9 if any MS904 Material Adverse Change which is not remedied within a period of 10 Business Days from the date of receipt by MS904 of a written notice from Assore advising it thereof;
- 10.5.10 if MS904 repudiates any of the Phase II Transaction Agreements to which it is a party; and/or
- 10.5.11 if at any time it is or becomes unlawful for MS904 to perform or comply with all or any of its obligations under any of the Phase II Transaction Agreements 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
- 10.5.12 if MS904 receives any notice of any proceedings at the instance of, or before, any court of law, governmental or quasi-governmental authority having jurisdiction over MS904 and/or its assets, which proceedings involve or are intended to result in MS904 being or becoming obliged to dispose of any of its assets.

## 11. THE SECURITY AGREEMENT

In terms of the Security Agreement, MS904 cedes and pledges *in securitatem debiti* all of its rights, title and interest in and to the Ordinary Shares held by it, to Assore as security for MS904's obligations to Assore under the MS904 Preference Share Subscription Agreement.

Assore's rights under the Security Agreement only become enforceable on the occurrence of an event of default by MS904, essentially entailing a failure by MS904 to discharge its obligations to Assore in respect of the MS904 Preference Shares. On the occurrence of such an event of default, Assore is entitled (but not obliged) to pursue any remedy available to it in law, including those specified in the Security Agreement. These include (subject to having procured all necessary regulatory and shareholder approvals (including that of the JSE)):

- effecting transfer of the Ordinary Shares (whether into its own name or that of a nominee or other designated person) with the intention to do so, not as beneficial owner, but as temporary repository pending realisation of the Ordinary Shares;
- electing to effect transfer of the Ordinary Shares to itself at fair value; or
- procuring the disposal of the Ordinary Shares in such manner as may appear to Assore in its reasonably exercised discretion to be most expedient.

## 12. SUSPENSIVE CONDITIONS

The implementation of Phase II of the Third Empowerment Transaction, including the provision by Assore of the Phase II Financial Assistance, is subject to the fulfilment of various suspensive conditions, which are extensively recorded in the Phase II Transaction Agreements. These include, *inter alia*, the following:

- the approval of the following resolutions by the requisite majority of votes by Shareholders required at the General Meeting:
  - the special resolutions approving the Phase II Financial Assistance by Assore to MS904 granted by way of the allotment and issue by Assore of the Assore Preference Shares to Standard Bank in terms of the Assore Preference Share Subscription Agreement and the subscription by Assore for the MS904 Preference Shares in terms of the MS904 Preference Share Subscription Agreement;
  - the ordinary resolution to approve the Assore Board executing the Phase II Transaction Agreements to which Assore is a party;
  - the special resolution to approve the amendment of Assore's Memorandum of Incorporation to create the Assore Preference Shares in Assore's authorised but unissued share capital and record the details thereof in such Memorandum of Incorporation and incorporate the Assore Preference Share Terms therein;
  - the ordinary resolution to authorise the Directors to implement Phase II of the Third Empowerment Transaction; and
- to the extent required, the obtaining of all approvals of any regulatory authorities as may be required to implement Phase II of the Third Empowerment Transaction, either unconditionally or on terms acceptable to all parties, such acceptability confirmed in writing.

## 13. IFRS CHARGE

Assore has estimated the economic cost of the Third Empowerment Transaction to be approximately R128 million, which will be apportioned over a period of 15 years based on the vesting of Equity Participation Rights and the payment of dividends in respect of Dividend Participation Rights. This figure has been calculated in accordance with IFRS 2.

## 14. SHARE CAPITAL OF ASSORE

The authorised and issued share capital of Assore, prior to and after the implementation of Phase II the Third Empowerment Transaction, is set out below:

	Before R'000	After R'000
<b>Authorised share capital</b>		
200 000 000 Ordinary Shares of 0.5 cent each	1 000	1 000
28 500 preference shares of no par value	–	2 850 000
<b>Issued share capital</b>		
139 607 000 Ordinary Shares of 0.5 cent each	698	698
28 500 preference shares of no par value	–	2 850 000
<b>Treasury share capital</b>		
Treasury shares (held by MS460, MS350 and MS904)	(2 359 028)	(5 051 583)
<b>Share premium account</b>		
	264 092	264 092

## 15. INFORMATION RELATING TO THE DIRECTORS

### 15.1 Directors' interests in transactions

None of the Directors, including any Director who resigned within the past 18 months, has or had any material beneficial interest, direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Assore Group taken as a whole, and which was effected by Assore during the current or immediately preceding financial year or during any financial year and which remains outstanding or unperformed.

### 15.2 Details of directors

The Assore Board is currently constituted as follows:

Director	Age	Nationality	Portfolio	Business address
<b>Executive</b>				
Desmond Sacco	71	South African	Chairman	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
Christopher Cory	59	South African	Chief Executive Officer and Group Financial Director	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
Phillip Crous	60	South African	Group Technical Director	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
<b>Non-executive</b>				
Edward Southey	69	South African	Deputy Chairman and Lead Independent Director	10 Fricker Road, Illovo Boulevard, Johannesburg, 2196
Robert Carpenter	68	South African	Non-executive director	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
Donald Ncube	64	South African	Independent non-executive director	Badimo Gas, 3 West Street, Houghton, Johannesburg, 2198
William Urmson	69	South African	Independent non-executive director	JSE Limited, One Exchange Square, Gwen Lane, Sandton, 2196

<b>Director</b>	<b>Age</b>	<b>Nationality</b>	<b>Portfolio</b>	<b>Business address</b>
Dr Johannes van der Horst	67	South African	Independent non-executive director	8 Dundee Road, Newlands, Cape Town, 7700
<b>Alternate</b>				
Patrick Sacco	33	South African	Alternate director	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
Alastair Stalker	61	British	Alternate director	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
Bastiaan van Aswegen	51	South African	Alternate director	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196

### 15.3 Interests of directors

The direct and indirect beneficial interests of the Directors in Assore, including any Director who resigned within the past 18 months and as at 30 June 2011, are set out below:

	<b>Number of shares</b>		<b>Total</b>	<b>Percentage of total shares in issue</b>
	<b>Beneficial Direct</b>	<b>Beneficial Indirect</b>		
<b>Executive</b>				
D Sacco	868 500	32 430 490	33 298 990	23.80
C J Cory	50 000	–	50 000	0.04
P C Crous	16 000	–	16 000	0.01
<b>Non-executive</b>				
E M Southey	–	–	–	–
R J Carpenter	112 000	–	112 000	0.08
Z P Manase <sup>^</sup>	–	–	–	–
D M J Ncube	–	–	–	–
W F Urmson	–	–	–	–
J C van der Horst	–	–	–	–
B M Hawksworth <sup>*</sup>	5 000	–	5 000	–
M C Ramaphosa <sup>#</sup>	–	5 054 585	5 054 585	3.60
<b>Alternate</b>				
N G Sacco <sup>§</sup>	192 250	–	192 250	0.14
P E Sacco	198 750	–	198 750	0.14
R Smith <sup>#</sup>	–	–	–	–
<b>Total</b>	<b>1 442 500</b>	<b>37 485 075</b>	<b>38 927 575</b>	<b>27.81</b>

\* Resigned on 27 August 2010

§ Resigned on 7 March 2011

# Resigned on 19 August 2011

^ Resigned on 1 November 2011

Except for the sale of the Sale Shares, which took place on 19 August 2011, in which M C Ramaphosa had a beneficial interest, there have been no movements in the direct and indirect beneficial holdings of Directors between 30 June 2011 and the Last Practicable Date.



## 15.4 Directors' remuneration

The remuneration of the Directors for the twelve-month period ended 30 June 2011 is set out in the table below:

	Fees (Refer note 1) R'000	Salary R'000	Bonuses (Refer note 2) R'000	Pension scheme contrib- utions R'000	Fringe Benefits (Refer note 3) R'000	<b>Total R'000</b>
<b>Executive</b>						
D Sacco	110	4 264	355	–	543	<b>5 272</b>
C J Cory	96	3 886	12 809	969	307	<b>18 067</b>
P C Crous	96	3 414	12 589	851	226	<b>17 176</b>
<b>Non-executive</b>						
E M Southey	217	–	–	–	–	<b>217</b>
R J Carpenter	114	2 838	11 355	697	17 077	<b>32 081</b>
B M Hawksworth*	27	–	–	–	–	<b>27</b>
D M J Ncube	25	–	–	–	–	<b>25</b>
M C Ramaphosa <sup>#</sup>	150	–	–	–	–	<b>150</b>
W F Urmsen	113	–	–	–	–	<b>113</b>
J C van der Horst	150	–	–	–	–	<b>150</b>
<b>Alternate</b>						
N G Sacco <sup>§</sup>	–	858	45	72	119	<b>1 094</b>
P E Sacco	36	1 024	514	244	179	<b>1 997</b>
R Smith <sup>#</sup>	–	–	–	–	–	<b>–</b>
	<b>1 134</b>	<b>16 284</b>	<b>37 667</b>	<b>2 833</b>	<b>18 451</b>	<b>76 369</b>

\* Resigned on 27 August 2010

§ Resigned on 7 March 2011

# Resigned on 19 August 2011

^ Resigned on 1 November 2011

### Notes:

- Directors' fees for executives include fees received from Assmang.
- Due to Assore's shareholding structure, Assore is unable to offer Directors remuneration by way of share incentive or option arrangements, and bonuses are determined based on results for the year.
- 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 and increased substantially in the 2011 financial year due to the *ex-gratia* payment made to Mr Carpenter on his retirement after 47 years of service in the Group.

## 16. MAJOR SHAREHOLDERS

As at the Last Practicable Date, Shareholders (other than Directors) who, insofar as is known to Assore, were beneficially, directly or indirectly, interested in 5% or more of the ordinary share capital of Assore, were as follows:

	<b>Number of shares</b>	<b>Percentage holding</b>
Oresteel	73 190 000	52.43
MS904	16 464 450	11.79
MS350* and MS460	19 935 550	14.28
	<b>109 590 000</b>	<b>78.50</b>

\* **Note:** MS460 is a wholly-owned subsidiary of MS350 and holds 15 367 000 Ordinary Shares, representing 11.01% of Assore's ordinary share capital.

## 17. OPINIONS AND RECOMMENDATIONS

The Assore Board is of the unanimous opinion that the Third Empowerment Transaction is in the best interests of Shareholders, and recommends that Shareholders vote in favour of all the special and ordinary resolutions to be proposed at the General Meeting necessary to implement Phase II of the Third Empowerment Transaction.

In respect of their personal beneficial holdings in Assore, the Directors concerned 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.

## 18. IRREVOCABLE UNDERTAKINGS

Irrevocable undertakings to vote in favour of all the special and ordinary resolutions proposed in respect of Phase II of the Third Empowerment Transaction have been received from the following Shareholders:

- Oresteel; and
- MS350 and MS460 (which represent the interests of the Bokamoso Trust in Assore).

These irrevocable undertakings have been given in respect of Ordinary Shares representing 75.6% of the total voting rights to be exercised by Shareholders at the proposed General Meeting. MS904 will be precluded from exercising the voting rights attaching to the Sale Shares at the proposed General Meeting.

## 19. INFORMATION RELATING TO ASSORE

### 19.1 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 Assmang's beneficiation processes or sold locally.

Assore's principal investment is a 50% interest in Assmang, which it controls jointly in terms of a long-standing shareholders' agreement. Assmang is involved in the mining of manganese, iron and chrome ores as well as 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.

