

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

## ANNOUNCEMENT RELATING TO PHASE II OF ASSORE'S THIRD EMPOWERMENT TRANSACTION

### 1. INTRODUCTION

Assore is pleased to announce the conclusion of the agreements relating to the second phase ("Phase II") of its third empowerment transaction ("Third Empowerment Transaction"), which will result in 11.79% of the entire issued ordinary share capital of Assore, being 16 464 450 Assore ordinary shares with a market value of approximately R3.5 billion (based on the 30 day volume weighted average price of an Assore share ("30 day VWAP") of R211.66 as at Friday, 2 December 2011) ("BEE Shares"), being placed under the control of broad-based black economic empowerment ("BEE") groupings, which include the historically disadvantaged South African ("HDSA") members of the communities surrounding Assore's operations and non-managerial Assore employees. After the implementation of Phase II, Assore will have BEE ownership of 26.1%, which is required to secure and retain its mining rights.

As communicated to shareholders in the announcement dated 28 June 2011 and the circular to shareholders dated 8 July 2011, the Third Empowerment Transaction is being implemented in two phases. The first phase ("Phase I") involved the acquisition of the BEE Shares from Main Street 343 (Proprietary) Limited ("MS343"), a wholly-owned subsidiary of Shanduka Resources (Proprietary) Limited ("Shanduka Resources"), by Main Street 904 (Proprietary) Limited ("MS904"), for an aggregate purchase price of R2.7 billion. Phase I was approved by the shareholders of Assore on 10 August 2011 and subsequently implemented on 19 August 2011.

Phase II introduces sustainable, long-term vendor financing between Assore and MS904 in relation to its holding of the BEE Shares, as well as the amendment of the trust deeds relating to the Fricker Road Trust ("the Fricker Road Trust Deed") and the Assore Employee Trust ("the Assore Employee Trust Deed") to define their respective beneficiaries and the manner in which they will derive benefits from their effective interests in Assore.

### 2. RATIONALE

Assore is supportive of the broad-based economic imperatives contained in the Mineral and Petroleum Resources Development Act

("MPRDA"), the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry ("Charter") and its associated Scorecard. Assore is of the view that meaningful participation at an equity level by HDSA persons is a social and commercial imperative for all South African companies, particularly for 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 its 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, Shanduka Resources and the Bokamoso Trust (the "First Empowerment Transaction"). 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 (the "Second Empowerment Transaction").

Pursuant to the First and Second Empowerment Transactions, Assore's resultant BEE equity ownership achieved the 26% target set for mining companies in the MPRDA for 1 May 2014, well ahead of this deadline.

The Third Empowerment Transaction will enable Assore to continue to meet, up to and beyond 1 May 2014, the HDSA equity ownership target of 26%, and will thus serve as a cornerstone of Assore's ongoing BEE strategy.

### 3. OVERVIEW OF THE THIRD EMPOWERMENT TRANSACTION

#### 3.1 Phase I

Phase I involved the acquisition by MS904, of the BEE Shares from Shanduka Resources ("the Phase I Acquisition"). In terms of a short-term bridge facility agreement, an amount of R2.7 billion was advanced to MS904 by The Standard Bank of South Africa Limited ("Standard Bank") for purposes of facilitating the Phase I Acquisition ("the Facility Agreement"). The Facility Agreement was guaranteed by Assore, which amounted to the provision of financial assistance by Assore to MS904 as contemplated under Section 44 of the Companies Act, 2008 (Act 71 of 2008) ("the Companies Act"), and shareholders were required to approve such financial assistance by way of a special resolution.

This approval was granted at a general meeting of the shareholders of Assore held on 10 August 2011.

### 3.2 Phase II

Phase II introduces a long-term vendor financing structure between Assore and MS904, to replace the funding provided by Standard Bank in terms of the Facility Agreement, and amends the Fricker Road Trust Deed and the Assore Employee Trust Deed.

The Fricker Road Trust Deed has been amended to define, as beneficiaries, the HDSA members of the communities who are living, working or operating in and around the mining and beneficiation operations of Assore and its subsidiaries ("Fricker Road Trust Beneficiaries"). The Fricker Road Trust will utilise the dividends received from the Assore ordinary shares it owns indirectly, through MS904, to fund and facilitate projects and/or activities for the benefit of such HDSA persons, with a focus on health and education. The Fricker Road Trust owns 51% of MS904.

The Assore Employee Trust Deed has been amended to define, as beneficiaries, the full-time, permanent, non-managerial employees of Assore and its subsidiaries, who have been in the employ of Assore for at least one year ("Assore Employee Trust Beneficiaries"). The Assore Employee Trust will utilise the economic benefits derived from the Assore ordinary shares it owns indirectly, through MS904, to make distributions to such beneficiaries, as well as to provide them with exposure to the growth in the price of Assore ordinary shares according to a formula. The Assore Employee Trust owns 49% of MS904.

## 4. FUNDING OF THE THIRD EMPOWERMENT TRANSACTION

Phase II will be funded