### 19.2 Directors' opinion on prospects of the business

The European Debt crisis is having a significant effect on the markets for group commodities. Cutbacks in steel production in Europe have resulted in iron ore cargoes being diverted to the spot market in China, causing a collapse of over 30% in the spot price indices. Iron ore prices have since recovered partially but there is extreme volatility which is anticipated to continue throughout the remainder of the 2012 financial year. The ability of the Chinese government to successfully manage their economy will be key in determining the level of steel production and hence demand for the Group's commodities. However, even if the Chinese economy remains reasonably robust, both manganese and chrome ores and alloys are expected to remain in oversupply. Recent declines in prices for these commodities should ensure that the oversupply dissipates, and any meaningful price recovery in either commodity is not anticipated during the remainder of this financial year.

The review of Assmang's manganese and chrome alloy smelting operations is continuing but the conversion of further chrome furnaces at Machadodorp to manganese alloys has been delayed due to unfavourable market conditions. The performance of Transnet on both the Saldanha and Port Elizabeth lines has improved, and volumes particularly of iron ore should be higher than originally anticipated. In addition, the South African Rand/US Dollar exchange rate has weakened more than expected, which impacts the Group's financial performance positively.

### 19.3 Litigation statement

As at the Last Practicable Date, Assore was not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve months from the date of issue of this Circular, a material effect on the Group's financial position.

## 20. MATERIAL CHANGES

There have been no material changes in the financial or trading position of the Assore Group between the financial year ended 30 June 2011 and the Last Practicable Date.

## 21. COSTS OF THE THIRD EMPOWERMENT TRANSACTION

The cash expenses of the Third Empowerment Transaction as detailed below, are estimated to be R5,655 million. All the fees payable to the parties below are exclusive of VAT:

Description	Party	R'000
Transaction sponsor fees	Standard Bank	1,000
IFRS 2 valuation	Deloitte	60
Legal fees	Webber Wentzel	4,500
Printing, publication and distribution costs	Ince	75
JSE documentation fee	JSE	20
		<b>5,655</b>

## 22. EXPERTS' CONSENTS

The investment bank and transaction sponsor and the attorneys to Assore have consented in writing to act in their stated capacities and to their names being included in this Circular and have not withdrawn their consents prior to publication of this Circular.

## 23. GENERAL MEETING OF SHAREHOLDERS

Following hereafter, and forming part of this Circular, is a notice of General Meeting of Shareholders to be held at 10:00 on Thursday, 19 January 2012 at the registered office of Assore, being Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, for the purposes of considering and, if deemed fit, passing the special and ordinary resolutions required to facilitate the implementation of Phase II of the Third Empowerment Transaction.

The special resolution necessary to give effect to the financial assistance will be required to be passed by Shareholders representing at least 75% of the voting rights exercisable, present in person or by proxy and voting at the General Meeting.

For purposes of the resolutions proposed in terms of the Companies Act, voting rights attaching to the Ordinary Shares held by MS904 will not be taken into account at the General Meeting held on Thursday, 19 January 2012.

## 24. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given on page 14 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement in this Circular false or misleading and that they have made all reasonable enquiries to ascertain such facts, and that this Circular contains all information required by South African law and by the Listings Requirements.

## 25. 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 Shareholders, up to and including the date of the General Meeting:

- a signed copy of this Circular;
- the audited financial statements of Assore for each of the three financial years ended 30 June 2009, 30 June 2010 and 30 June 2011;
- the Phase II Transaction Agreements (as set out in Annexure 1 to this Circular);
- the Memorandum of Incorporation of Assore;
- the Memorandum of Incorporation of MS904;
- the latest competent person's report, dated 30 September 2011;
- all material contracts; and
- consent letters of the investment bank and transaction sponsor and the attorneys to Assore.

*For and on behalf of:*

### **THE BOARD OF DIRECTORS OF ASSORE LIMITED**

**C J Cory**

*Chief Executive Officer*

Wednesday, 14 December 2011

---

## TERMS OF THE ASSORE PREFERENCE SHARES

---

### 1. DEFINITIONS

1.1 In these terms and conditions, unless inconsistent with or otherwise indicated by the context:

1.1.1 "Acceptable Bank" means:

1.1.1.1 any one or more of SBSA, Nedbank Limited, Absa Bank Limited, FirstRand Bank Limited and Investec Bank Limited;

1.1.1.2 a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations, of zaAA or higher by Standard & Poor's Rating Service, AA(zaf) or higher by Fitch Ratings Ltd or Aa2.za or higher by Moody's Investor Services Limited, or a comparable rating from an internationally recognised credit rating agency; or

1.1.1.3 any other bank or financial institution approved by the Facility Agent;

1.1.2 "Act" means the Companies Act, No. 71 of 2008;

1.1.3 "acting as an expert and not as an arbitrator" means, in the context of any person or persons ("the Expert") determining any matter or dispute in terms of this Agreement or any of the Exhibits hereto, the Expert doing so on the following bases:

1.1.3.1 the Expert shall investigate the matter or dispute in an impartial manner as he, in his sole discretion, considers appropriate;

1.1.3.2 the Expert shall call on all parties who have a direct interest in the dispute or matter in question, to make written representations in regard thereto, and the Expert shall be entitled to consult with all or any of the parties with a direct interest in the dispute or matter, or with any other person and to take advice from any person;

1.1.3.3 the Expert shall also call on all parties who have a direct interest in the dispute or matter in question, to make oral representations in regard thereto (at each such party's own election, provided that the Expert shall be obliged to duly consider any such oral representations made); provided that all parties who have a direct interest in the dispute or matter and any person from whom the Expert has taken advice as contemplated in clause 1.1.3.2, shall be entitled to be present at the time that any such oral representations are made and any such party shall be entitled to further respond thereto by further oral representations;

1.1.3.4 the determination of the Expert shall in the absence of manifest error, be final and binding on the parties to the dispute or matter in question; and

1.1.3.5 the costs and charges of the Expert shall be borne by that party to the dispute or matter which, in the sole discretion of the Expert, is the appropriate party to bear such charges, provided that the Expert shall be entitled to direct that the costs and charges be borne by all or certain of the parties to the dispute or matter, in such ratios as the Expert may determine;

1.1.4 "Adjusted Dividend Rate" means the Dividend Rate after it has been adjusted in terms of clause 3;

1.1.5 "Adjustment Event" shall bear the meaning assigned to such term in clause 3.3.1;

1.1.6 "Adjustment Notice" shall bear the meaning assigned to such term in clause 4.1;

1.1.7 "Aggregate Redemption Quantum" means on any date, in relation to a specified number of Preference Shares in issue, the aggregate quantum of all: (i) Preference Dividends (howsoever described); (ii) Redemption Price and (iii) all other amounts howsoever named or described required to be paid by the Company to the Holders under the Subscription Agreement and these Preference Share Terms, if all such Preference Shares were to be redeemed on such date and without considering whether or not the provisions of section 46 of the Act will or can be lawfully complied with for the purpose of achieving such redemption;

- 1.1.8 “Aggregate Subscription Price” means the aggregate subscription price in relation to all of the Relevant Preference Shares, as recorded in the Subscription Notice, which aggregate subscription price may never exceed R2 850 000 000 (two billion eight hundred and fifty million Rand);
- 1.1.9 “Applicable Laws” means all applicable laws, ordinances, regulations, judgments and orders of any competent court, central bank or governmental agency or Authority having the force of law in any relevant jurisdiction, and include in particular, but without limitation, the Tax Act;
- 1.1.10 “Arrear Dividends” shall bear the meaning assigned to such term in clause 2.3;
- 1.1.11 “Assmang” means Assmang Limited, registration number 1935/007343/06, a public company registered and incorporated with limited liability according to the company laws of the Republic of South Africa;
- 1.1.12 “Authority” means any government or governmental, administrative, fiscal or judicial authority, body, court, department, commission, tribunal, registry or any stated owned or controlled authority which principally performs governmental functions;
- 1.1.13 “Bank” means any person who is licensed to undertake the business of a Bank in terms of the Banks Act, 1990;
- 1.1.14 “Basel II” means “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing as at the Signature Date (“the Basel II Standards”), or any Applicable Law which implements the Basel II Standards in that form, or any interpretation or administration thereof;
- 1.1.15 “Basel III” means the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in December 2010 in the form existing as at the Signature Date (“the Basel III Standards”), or any Applicable Law which implements the Basel III Standards in that form, or any interpretation or administration thereof;
- 1.1.16 “Basic Calculation Formula” means the formula contained in clause 2.2.1;
- 1.1.17 “Business Day” means any day (other than a Saturday, Sunday or an official public holiday in South Africa within the meaning of the Public Holidays Act, 1994), on which Banks generally are open for business in Johannesburg;
- 1.1.18 “Calculation Date” means 5 October and 5 April of each year;
- 1.1.19 “Calendar Month” means each month of the Gregorian calendar;
- 1.1.20 “Cash” means, at any time, cash denominated in South African Rand, credited to an account in the name of the Company with an Acceptable Bank and to which the Company is alone beneficially entitled, and for so long as:
- 1.1.20.1 that cash is repayable within 30 (thirty) days after the relevant date of calculation;
- 1.1.20.2 repayment of that cash is not contingent on the prior discharge of any other indebtedness owing by or to any other person whatsoever, or on the satisfaction of any other condition;
- 1.1.20.3 there is no security over that cash;
- 1.1.20.4 the cash is freely and except as mentioned in clause 1.1.20.1 above immediately available to be applied in redemption of the Relevant Preference Shares;
- 1.1.21 “Cash Equivalents” means, at any time:
- 1.1.21.1 certificates of deposit maturing within 1 (one) month after the relevant date of calculation and issued by an Acceptable Bank;
- 1.1.21.2 any investment in marketable debt obligations issued or guaranteed by the government of the Republic of South Africa;

- 1.1.21.3 commercial paper not convertible or exchangeable to any other security:
  - 1.1.21.3.1 for which a recognised trading market exists;
  - 1.1.21.3.2 issued by an issuer incorporated in the Republic of South Africa;
  - 1.1.21.3.3 which matures within 30 (thirty) days; and
  - 1.1.21.3.4 which has a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investor Services Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- 1.1.21.4 any investment in money market funds which: (i) have a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P 1 or higher by Moody's Investor Services Limited; (ii) which invest substantially all their assets in securities of the types described in clauses 1.1.21.3.1 to 1.1.21.3.4 (both clauses inclusive) above and (iii) can be turned into cash on not more than 30 (thirty) days' notice; or
- 1.1.21.5 any other debt security approved by the Facility Agent, in each case, denominated in South African Rand and to which Assore is alone beneficially entitled at that time, and which is not subject to any security;
- 1.1.22 "Change in Law" means any:
  - 1.1.22.1 implementation, introduction, abolition, withdrawal or variation of: (1) any Applicable Laws, published practice, concession or official directive or (2) any ruling, request, notice, announcement, guidance or direction by any government entity (whether or not having the force of law, but if not having the force of law, is generally applied); or
  - 1.1.22.2 change in any interpretation, or the introduction or making of any new or further interpretation in respect of any of the above,
 which comes into effect after the Signature Date;
- 1.1.23 "Companies Act" means the Companies Act, No. 71 of 2008;
- 1.1.24 "Company" means Assore Limited, registration number 1950/037394/06, a public company registered and incorporated with limited liability according to the company laws of South Africa, whose shares are listed on the JSE Limited;
- 1.1.25 "Corporate Tax Rate" means the rate (as at the date of signature of the Subscription Agreement by the parties thereto being, 28% (twenty-eight per centum)) at which the normal Tax (as envisaged in section 5 of the Tax Act) is levied on Banks generally;
- 1.1.26 "Dividend Cycle" means a dividend cycle as defined in section 64B of the Tax Act;
- 1.1.27 "Dividend Payment Date" means the last day of each Dividend Period or, if such last day is not a Business Day, the immediately preceding Business Day;
- 1.1.28 "Dividend Period" means each period which commences on the day after a Calculation Date and which ends on the next Calculation Date (or, if earlier, on the Redemption Date), provided that:
  - 1.1.28.1 the first Dividend Period in respect of each Preference Share shall commence on its Issue Date and shall end on the first Calculation Date which occurs after that Issue Date;
  - 1.1.28.2 the last Dividend Period in respect of any particular Preference Share shall: (1) commence on the day after the last Calculation Date which occurs prior to its Redemption Date and (2) end on that Redemption Date;
- 1.1.29 "Dividend Rate" means, subject to adjustment in accordance with clause 3, 75% (seventy-five per centum);

- 1.1.30 “Dividend Rate Adjustment Formula” means the formula below, which formula will be used for determining an Adjusted Dividend Rate in accordance with clause 3:
- $$r = \frac{f(1-t)}{(1+s)}$$
- in which formula:
- r = the amended Dividend Rate;
- f = 114.58% on the Issue Date, or such adjusted rate as has been amended through a Regulatory Change Event per clause 3.1; provided that if the Dividend Rate has been adjusted as a result of the occurrence of any Regulatory Change Event after the Signature Date but before the occurrence of any event contemplated in clauses 3.2, 3.3 and/or 3.5, the percentage represented by the symbol “f” shall first be recalculated using the value of “r”, “t” and “s” after the occurrence of the prior Regulatory Change Event;
- t = the Corporate Tax Rate or amended Corporate Tax Rate (expressed as a percentage) applicable to a Holder in respect of the year of assessment in which the formula is applied; and
- s = the STC Rate or amended STC Rate (expressed as a percentage) applicable to a Holder in respect of that Holder’s Dividend Cycle during which the relevant Preference Dividend is declared;
- 1.1.31 “Dividends Tax” means on its introduction, the withholding Tax on dividends imposed under Part VIII of Chapter II of the Tax Act (such introduction being expected to occur on 1 April 2012);
- 1.1.32 “Early Redemption Preference Dividends” means the preference dividends required to be declared and paid in the circumstances contemplated in clauses 8.1.1, 8.1.2 and/or 8.1.3 of these Preference Share Terms;
- 1.1.33 “Encumbrance” means any reservation of ownership or title, mortgage, pledge, lien, cession, lease, assignment, hypothecation, set-off arrangement or security interest, or any other agreement or arrangement having the effect or intention of conferring security and “Encumber” and “Encumbered” shall bear corresponding meanings;
- 1.1.34 “Facility Agent” means the entity or person appointed by the Holders in terms of the provisions of the Subscription Agreement to fulfil the role of Facility Agent;
- 1.1.35 “Facility Outstandings” shall bear the meaning assigned to such term in the Subscription Agreement;
- 1.1.36 “Fair Market Value” means the market value of the relevant assets (including rights) whose value is required to be determined for any purpose under these Preference Share terms, and agreed to in writing between the Facility Agent and the Company, and failing such agreement within 3 (three) Business Days of either party requiring the other to agree in writing, determined by: (i) the auditors of the Company, provided that such auditors are one of KPMG, Deloitte, Ernst & Young Inc. and PwC or (ii) should the Company’s auditors not be one of the firms named in (i), then the auditors of the Subscriber, in either instance such auditors acting as an expert and not as an arbitrator;
- 1.1.37 “Final Redemption Date” means the date on which:
- 1.1.37.1 all of the Preference Shares in issue have been redeemed by the Company; and
- 1.1.37.2 pursuant to such redemptions, the Holders have received payment in full in relation to all such Preference Shares of: (i) all Preference Dividends (howsoever described) required to be declared and paid on such Preference Shares; (ii) the aggregate Redemption Price thereof (including any payment required to be made by the Company in the circumstances contemplated in clause 3 of these Preference Share Terms during the period commencing on the Issue Date and terminating on the date on which all of the Preference Shares in issue have been redeemed by the Company (both days included)) and (iii) all and any other amounts which become payable to the Holders under the Subscription Agreement and/or these Preference Share Terms and/or the other Funding



Agreements during the period commencing on the Issue Date and terminating on the date on which all of the Preference Shares in issue have been redeemed by the Company (both days included);

- 1.1.38 "Finance Parties" means the Holders and the Facility Agent;
- 1.1.39 "Financial Covenants" shall bear the meaning assigned to such term in the Subscription Agreement;
- 1.1.40 "First Period" means each day between the first anniversary of the Issue Date and the second anniversary of the Issue Date (both days included);
- 1.1.41 "Flow of Funds Agreement" shall bear the meaning assigned to such term in the Subscription Agreement;
- 1.1.42 "Funding Agreements" means the Subscription Agreement, these Preference Share Terms, the Subscription Notice and the Flow of Funds Agreement;
- 1.1.43 "Holder Affiliate" means any subsidiary, holding company or fund manager of a Holder;
- 1.1.44 "Holders" means in the first instance the Subscriber, and includes any other person who at any time acquires any Relevant Preference Shares in accordance with the provisions of the Subscription Agreement;
- 1.1.45 "Insolvency Event" means, in relation to a Relevant Party, any of the following events or circumstances:
  - 1.1.45.1 a binding order or binding declaration is made, or a meeting of the directors or shareholders of that Relevant Party is convened, to consider the passing of, or a resolution is passed for the administration, custodianship, curatorship, bankruptcy, liquidation, sequestration, winding-up, judicial management, dissolution or reorganisation (and whether provisional or final) (by way of voluntary arrangement, scheme of arrangement or otherwise) of that Relevant Party, or of its estate, provided that an application made at the instance of a person or persons other than the directors or shareholders of that Relevant Party, for an order or declaration pertaining to the administration, custodianship, curatorship, bankruptcy, liquidation, winding-up or judicial management of that Relevant Party, shall, provided it is being contested in good faith and with all due diligence by that Relevant Party, and provided further that same is discharged or dismissed within 30 (thirty) days of having been commenced (whether by service and issue or otherwise), shall not constitute an Insolvency Event;
  - 1.1.45.2 a Relevant Party files any resolution or makes any application (or such application is made by any other person), in each instance directly or indirectly in relation to any business rescue proceedings involving that Relevant Party and/or any order is made by any court in relation to any business rescue proceedings involving that Relevant Party. For the purposes of this clause, the term "business rescue" shall have a meaning which is the same as or analogous to the meaning attributed to such term in section 128(1)(b) of the Companies Act, provided that an application made at the instance of a person or persons other than the directors or shareholders of that Relevant Party, directly or indirectly in relation to any business rescue proceedings involving that Relevant Party, shall, provided it is being contested in good faith and with all due diligence by that Relevant Party, and provided further that same is discharged or dismissed within 30 (thirty) days of having been commenced (whether by service and issue or otherwise), shall not constitute an Insolvency Event;
  - 1.1.45.3 a Relevant Party is unable (or admits inability) or is deemed to be unable in terms of the Companies Act to pay its debts generally as they fall due or is (or admits to being) otherwise insolvent or stops, suspends or threatens to stop or suspend payment of all or a material part of its debts or proposes or seeks to make or makes a general assignment or any arrangement or composition with or for the benefit of its creditors generally or a moratorium is agreed or declared in respect of or affecting all or a material part of its indebtedness;

- 1.1.45.4 a Relevant Party takes any proceeding or other step, with a view to the general readjustment, rescheduling or deferral of its indebtedness (or any part thereof which it would otherwise be unable to pay when due), or proposes to take any such step;
- 1.1.45.5 any receiver, administrative receiver, judicial receiver, judicial manager, administrator, compulsory manager, judicial custodian, curator, trustee in bankruptcy, liquidator, or the like is appointed in respect of a Relevant Party or any part of its assets, or that Relevant Party requests any such appointment in respect of itself;
- 1.1.45.6 a Relevant Party commits any act which, if such act was committed by an individual, would constitute an act of insolvency within the meaning of section 8 of the Insolvency Act, 1936, or any equivalent legislation in any jurisdiction to which such person is subject;
- 1.1.46 "Issue Date" means, in relation to a Preference Share, the date of issue of such Preference Share by the Company to the Subscriber in accordance with the provisions of the Subscription Agreement;
- 1.1.47 "Material Adverse Change" means a change which has or will have a material adverse effect on:
  - 1.1.47.1 the business, operations, financial condition, or prospects, of either Relevant Party and which consequently adversely affects the ability of the Company to perform any of its obligations under any Funding Agreement to which it is party; and/or
  - 1.1.47.2 the validity or enforceability of any Funding Agreement; and/or
  - 1.1.47.3 the rights or remedies of any Finance Party under any Funding Agreement to which it is a party;
- 1.1.48 "Permitted Investments" means Cash and Cash Equivalents;
- 1.1.49 "Permitted Investments Quantum" means at any time during the Relevant Periods, the aggregate value of Permitted Investments at such time;
- 1.1.50 "Person" means:
  - 1.1.50.1 any natural person;
  - 1.1.50.2 any company or close corporation incorporated in accordance with any Applicable Laws in any jurisdiction; and
  - 1.1.50.3 any trust or partnership formed in accordance with, and governed by, any Applicable Laws in any jurisdiction;
- 1.1.51 "Preference Dividends" means, in respect of each Preference Share, the applicable Scheduled Dividends and includes any applicable Arrear Dividends and Early Redemption Preference Dividends;
- 1.1.52 "Preference Share" means a cumulative redeemable preference share in the issued share capital of the Company;
- 1.1.53 "Preference Share Terms" means the rights and privileges recorded in this annexure, which will attach to each Preference Share, respectively;
- 1.1.54 "Prime Rate" means the publicly quoted basic rate of interest per annum at which SBSA lends on overdraft, compounded monthly in arrears and calculated on a 365-day year factor, irrespective of whether the year is a leap year or not. A certificate signed by any manager or divisional director of such bank, whose qualification and authority need not be proved, setting out the Prime Rate shall constitute *prima facie* proof of the rate in question;
- 1.1.55 "Redemption Date" means, in relation to a Preference Share, the date on which the Company elects or is required to redeem that Preference Share in terms of these Preference Share Terms, by paying its Redemption Price to its Holder (provided that the Company has declared and paid all the Preference Dividends in respect of that Preference Share prior to such redemption);

- 1.1.56 "Redemption Price" means, in relation to a Preference Share, an amount equal to the Subscription Price of such Preference Share;
- 1.1.57 "Refinancing" means the discharge of any amounts required to be paid by the Company to the Holders on, as a condition of or in relation to the redemption of Preference Shares under the Subscription Agreement, utilising funding made available directly or indirectly to the Company by a third party, but specifically excluding funding available to the Company from cash flow generated by the Company in the ordinary course of its business activities;
- 1.1.58 "Regulatory Change Event" means, in relation to any Holder or Holder Affiliate which is a Bank or a financial institution (a "Regulated Financial Institution") duly registered as such with any statutory or monetary authority:
- 1.1.58.1 any Change in Law, or any new or change in directive or requirement set by an Authority in South Africa with which Banks or Regulated Financial Institutions in South Africa are generally required to comply with, or a change in the interpretation of any Applicable Laws due to a directive set by any other Authority in South Africa which Banks or Regulated Financial Institutions in South Africa are generally required to comply with; and/or
  - 1.1.58.2 any change in the requirements or directives set by an Authority which Banks or Regulated Financial Institutions are generally required to comply with, to pay additional Taxes or other amounts whatsoever or to maintain special deposits or reserve assets after the Signature Date; and/or
  - 1.1.58.3 any compliance by a Holder with any additional reserve cash ratio, special deposit or liquidity requirements (including without limitation, any compliance with the requirements of Basel II and/or Basel III (as then applied by such Holder) or their respective successors) set by an Authority which Banks or Regulated Financial Institutions are generally required to comply with; and/or
  - 1.1.58.4 any change in banking practice which Banks or Regulated Financial Institutions are generally required to comply with;
- 1.1.59 "Relevant Parties" means the Company and Assmang;
- 1.1.60 "Relevant Periods" means the First Period, the Second Period and the Third Period;
- 1.1.61 "Relevant Preference Shares" means such number of Preference Shares as have an Aggregate Subscription Price equal to the Facility Outstandings as at the Issue Date, which Preference Shares shall be subscribed for by the Subscriber and allotted and issued to the Subscriber by the Company, in terms of the provisions of the Subscription Agreement;
- 1.1.62 "Return" means, in relation to any Holder (and where applicable, any Holder Affiliate), the net after Tax return which it derives out of any Preference Shares held, or previously held, by it;
- 1.1.63 "SBSA" means The Standard Bank of South Africa Limited, registration number 1962/000738/06, a public company registered and incorporated with limited liability according to the company laws of the Republic of South Africa, acting through its Corporate and Investment Banking Division;
- 1.1.64 "Scheduled Dividend" means, for each Preference Share and in respect of each Dividend Period, the dividend calculated in accordance with the Basic Calculation Formula;
- 1.1.65 "Scheduled Redemption Dates" means the dates recorded in clause 7.1.1;
- 1.1.66 "Second Period" means each day between the first day succeeding the second anniversary of the Issue Date and the third anniversary of the Issue Date (both days included);
- 1.1.67 "Signature Date" means the date on which the Subscription Agreement is signed by the party thereto signing last in time;
- 1.1.68 "South Africa" means the Republic of South Africa;
- 1.1.69 "STC" means for so long as same is levied under the Tax Act, Secondary Tax on Companies levied in terms of the Tax Act;

- 1.1.70 "STC Credit" means in relation to any Preference Dividend which the Company declares in respect of any Preference Share, the amount which the Holder of that Preference Share is entitled to deduct pursuant to section 64B(3) of the Tax Act, from the dividends declared by it in order to determine the "net amount" in terms of section 64B(2) of the Tax Act on which STC is levied on such dividends payable;
- 1.1.71 "STC Rate" means the rate at which STC is levied (as at the date of signature of the Subscription Agreement by the parties thereto, being 10% (ten per centum));
- 1.1.72 "Subscriber" means SBSA, and includes its lawful successors and assigns under the Subscription Agreement;
- 1.1.73 "Subscription Agreement" means an agreement to be concluded between the Company and the Subscriber in terms of which the Company will issue the Relevant Preference Shares to the Subscriber (and the Subscriber will subscribe for the Relevant Preference Shares);
- 1.1.74 "Subscription Notice" shall bear the meaning assigned to such term in the Subscription Agreement;
- 1.1.75 "Subscription Price" means the subscription price of a single Preference Share, being R100 000 (one hundred thousand Rand);
- 1.1.76 "Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature, levied in accordance with any Applicable Law and includes, without limitation:
- 1.1.76.1 the normal tax imposed under the Tax Act;
- 1.1.76.2 STC and Dividends Tax (upon same being introduced); and
- 1.1.76.3 any additional tax, penalties and/or interest levied on any such tax, levy, impost, duty or other charge or withholding;
- 1.1.77 "Tax Act" means the Income Tax Act, 1962;
- 1.1.78 "Tax Rate Change" means any change in any Applicable Law which has the effect that:
- 1.1.78.1 the Corporate Tax Rate is amended;
- 1.1.78.2 the STC Rate is amended; or
- 1.1.78.3 STC is abolished;
- 1.1.79 "Third Period" means each day between the first day succeeding the third anniversary of the Issue Date and the Final Redemption Date (both days included);
- 1.1.80 "Treasury Transaction" means any currency or interest purchase, cap or collar agreement, forward rate agreement, interest rate or currency future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap or combined interest rate and currency swap agreement and any other similar agreement;
- 1.1.81 "Trigger Event" means the events recorded hereunder, and a Trigger Event will irrevocably be deemed to have occurred on the happening of any such event:
- 1.1.81.1 if on any date during any Relevant Period ("the Relevant Day"), the Permitted Investments Quantum is less than that required in respect of that Relevant Period in terms of the undertaking recorded in clause 5.4 of the Subscription Agreement ("the Required Permitted Investment Quantum"), and prior to the Relevant Day, Preference Shares in issue having an aggregate Subscription Price equal to the difference between the actual Permitted Investments Quantum on the Relevant Day and the Required Permitted Investment Quantum, have not been redeemed by the Company, utilising the realisation proceeds of Permitted Investments for the purpose of effecting payment to the Holders, of the aggregate Redemption Price payable on such redemption, and the Permitted Investments Quantum is not thereafter increased to that required in respect of that Relevant Period within 2 (two) Business Days of the Relevant Day; and/or
- 1.1.81.2 if the Company fails to declare and/or pay any Preference Dividend in full on any Dividend Payment Date or other date, on which same is required to be declared and/or paid in terms of these Preference Share Terms, irrespective of the reason

- for such failure, and does not remedy such failure within 1 (one) Business Day from date of receipt of written notice from the Facility Agent demanding such remedy; and/or
- 1.1.81.3 if any indebtedness of the Company in excess of R100 000 000 (one hundred million Rand): (i) is not paid when due nor within any originally applicable grace period and/or (ii) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described); and/or
  - 1.1.81.4 if the Company fails to redeem any Unredeemed Preference Share on the Redemption Date applicable thereto and/or fails to effect payment to the Holder thereof of the Redemption Price and all other amounts payable on redemption of such Unredeemed Preference Share, in full, irrespective of the reason for such failure, and does not remedy such failure within 1 (one) Business Day from date of receipt of written notice from the Facility Agent demanding such remedy; and/or
  - 1.1.81.5 without derogating from the provisions of clause 1.1.81.2, if the Company fails to pay any amount required to be paid by it to the Holders in terms of the Subscription Agreement and/or these Preference Share Terms, on the relevant date for such payment, irrespective of the reason for such failure and does not remedy such failure within 1 (one) Business Day from date of receipt of written notice from the Facility Agent demanding such remedy; and/or
  - 1.1.81.6 if any Insolvency Event occurs in relation to either Relevant Party; and/or
  - 1.1.81.7 if the Company ceases to conduct the business conducted by it as at the Issue Date; and/or
  - 1.1.81.8 if the Company repudiates any of these Preference Share Terms or evidences an intention to repudiate any of these Preference Share Terms; and/or
  - 1.1.81.9 if any of the assets of the Company having an aggregate Fair Market Value of R100 000 000 (one hundred million Rand) or more are subjected to judicial attachment, and the Company, fails to procure the release of such assets from attachment within 30 (thirty) Business Days of such attachment, except that if the Company, provides evidence on an ongoing basis to the reasonable satisfaction of the Facility Agent that steps have been initiated within 21 (twenty-one) Business Days of such attachment to appeal, review or rescind the attachment order and to procure the suspension of the attachment and that such steps are being expeditiously pursued, the period of 30 (thirty) Business Days shall run from the date the attachment order becomes final, or the attempt to procure suspension of the attachment fails; and/or
  - 1.1.81.10 if a court judgment or arbitration award in an amount of R100 000 000 (one hundred million Rand) or more, is given or made against the Company, which is not satisfied within 30 (thirty) Business Days of it coming to the notice of the Company, except that if the Company, provides evidence on an ongoing basis to the reasonable satisfaction of the Facility Agent that steps have been initiated within 21 (twenty-one) 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 (thirty) Business Days shall run from the date the court judgment or arbitration award becomes final, or the attempt to appeal, review or rescind same fails; and/or
  - 1.1.81.11 if the Company fails to comply with any Financial Covenant at any time on which same is tested in terms of the Subscription Agreement; and/or
  - 1.1.81.12 if the Company breaches any obligation assumed by it, or any warranty, representation or undertaking given by it, in terms of any Funding Agreement to which it is a party (other than a breach which has been specifically referred to in any of the other sub-clauses to clause 1.1.81), in any manner whatsoever and such breach is not remedied within 20 (twenty) Business Days from date of receipt by the Company, of written notice from the Facility Agent, demanding such remedy; and/or

- 1.1.81.13 if any Material Adverse Change occurs; and/or
- 1.1.81.14 if the Company repudiates any Funding Agreement to which it is a party; and/or
- 1.1.81.15 if at any time, it is or becomes, unlawful for the Company to perform or comply with all or any of its obligations under any Funding Agreement to which it is a party, or any such obligations are not, or cease to be, legal, valid, and/or enforceable unless such unlawfulness, illegality, invalidity and/or unenforceability: (i) are capable of remedy and (ii) is remedied within 10 (ten) Business Days of the earlier of the Facility Agent giving notice thereof to the Company and the Company becoming aware thereof; and/or
- 1.1.81.16 if the Company, at any time, without the prior written consent of the Facility Agent, ceases to hold at least 50% (fifty per centum) of all the issued ordinary shares in the share capital of Assmang; and/or
- 1.1.81.17 if the Company at any time, without the prior written consent of the Facility Agent, Encumbers any of the ordinary shares in the issued share capital of Assmang held by it; and/or
- 1.1.81.18 if the Company at any time, without the prior written consent of the Facility Agent, ceases to have the right to manage Assmang, either alone or jointly with African Rainbow Minerals Limited or any one or more other persons; and/or
- 1.1.81.19 any seizure, expropriation or nationalisation occurs, by or on behalf of any governmental, regulatory or other Authority, of the whole or the greater part of the Company's business or assets; and/or
- 1.1.81.20 the auditors of the Company adversely and materially qualify their report in any audited consolidated financial statements of the Company for any period which ends after the Signature Date;
- 1.1.82 "Unredeemed Preference Share" means on any day, an issued Preference Share which has not been redeemed; and
- 1.1.83 "Voluntary Redemption" means the redemption of Unredeemed Preference Shares by the Company at its election under the provisions of clause 7.2.

## 2. **DIVIDENDS**

### 2.1 **Entitlement**

- 2.1.1 Each Holder shall be entitled, in respect of each Unredeemed Preference Share held by it, to the Preference Dividends calculated in accordance with the provisions of this clause 2.
- 2.1.2 All Preference Dividends shall be cumulative.
- 2.1.3 The Preference Dividends shall be declared and paid to the Facility Agent on behalf of the Holders, in priority to the declaration and/or payment of dividends in respect of any other classes of shares in the Company's share capital.
- 2.1.4 Notwithstanding anything to the contrary, the aggregate Scheduled Dividend which shall be declared and paid by the Company in respect of the first Dividend Period (the "First Scheduled Dividend") shall be reduced by an aggregate amount of R30 727 256 (the "Reduction Amount"); provided that, should such First Scheduled Dividend be less than the aggregate Reduction Amount, then:
  - 2.1.4.1 no Scheduled Dividend shall be required to be declared and paid by the Company in respect of such first Dividend Period; and
  - 2.1.4.2 the aggregate Scheduled Dividend which shall be declared and paid by the Company in respect of the second Dividend Period shall be reduced by an aggregate amount equal to the difference between the Reduction Amount and the First Scheduled Dividend.
- 2.1.5 All Preference Dividends on any Unredeemed Preference Share held by a Holder, which have not been declared and paid on the scheduled date for such declaration and payment in terms of these Preference Share Terms shall (without derogating from the provisions of

clauses 1.1.81 and 7.3, and furthermore without prejudice to such Holder's rights arising from the Company's failure to so declare and pay such Preference Dividends on such scheduled date), be declared and paid prior to the redemption of such Unredeemed Preference Share.

## 2.2 **Scheduled Dividends**

2.2.1 For each Dividend Period, each Holder shall be entitled to a Scheduled Dividend which shall, subject to the provisions of clauses 2.1.4 and 2.3, be calculated in accordance with the following formula:

$$a = b \times c \times d \times e$$

in which formula:

a = the Scheduled Dividend for the applicable Dividend Period;

b = the Subscription Price of that Preference Share;

c = the weighted average Dividend Rate over the Dividend Period;

d = the weighted average Prime Rate over the Dividend Period; and

e = the number of days in the applicable Dividend Period divided by 365 (three hundred and sixty-five).

2.2.2 The Company shall declare and shall pay the Scheduled Dividend on all the Preference Shares in respect of each Dividend Period on the Dividend Payment Date and shall on the day of such declaration and payment, deliver to the Facility Agent on behalf of the Holders, a copy of the resolution passed by the Company resolving to declare and pay such Scheduled Dividend, to each Holder, respectively.

## 2.3 **Arrear Dividends**

If the Company does not declare and pay the Scheduled Dividends for any Dividend Period on the applicable Dividend Payment Date or the Company declares the Scheduled Dividends for any Dividend Period but fails to pay those Scheduled Dividends in full on the applicable Dividend Payment Date ("Arrear Dividends"), the Arrear Dividends for each subsequent Dividend Period (a "Later Period") during which the Arrear Dividends (or a portion of the Arrear Dividends) remain outstanding shall be increased by the amount calculated in accordance with the following formula:

$$a = b \times ((c \times d) + 2\%) \times e$$

in which formula:

a = the increase in the Arrear Dividends for the applicable Later Period;

b = the Arrear Dividends (or the portion thereof which remains outstanding), which shall be compounded monthly in arrears;

c = the weighted average Dividend Rate over the Dividend Period during which the Arrear Dividends remains unpaid;

d = the weighted average Prime Rate over the Dividend Period during which the Arrear Dividend remains unpaid; and

e = the number of days which commences on the first day of the Later Period, and ends on the day on which the Arrear Dividends (or the outstanding portion thereof) are declared (if not previously declared) and paid divided by 365 (three hundred and sixty-five).

## 2.4 **Payment**

All Scheduled Dividends and Arrear Dividends shall be paid by the Company to the Facility Agent on behalf of the Holders, on the scheduled date for payment of same in terms of these Preference Share Terms.

# 3. **ADJUSTMENTS AND GROSS UP**

## 3.1 **Regulatory Change Event**

If a Regulatory Change Event occurs and if any Holder's Return decreases or increases, as the case may be, as a result of the occurrence of that Regulatory Change Event (excluding any such

decrease pursuant to the occurrence of such Regulatory Change Event, which arises solely by reason of any wilful default or gross negligence on the part of such Holder, to comply with Applicable Law):

- 3.1.1 the Dividend Rate shall be increased or decreased, as the case may be, in respect of the Preference Shares held by that Holder, to such a rate as is necessary to restore that Holder's Return to that which it would have been had the applicable Regulatory Change Event not occurred;
- 3.1.2 the aforesaid increase or decrease will be effected by that Holder calculating an amended Dividend Rate using the Dividend Rate Adjustment Formula, in which formula "f" will be increased or decreased respectively (and such amended "f" will be used for all future calculations until a further Regulatory Change Event occurs at which point "f" shall again be amended accordingly) to take account of the decrease or increase in that Holder's Return, as brought about by the applicable Regulatory Change Event; and
- 3.1.3 the aforesaid increase or decrease in the Dividend Rate shall take effect from the date on which the applicable Regulatory Change Event affects that Holder's Return.

In this clause, each reference to "Holder" will include a reference to "Holder Affiliate".

### 3.2 **Tax Rate Change**

If a Tax Rate Change occurs in relation to any Holder:

- 3.2.1 the Dividend Rate shall be adjusted by calculating an Adjusted Dividend Rate using the Dividend Rate Adjustment Formula, in which formula "t" and/or "s" in the formula (as may be applicable) will be adjusted to take account of the Tax Rate Change. If STC is abolished "s" shall be zero; and
- 3.2.2 the aforesaid adjustment in the Dividend Rate shall be deemed to have taken effect:
  - 3.2.2.1 in the case of an STC Rate change or the abolishment of STC from the later of: (i) the Issue Date and (ii) the day following the Dividend Payment Date immediately preceding the date on which the STC Rate changed or the date on which STC was abolished (if any); and
  - 3.2.2.2 in the case of a Corporate Tax Rate change from the first day of that Holder's tax year during which the change has effect, or if any Preference Dividend has been declared during that tax year but preceding the date of the announcement of the change in the Corporate Tax Rate, the day following the date of such declaration.

### 3.3 **Disallowance of expenditure deduction**

3.3.1 An Adjustment Event shall occur if:

- 3.3.1.1 as a consequence of holding the Preference Shares, any deduction for Tax purposes of expenditure incurred by a Holder, and to which that Holder would otherwise have been entitled but for holding the Preference Shares and which expenditure was not incurred directly in connection with the transactions contemplated by this Agreement, is disallowed pursuant to any assessment or reassessment of the tax position of that Holder, which increases or decreases the Return to the Holder in respect of the Preference Shares held by it; and/or
- 3.3.1.2 there is any Change in Law which:
  - 3.3.1.2.1 will result in any expenditure that will actually be incurred as a consequence of the Holder holding the Preference Shares being prohibited from being claimed as a deduction for Tax purposes (provided such expenditure would otherwise have qualified for deduction by the Holder and which expenditure will not be incurred directly in connection with the transactions contemplated by this Agreement), and which will, as a result increase or decrease the Return to the Holder in respect of the Preference Shares held by it; or



3.3.1.2.2 deems expenditure to be incurred for Tax purposes, resulting in an increased tax charge, as a consequence of the Holder holding the Preference Shares, which will increase or decrease the Return to the Holder in respect of the Preference Shares held by it;

3.3.2 If an Adjustment Event occurs, the relevant Holder shall calculate an additional amount and/or a revised Dividend Rate, in a manner that results in that Holder achieving the same Return in respect of the Preference Shares held by it as it would have achieved had the relevant Adjustment Event not occurred; provided that, where such Adjustment Event does not solely relate to the holding of Preference Shares, but rather to a number of preference shares ("the Affected Preference Shares"), such amount when expressed as a percentage of the total expenditure so disallowed shall not exceed the proportion (expressed as a percentage) which the Preference Shares held by that Holder bear to the Affected Preference Shares held by that Holder, as determined by that Holder acting reasonably. The date from which the revised Dividend Rate will have effect and be applied, shall be the date from which such Adjustment Event is able to be determined.

3.3.3 The Holder undertakes that its investment in the Preference Shares will be derived from funds raised by the issue of share capital by such Holder and that such derivation of funds can be demonstrated to the South African Revenue Service. To the extent that such Holder does not, in fact, utilise such funds to subscribe for the Preference Shares, other than pursuant to a Change in Law which permits the use of such funds, such Holder will not be entitled to recover any amount in respect of the disallowed expenditure which results from such fact. Any claim by a Holder against the Company under this clause 3.3.3, shall be limited to an amount calculated by applying the tax rate applicable to the disallowed expenditure, to the total Preference Dividends accrued to such Holder in respect of the Preference Shares held by it.

#### 3.4 **STC Credit**

If, for any reason whatsoever, any Holder is not entitled to a full STC Credit in respect of any Preference Dividends which were declared to that Holder and the Dividend Rate had not been adjusted as a result of the occurrence of such circumstances under clause 3.2, the Company shall pay to that Holder an amount determined as follows:

$$a = (b \times c)/(1-t)$$

in which formula:

a = the additional amount;

b = the amount of the Preference Dividend (or relevant portion thereof) that does not carry the full STC Credit;

c = the STC Rate applicable during the dividend cycle of that Holder in which the above Preference Dividend(s) accrued to that Holder (expressed as a percentage); and

t = the Corporate Tax Rate applicable to the additional amount,

provided that should the additional amount constitute a dividend as defined in section 1 of the Tax Act and be exempt from Tax in the hands of that Holder, t shall be deemed to be 0. For the avoidance of doubt, should STC be abolished, then this clause 3.4 shall cease to be of force and effect in relation to Preference Dividends declared to the relevant Holder subsequent to the date of such abolishment.

#### 3.5 **Tax on Preference Dividend or Redemption Price**

3.5.1 If any Preference Dividend or any Redemption Price that accrues to any Holder is subject to, has been subject to or will be subject to Tax in the hands of that Holder, the Company shall within 5 (five) Business Days after receipt of demand by that Holder, pay to that Holder an amount determined as follows:

$$a = (b \times c)/(1 - d)$$

in which formula:

a = the additional amount payable;

- b = the aggregate amount of all Preference Dividends and Redemption Prices which have been, is or will be subject to Tax in the hands of that Holder;
- c = the tax rate(s) at which the amounts in “b” have been or will be subject to tax; and
- d = the Corporate Tax Rate applicable to that Holder in the year in which the additional amount accrues to that Holder, provided that “d” will be zero where the additional amount is paid as a dividend (as defined in terms of section 1 of the Tax Act) and such dividend is exempt in the hands of such Holder.

3.5.2 Where any Preference Dividend has been subject to Tax and as a consequence all future Preference Dividends declared shall also be subject to Tax, the Dividend Rate shall be adjusted in accordance with the Dividend Rate Adjustment Formula on the basis that “t” shall be zero.

### 3.6 **No adjustment in excess of the Return**

In the event that in any circumstances contemplated in this clause 3, a Holder has been fully compensated by the Company under a particular sub-clause of this clause 3 in respect of such Holder’s Return, such Holder may not invoke the provisions of another sub-clause of this clause 3 in the same circumstances, in order to recover from the Company amounts in excess of such Holder’s Return.

## 4. **NOTICES OF ADJUSTMENTS**

If the Dividend Rate is to be adjusted in any of the circumstances stipulated in terms of clause 3:

- 4.1 each Holder shall, as soon as may be reasonably possible after it comes to that Holder’s notice that the Dividend Rate must be adjusted, deliver written notice (an “Adjustment Notice”) to the Facility Agent, who shall in turn and as soon as reasonably possible after receiving same, deliver such Adjustment Notice to the Company, in which that Holder sets out: (1) the facts and/or circumstances which have given rise to the applicable adjustment of the Dividend Rate or payment of the relevant additional amount; (2) the Dividend Rate prior to its adjustment and the Dividend Rate subsequent to its adjustment; (3) full particulars of the manner in which the Holder has calculated the Adjusted Dividend Rate or additional amount payable and (4) the date on which the Adjusted Dividend Rate took effect or the additional amount is payable;
- 4.2 subject to clauses 4.3 and 4.4, the Company shall effect payment of any additional amount payable, on the due date thereof, as recorded in the Adjustment Notice;
- 4.3 the Company shall be entitled to object to the Adjustment Notice by delivering written notice of objection to the Facility Agent on behalf of that Holder within 5 (five) Business Days after receipt of the Adjustment Notice, failing which the Adjustment Notice (including, without limitation, the Adjusted Dividend Rate or additional amount payable as set out therein) shall be final and binding; and
- 4.4 if the Company timeously disputes that Holder’s Adjustment Notice, such dispute shall in the absence of resolution of same by the parties thereto within a period of 30 (thirty) Business Days from the date on which the Company’s dispute notice was received by the Facility Agent, be referred by that Holder and the Company, or either of them, to an independent auditor who shall be a partner of one of the four largest auditing firms in South Africa.
- 4.5 The auditor contemplated in clause 4.4 shall either be nominated by agreement between the Company and such Holder, or failing such agreement, shall be nominated by the president for the time being of the Institute of Chartered Accountants (or the successor in title or function of such body) whose nomination shall be final and binding on that Holder and the Company and who in arriving at his determination of the Adjusted Dividend Rate or additional amount payable, shall act as an expert and not as an arbitrator.

## **5. COMPANY'S ADDITIONAL RIGHTS ARISING FROM OCCURRENCE OF ADJUSTMENT EVENT**

- 5.1 Should an Adjustment Event occur as a consequence of a Holder receiving an assessment notice and pursuant thereto the Facility Agent on behalf of that Holder delivers an Adjustment Notice to the Company, then subject to and after payment by the Company to the Facility Agent on behalf of the relevant Holder, of all amounts required to be paid to that Holder in terms of such Adjustment Notice, the Company and the Facility Agent on behalf of that Holder shall consult forthwith as to whether to object or take any other steps to contest the relevant Adjustment Event and/or its consequences. Should the Company require that Holder to object and/or take any other steps to contest the relevant Adjustment Event and/or its consequences, any costs, charges, fees and/or expenses relating to such objection and/or other steps, shall be for the sole account of the Company, which shall indemnify that Holder in respect thereof on demand. It is specifically recorded that no objection shall be made or other steps taken to contest the relevant Adjustment Event and/or its consequences unless that Holder, in its sole discretion, has agreed in writing that same should be undertaken and has been given reasonable security for the costs, charges, fees and/or expenses so to be incurred (in the event that the Company wishes that Holder to object and/or take any other steps).
- 5.2 Notwithstanding the provisions of clause 5.1, should the Company wish that Holder to so object or take any other steps to contest the relevant Adjustment Event and/or its consequences, but the Facility Agent on behalf of the relevant Holder does not wish to do so, the Company may require that each of the Company and the Facility Agent on behalf of that Holder respectively brief one Senior Counsel each with appropriate experience and expertise to consider and opine on the prospects of success of an objection or whatever other steps the Company may wish to take. Should either or both of the Senior Counsel be of the opinion that there are no reasonable prospects of success, the Company will not take the matter further. Should both Senior Counsel however be of the opinion that there are reasonable prospects of success and the Facility Agent on behalf of that Holder still does not wish to object or take other steps, that Holder shall forthwith pay to the Company the amounts paid by the Company to the Facility Agent on behalf of that Holder and referred to in clause 5.1, together with interest thereon at the Prime Rate from and including the date of receipt of such payment by the Facility Agent on behalf of that Holder, to but excluding the date of repayment thereof to the Company, and any adjustment of the Dividend Rate in terms of clause 3.3 arising solely by reason of the relevant Adjustment Event, shall not become effective.

## **6. POST-REDEMPTION OBLIGATIONS AND SURVIVAL OF RIGHTS**

Each Holder's rights in terms of the provisions of clause 3 shall endure until the earlier of ("the Rights Termination Date"):

- 6.1 the third anniversary of the date on which such Holder has been finally assessed in respect of the year of assessment corresponding to the year in which the last of the Preference Shares held by such Holder have been redeemed, and all amounts required to be paid on or in relation to such redemption in terms of the Subscription Agreement and these Preference Share Terms (including without limitation Preference Dividends, Redemption Prices and interest), have been paid in full. For the purposes of this clause, the term "finally assessed", shall include without limitation the final conclusion of any re-opening of any assessment in respect of any year during which such Preference Shares were in issue and any year in which any such Preference Shares were redeemed, whether pursuant to any available review or appeal process, or otherwise; and
- 6.2 the fifth anniversary of the date on which the last of the Preference Shares held by such Holder have been redeemed and all amounts required to be paid on such redemption in terms of the Subscription Agreement and these Preference Share Terms (including without limitation Preference Dividends, Redemption Prices and interest), have been paid in full.

## 7. REDEMPTION

### 7.1 Scheduled Redemption

7.1.1 The Company shall redeem the Unredeemed Preference Shares as follows:

7.1.1.1 on the first Business Day succeeding the 3rd (third) anniversary of the Issue Date, the Company shall redeem such number of Unredeemed Preference Shares as immediately after such redemption, will result in no more than 40% (forty per centum) of all the Preference Shares issued on the Issue Date remaining in issue;

7.1.1.2 on the first Business Day succeeding the 4th (fourth) anniversary of the Issue Date, the Company shall redeem such number of Unredeemed Preference Shares as immediately after such redemption, will result in no more than 20% (twenty per centum) of all the Preference Shares issued on the Issue Date remaining in issue; and

7.1.1.3 on the first Business Day succeeding the 5th (fifth) anniversary of the Issue Date, the Company shall redeem all Unredeemed Preference Shares as at such date.

7.1.2 The Company shall, to the extent to which it has not yet done so, declare and pay all the Preference Dividends in respect of each Preference Share immediately prior to the redemption of the Preference Share.

### 7.2 Voluntary Redemption

The Company shall at any time be entitled to voluntarily redeem all or any of the Unredeemed Preference Shares. If the Company elects to redeem any Preference Shares voluntarily:

7.2.1 the Company shall deliver written notice (a "Voluntary Redemption Notice") to the Facility Agent, such notice to set out: (1) the number of the Unredeemed Preference Shares (the "Early Redemption Shares") which the Company has elected to redeem and (2) the date (the "Proposed Redemption Date") on which the Company will redeem the Early Redemption Shares, such date to be no later than 15 (fifteen) Business Days after the date on which the Company delivers its Voluntary Redemption Notice;

7.2.2 a Voluntary Redemption Notice shall be revocable and, after the delivery of a Voluntary Redemption Notice, the Company shall be entitled but not obliged to redeem the applicable Early Redemption Shares on the applicable Proposed Redemption Date.

### 7.3 Compulsory Early Redemption

7.3.1 If a Trigger Event occurs:

7.3.1.1 the Facility Agent shall be entitled, but not obliged, to give written notice to the Company in which the Facility Agent requires the Company to remedy that Trigger Event within a period of 2 (two) Business Days; and

7.3.1.2 if the Company does not remedy that Trigger Event within the aforesaid 2 (two) Business Day period the Facility Agent shall be entitled (but not obliged) to deliver written notice (an "Early Redemption Notice") to the Company in which the Facility Agent requires the Company to redeem the Preference Shares on a date (the "Early Redemption Date") set out in the Early Redemption Notice, the Early Redemption Date to be no sooner than 1 (one) Business Day after the date on which the Facility Agent delivers the Early Redemption Notice to the Company.

7.3.2 If the Facility Agent delivers an Early Redemption Notice to the Company, the Company shall (without derogating from the Company's obligations under the provisions of clause 7.4), on the Early Redemption Date set out in the Early Redemption Notice:

7.3.2.1 declare and pay all the outstanding Preference Dividends in respect of the Unredeemed Preference Shares; and

7.3.2.2 redeem all the Unredeemed Preference Shares.

## 7.4 Procedure for Redemption

- 7.4.1 The Company shall redeem each Unredeemed Preference Share by paying its Redemption Price to the Facility Agent on behalf of the Holder thereof, into the bank account referred to in clause 12.
- 7.4.2 Against payment of the Redemption Price of any Unredeemed Preference Share in terms of clause 7.4.1, the applicable Holder shall, provided that all the Preference Dividends required to be paid in terms of these Preference Share Terms in respect of that Unredeemed Preference Share have been declared and paid, surrender its share certificates in respect of that Unredeemed Preference Share to the Company.
- 7.4.3 Should the Company for any reason, fail to pay the Redemption Price required to be paid in respect of the redemption of any Preference Share on the Redemption Date of such Preference Share, then without prejudice to such other rights which may accrue to the Holder holding same consequent upon such failure, there shall be declared and paid to the Facility Agent on behalf of such Holder, interest on such Redemption Price, calculated in accordance with the following formula:
- $$a = b \times (c + 2\%) \times d$$
- in which formula:
- a = the interest on the Redemption Price so payable;
- b = the Redemption Price (or the portion thereof which remains unpaid);
- c = the weighted average Prime Rate over the period during which the Redemption Price (or the relevant portion thereof) remains unpaid; and
- d = the number of days which commence on the Redemption Date on which such Redemption Price was required to be paid, and ends on the day on which the interest on such Redemption Price (or the outstanding portion thereof) is paid, divided by 365 (three hundred and sixty-five).
- 7.4.4 Such interest shall be payable on demand and be compounded monthly in arrears.

## 8. CONSEQUENCES OF A REFINANCING

- 8.1 Subject to clause 8.2, in the event that any Unredeemed Preference Share is to be voluntarily redeemed at the instance of the Company in accordance with the provisions of clause 7.2, and any portion of the Redemption Price payable by the Company to the Holder on or in relation to such redemption, is to be funded by the Company utilising the proceeds of a Refinancing, then if such redemption is to occur:
- 8.1.1 at any time prior to the first anniversary of the Issue Date, in addition to the other amounts required to be paid by the Company to the Holder of such Unredeemed Preference Share in terms of the Subscription Agreement and/or these Preference Share Terms on or pursuant to such redemption, the Company shall be obliged on the Redemption Date of such Unredeemed Preference Share and immediately prior to such redemption, to declare and pay to the Facility Agent on behalf of that Holder, an additional dividend, in an amount equal to 3% (three percentum) of the quantum of such Refinancing; and/or
- 8.1.2 at any time on or subsequent to the first anniversary of the Issue Date but prior to the second anniversary of the Issue Date, in addition to the other amounts required to be paid by the Company to the Holder of such Unredeemed Preference Share in terms of the Subscription Agreement and/or these Preference Share Terms on or pursuant to such redemption, the Company shall be obliged on the Redemption Date of such Unredeemed Preference Share and immediately prior to such redemption, to declare and pay to the Facility Agent on behalf of that Holder, an additional dividend, in an amount equal to 2% (two percentum) of the quantum of such Refinancing; and/or
- 8.1.3 at any time on or subsequent to the second anniversary of the Issue Date but prior to the third anniversary of the Issue Date, in addition to the other amounts required to be paid by the Company to the Holder of such Unredeemed Preference Share in terms of the Subscription Agreement and/or these Preference Share Terms on or pursuant to such redemption, the Company shall be obliged on the Redemption Date of such Unredeemed Preference Share,

to declare and pay to the Facility Agent on behalf of that Holder, an additional dividend, in an amount equal to 1% (one percentum) of the quantum of such Refinancing.

8.2 In the event that all (and not some only) of the Unredeemed Preference Shares are to be voluntarily redeemed at the instance of the Company in accordance with the provisions of clause 7.2 pursuant to the Dividend Rate having increased (or will increase) or an additional amount becoming (or will become) payable by the Company to the Holder as a result of the application of any of the sub-clauses of clause 3, and any portion of the Redemption Price payable by the Company to the Holder on or in relation to such redemption, is to be funded by the Company utilising the proceeds of a Refinancing, then no additional dividend as contemplated under clauses 8.1.1, 8.1.2 or 8.1.3 shall be payable by the Company to the Holder if: (i) the Company has, on not less than 15 Business Days' notice, advised such Holder of the material terms of such Refinancing and (ii) has offered such Holder a right to match all *bona fide* offers received by the Company from external funders in respect of such Refinancing. For the avoidance of doubt, the provisions of this clause 8.2 shall not apply in respect of any circumstances where the Dividend Rate has increased (or will increase) or an additional amount is (or will be) required to be paid by the Company solely as a result of STC being abolished.

## 9. PREFERENCE ON WINDING UP

Each Preference Share shall confer on the Holder thereof, the right on a deregistration, winding up or judicial management of the Company (whether provisional or final) in priority to any payment in respect of any other class of shares in the capital of the Company then issued, to receive a return equal to the sum of the Subscription Price on such Preference Share, plus all Scheduled Dividends notionally accrued up to the date of such deregistration, winding-up or judicial management, plus all Arrear Dividends, plus all Early Redemption Preference Dividends (if any).

## 10. OTHER ENTITLEMENTS

Save as otherwise set out in the Preference Share Terms, the Preference Shares shall not entitle a Holder holding same, to any participation in the profits or assets of the Company or, on a deregistration or winding up, in any of the surplus assets of the Company.

## 11. VOTING AND MEETINGS

11.1 Each Holder shall be entitled to receive notice of and to attend at every meeting (whether special or general) of the Company, but shall not be entitled to vote at any such meeting by virtue only of its holding of the Preference Shares:

11.1.1 unless any Preference Dividend or any Redemption Price remains in arrear and unpaid; or

11.1.2 except in regard to any resolution proposed which directly or indirectly affects any of the rights attaching to any of the Preference Shares or the interests of the Holders, including a resolution for the winding up or deregistration of the Company or for the reduction of its capital.

11.2 All notices to be given to a Holder shall be sent to such Holder, at such Holder's address recorded in the Subscription Agreement or any other address provided in writing by such Holder to the Company in accordance with the provisions of the Subscription Agreement.

11.3 At any meeting of the Company at which a Holder is entitled to vote, the voting rights attaching to a single ordinary share in the share capital of the Company as recorded in the Company's memorandum of incorporation shall apply *mutatis mutandis* to each Preference Share.

11.4 No resolution relating to any matter contemplated in clause 11.1.2 shall be passed at any meeting of the Company, unless each Holder shall have voted in favour of such resolution.

## 12. PAYMENTS

The Preference Dividends, the Redemption Price, and all other amounts required to be paid to a Holder in terms of the Preference Share Terms and/or the Subscription Agreement, shall be paid to the Facility Agent on behalf of such Holder, by way of deposit, into the bank account conducted by the Facility

Agent on behalf of the Holders with SBSA, under the name Corporate Banking Disbursement No. 2 Account, account number 00-970-538-4, branch code 00-02-05-00, or such other bank account as may be nominated by the Facility Agent from time to time, on not less than 5 (five) Business Days prior written notice to the Company.

### 13. **GENERAL**

- 13.1 No shares in the capital of the Company ranking, as regards rights to dividends, or on a winding-up as regards capital, in priority to or pari passu with the Preference Shares shall be created or issued without the prior written consent of the Facility Agent on behalf of the Holders.
- 13.2 A certificate delivered by the Facility Agent on behalf of a Holder to the Company, reflecting the amount owing by the Company to that Holder, will be prima facie proof of the amount owing. The appointment of the director, divisional director, manager or employee of the Facility Agent providing such certification, shall not be required to be proved.

## **TRANSACTION AGREEMENTS AVAILABLE FOR INSPECTION**

---

Phase II Transaction Agreements:

- the Fricker Road Trust Deed;
- the Assore Employee Trust Deed;
- the Relationship Agreement;
- the Shareholders' Agreement;
- the Assore Preference Share Subscription Agreement;
- the MS904 Preference Share Subscription Agreement;
- the Flow of Funds Agreement; and
- the Security Agreement.



## 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 2009 to 30 September 2011, monthly from 30 November 2010 to 30 November 2011 and daily from 10 October 2011 to 9 December 2011:

		<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume</b>	<b>Value (R million)</b>
<b>Quarterly</b>						
2009	March	9 700	6 400	8 800	754 890	55.27
	June	10 600	8 400	9 603	946 715	86.11
	September	12 980	9 129	12 600	808 150	90.76
	December	14 700	12 380	14 060	3 708 805	493.83
2010	March	15 601	13 040	15 400	2 370 410	332.39
	June	16 180	12 210	13 800	1 340 150	184.72
	September	17 400	13 040	15 595	1 316 579	193.48
	December	20 000	15 483	18 902	1 875 685	339.52
2011	March	22 500	18 800	21 650	3 040 755	623.35
	June	22 842	20 500	21 955	3 702 945	803.54
	September	23 500	19 211	19 700	5 871 184	1 261.87
<b>Monthly</b>						
2010	November	18 400	16 466	16 800	325 090	56.35
	December	20 000	16 800	18 902	1 277 194	238.96
2011	January	20 940	18 800	19 950	662 244	131.82
	February	21 899	19 850	20 500	1 661 293	347.41
	March	22 500	19 000	21 650	717 218	144.12
	April	22 201	20 600	21 400	1 131 208	241.11
	May	22 490	20 500	21 650	447 139	95.02
	June	22 842	21 201	21 955	2 124 598	467.41
	July	23 500	21 796	22 400	1 590 226	357.82
	August	22 978	19 211	22 000	1 414 724	296.01
	September	22 400	19 600	19 700	2 866 234	608.04
	October	21 900	18 500	21 650	2 044 727	419.24
	November	22 000	20 000	21 900	1 246 914	262.75
<b>Daily</b>						
2011	October 10	20 497	19 500	20 100	45 447	9.11
	October 11	20 490	19 581	19 990	43 412	8.68
	October 12	20 299	19 650	19 999	50 257	10.07
	October 13	20 000	19 248	19 401	62 218	12.22
	October 14	20 249	19 401	19 901	63 772	12.68
	October 17	20 700	19 970	20 149	153 177	30.97
	October 18	20 487	19 547	19 850	77 525	15.38
	October 19	20 695	19 850	20 300	149 455	30.09
	October 20	20 542	19 751	20 205	47 740	9.63
	October 21	21 300	19 600	20 810	100 857	20.94
	October 24	21 445	20 805	20 830	44 565	9.31
	October 25	21 300	20 531	21 140	75 479	15.96
	October 26	21 750	20 503	21 157	606 556	128.55
	October 27	21 900	21 001	21 900	48 967	10.53
	October 28	21 872	21 000	21 800	45 303	9.72
	October 31	21 824	20 750	21 650	67 754	14.67
	November 1	21 700	20 259	20 500	67 510	14.05
	November 2	21 420	20 500	21 399	36 663	7.71
	November 3	21 701	20 508	20 700	73 205	15.58
	November 4	21 600	20 625	20 625	41 347	8.62
	November 7	21 948	20 614	21 800	45 635	9.77

		<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume</b>	<b>Value (R million)</b>
<b>Daily (continued)</b>						
2011	November 8	21 800	21 107	21 599	47 329	10.22
	November 9	21 700	21 110	21 300	24 405	5.22
	November 10	21 798	21 000	21 597	44 781	9.68
	November 11	21 725	21 000	21 412	93 691	19.96
	November 14	21 694	21 000	21 546	39 294	8.42
	November 15	21 869	21 371	21 869	51 305	11.14
	November 16	22 000	20 754	21 749	43 850	9.53
	November 17	22 000	21 101	21 665	27 850	6.01
	November 18	22 000	20 706	20 752	87 372	18.26
	November 21	21 515	20 750	20 751	40 486	8.49
	November 22	21 420	20 710	20 900	51 141	10.70
	November 23	21 300	20 001	20 098	138 710	28.02
	November 24	20 980	20 250	20 380	25 383	5.17
	November 25	20 725	20 000	20 411	42 109	8.49
	November 28	21 500	20 450	21 500	46 378	9.81
	November 29	21 600	20 650	20 800	59 119	12.33
	November 30	21 900	20 529	21 900	119 351	25.53
	December 1	22 600	21 304	22 039	40 180	8.80
	December 2	22 233	21 301	21 815	35 889	7.82
	December 5	22 000	21 411	22 000	47 328	10.39
	December 6	22 000	21 505	21 924	23 222	5.09
	December 7	22 001	21 510	21 898	51 996	11.43
	December 8	22 000	21 607	21 635	34 782	7.61
	December 9*	21 995	21 200	21 700	37 256	8.07

\* Last Practicable Date.

Source: I-Net Bridge.



## **ASSORE LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 1950/037394/06)  
JSE share code: ASR ISIN: ZAE000146932

---

### **NOTICE OF GENERAL MEETING OF SHAREHOLDERS**

---

The definitions and interpretations commencing on page 5 of the Circular to which this notice of General Meeting is attached apply, *mutatis mutandis*, to this notice of General Meeting.

The record date, in terms of section 59 of the Companies Act, for Shareholders to be recorded on the securities register of Assore in order to receive notice of the General Meeting is Friday, 9 December 2011.

The record date, in terms of the Listings Requirements, for shareholders to be able to attend, participate and vote at the General Meeting is Friday, 13 January 2012.

Kindly note that all Shareholders (including proxies) are required to provide identification before being entitled to attend or participate at the General Meeting. Forms of identification include valid identity documents, driver's licences and passports.

Notice is hereby given to all Shareholders, as at the General Meeting record date, that a General Meeting of Shareholders will be held at 10:00 on Thursday, 19 January 2012 at the registered office 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 as set out below.

The special resolutions will be required to be passed by Shareholders holding Ordinary Shares representing at least 75% of the voting rights exercisable by Shareholders, present in person or by proxy and voting at the General Meeting.

#### **SPECIAL RESOLUTION NUMBER 1**

##### **Provision of financial assistance**

**“RESOLVED THAT** Assore be and is hereby authorised to provide financial assistance, as contemplated under section 44 of the Companies Act, to MS904 for the purpose of, or in connection with, the acquisition by MS904 of the Sale Shares from MS343, and that the directors of Assore, accordingly, be and are hereby authorised, in terms of section 44 of the Companies Act, to enter into and implement the provisions of each of the following agreements and the corporate actions contemplated therein:

- the Assore Preference Share Subscription Agreement, in terms of which Standard Bank shall subscribe for, and Assore shall allot and issue to Standard Bank, the Assore Preference Shares; and
- the MS904 Preference Share Subscription Agreement, in terms of which Assore shall subscribe for, and MS904 shall allot and issue to Assore, the MS904 Preference Shares.”

#### **SPECIAL RESOLUTION NUMBER 2**

##### **Cancellation of previous par value preference shares**

**“RESOLVED THAT** the authorised but unissued share capital of Assore be and is hereby decreased by the cancellation of the 220 cumulative redeemable preference shares having a par value of one cent each presently comprising part of such authorised but unissued share capital and which have the rights, terms and privileges presently set out in Annex 1 to Assore's Memorandum of Incorporation.”

### **SPECIAL RESOLUTION NUMBER 3**

#### **Creation of the no par value Assore Preference Shares**

**“RESOLVED THAT** the authorised but unissued share capital of Assore be and is hereby increased by the creation of 28 500 cumulative redeemable preference shares having no par value.”

### **SPECIAL RESOLUTION NUMBER 4**

#### **Amendment to Assore’s Memorandum of Incorporation to record the alterations to Assore’s share capital**

**“RESOLVED THAT**, subject to the passing of Special Resolutions Numbers 2 and 3, that the Memorandum of Incorporation of Assore be and is hereby amended by the deletion in its entirety of Paragraph 8 of that part of Assore’s Memorandum of Incorporation headed “Memorandum of Association”, and the substitution thereof with the following new Paragraph 8:

##### **“Capital**

The share capital of the Company comprises the following numbers and classes of shares:

- (a) Par value: 200 000 000 ordinary par value shares of 0.5 cent each; and
- (b) No par value: 28 500 no par value variable rate, cumulative redeemable preference shares.”

### **SPECIAL RESOLUTION NUMBER 5**

#### **Amendment to Assore’s Memorandum of Incorporation to incorporate the rights, terms and privileges attaching to the Assore Preference Shares**

**“RESOLVED THAT**, subject to the passing of Special Resolutions Numbers 2, 3 and 4, that Assore’s Memorandum of Incorporation be and is hereby amended by:

- (a) the deletion in its entirety of Article 143 of that part of Assore’s Memorandum of Incorporation headed “Articles of Association”, and the substitution thereof with the following new Article 143:

##### **“Article 143**

The rights, terms and privileges attaching to the 28 500 no par value cumulative, redeemable preference shares in the share capital of the Company are as set out in Annex 1 to this Memorandum of Incorporation.”; and

- (b) the deletion of the existing Annex 1 to Assore’s Memorandum of Incorporation (which sets out the rights, terms and privileges attaching to the par value preference shares cancelled pursuant to Special Resolution Number 2) in its entirety, and the substitution thereof with the new rights, terms and privileges attaching to the no par value preference shares created pursuant to Special Resolution Number 3 (i.e. the Assore Preference Shares) as set out in Annexure 1 to the Circular (and which is referred to in the amended Article 143 as set out above), as a new Annex 1 to Assore’s Memorandum of Incorporation;”.

### **SPECIAL RESOLUTION NUMBER 6**

#### **Possible future financial assistance in relation to the Assore Preference Shares**

**“RESOLVED THAT** the Assore Board be and is hereby authorised, for a period of two years following the adoption of this Special Resolution Number 6, to enter into such security arrangements (whether by way of guarantee, indemnity, counter-indemnity or otherwise) in favour of Standard Bank (or its successor/s-in-title) and/or in favour of any special purpose company which has issued any form of security (whether by way of guarantee, indemnity, counter-indemnity or otherwise) to Standard Bank (or its successor/s-in-title), in respect of, *inter alia*, any amounts required to be paid by the Company to Standard Bank (or its successor/s-in-title) from time to time in relation to the Assore Preference Shares, as the Assore Board may deem necessary or prudent under the prevailing circumstances, to the extent that such security arrangement constitutes the granting of financial assistance to Standard Bank in connection with its subscription for the Assore Preference Shares, as contemplated under section 44 of the Companies Act, and that the Assore Board, accordingly, be and is hereby authorised, in terms of section 44 of the Companies Act, to determine the terms of such security arrangement.”

The ordinary resolutions below will be required to be passed by a simple majority of Shareholders, that is, Shareholders holding Ordinary Shares representing 50% + 1 of the voting rights exercisable, present in person or by proxy and voting at the General Meeting:

#### **ORDINARY RESOLUTION NUMBER 1**

**“RESOLVED THAT** the execution and implementation by Assore of each of the Phase II Transaction Agreements to which it is a party be and is hereby approved”

#### **ORDINARY RESOLUTION NUMBER 2**

**“RESOLVED THAT** the directors of Assore be and are hereby authorised, by way of a specific authority, to allot and issue the Assore Preference Shares in the authorised but unissued share capital of Assore (created pursuant to Special Resolution Number 3 above) to Standard Bank in accordance with the provisions of the Assore Preference Share Subscription Agreement, which Assore Preference Shares shall have the rights, terms and privileges as recorded in Article 143 read with Annexure 1 to Assore’s Memorandum of Incorporation.”

#### **ORDINARY RESOLUTION NUMBER 3**

**“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.”

#### **VOTING**

The Shareholders will be entitled to attend the General Meeting and to vote on the special and ordinary resolutions set out above. On a show of hands every Shareholder who is present in person or by proxy at the General Meeting will have 1 (one) vote (irrespective of the number of Ordinary Shares held), and on a poll, every Shareholder will have 1 (one) vote for every Ordinary Share held or represented.

Voting rights attaching to the Ordinary Shares held by MS904 will not be taken into account at the General Meeting for the purposes of the relevant resolutions proposed in terms of the Companies Act.

#### **PROXIES AND IDENTIFICATION**

A Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as its proxy to attend, speak and vote in his/her/its stead. A proxy need not be a shareholder of Assore.

The appointment of a proxy will not preclude the Shareholder who appointed that proxy from attending the General Meeting and participating and voting in person thereat to the exclusion of any such proxy.

A form of proxy (*blue*) is attached for the convenience of Certificated Shareholders of Assore and “own name” Dematerialised Shareholders of Assore who are unable to attend the General Meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be lodged with or posted to either Assore’s registered office or its Transfer Secretaries, being Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107 not later than 10:00 South African local time on Tuesday, 17 January 2012.

Dematerialised Shareholders, without “own name” registration, who have not been contacted by their CSDP or broker with regard to how they wish to cast their votes, should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the General Meeting in order for their CSDP or broker to vote in accordance with such instructions. If such Dematerialised Shareholders wish to attend the General Meeting in person, they must request their CSDP or broker to issue the necessary letter of representation to them. This must be done in terms of the agreement entered into between such Dematerialised Shareholders and their CSDP or broker.

*For and on behalf of:*

#### **THE BOARD OF DIRECTORS OF ASSORE LIMITED**

**C J Cory**

*Chief Executive Officer*

Illovo

Wednesday, 14 December 2011





**ASSORE LIMITED**

(Incorporated in the Republic of South Africa)  
 (Registration number 1950/037394/06)  
 JSE share code: ASR ISIN: ZAE000146932  
 ("Assore")

**FORM OF PROXY**

The definitions and interpretations commencing on page 5 of the Circular to which this form of proxy is attached apply also in respect of this form of proxy (unless the context indicates a contrary intention).

For use only by Shareholders holding Certificated Shares and Shareholders who have dematerialised their share certificates and have elected "own-name" registration in the sub-register maintained by the CSDP, at the General Meeting of Shareholders to be held at 10:00, on Thursday, 19 January 2012 at the registered office of Assore, located at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg.

**Shareholders 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.**

I/We

(Full name in BLOCK LETTERS)

of

(Address)

being the holder/s of  Ordinary Shares, hereby appoint (refer 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 Thursday, 19 January 2012 or at any adjournment thereof.

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

	For	Against	Abstain
<b>Special Resolution Number 1</b> Provision of financial assistance by Assore			
<b>Special Resolution Number 2</b> Cancellation of previous par value preference shares from Assore's authorised but unissued share capital			
<b>Special Resolution Number 3</b> Creation of the new no par value Assore Preference Shares in the authorised but unissued share capital of Assore			
<b>Special Resolution Number 4</b> Amendment to Assore's Memorandum of Incorporation to record the alterations to Assore's share capital pursuant to Special Resolutions Numbers 2 and 3			
<b>Special Resolution Number 5</b> Amendment to Assore's Memorandum of Incorporation to incorporate the rights, terms and privileges attaching to the Assore Preference Shares			
<b>Special Resolution Number 6</b> Authorisation to enter into a security arrangement in respect of the Assore Preference Shares which would constitute financial assistance (which authority is granted for the next two years)			
<b>Ordinary Resolution Number 1</b> Approval of the execution and implementation of the Phase II Transaction Agreements and the Security Agreement to which Assore is a party			
<b>Ordinary Resolution Number 2</b> Specific approval for placing the Assore Preference Shares under the control of the Directors for the purposes of allotting and issuing such preference shares to Standard Bank in accordance with the provisions of the Assore Preference Share Subscription Agreement			
<b>Ordinary Resolution Number 3</b> General authorisation to the Directors to implement Phase II of the Third Empowerment Transaction (including the Financial Assistance)			

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

Signed at \_\_\_\_\_ on \_\_\_\_\_

Signature \_\_\_\_\_ Assisted by me (where applicable)

**Please read the notes and the summary on the reverse hereof.**

**Notes:**

1. A Shareholder is entitled to appoint one or more proxies (none of whom need be a Shareholder of Assore) to attend, speak and vote in the place of that Shareholder at the General Meeting. A Shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the Shareholders 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 this form of proxy 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 Shareholder'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 the chairman is the authorised proxy, to vote in favour of the special and ordinary 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 shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
4. Every Shareholder 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 Shareholder 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 holdings.
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. The chairman of the General Meeting may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the Memorandum of Incorporation of Assore.
8. 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 Tuesday, 17 January 2012.

**SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT**

1. A Shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at a Shareholders' meeting on his behalf.
2. A proxy appointment must be in writing, dated and signed by the Shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 5 or expires earlier in terms of paragraph 9 below.
3. A Shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the Shareholder.
4. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the Shareholder at a Shareholders' meeting and in terms of the Memorandum of Incorporation of the Company at least 48 hours before the shareholders' meeting commences (provided that Business Days will not be taken into account in calculating the aforesaid period).
5. Irrespective of the form of instrument used to appoint a proxy:
  - the appointment is suspended at any time and to the extent that the Shareholder chooses to act directly and in person in the exercise of any rights as a Shareholder;
  - the appointment is revocable unless the proxy appointment expressly states otherwise; and
  - if the appointment is revocable, a Shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 5 above.
7. If the proxy instrument has been delivered to a Company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the Shareholder must be delivered by the Company to the Shareholder, or the proxy or proxies, if the Shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the Shareholder without direction, except to the extent that the Memorandum of Incorporation or proxy instrument provides otherwise.
9. The proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 6 above.





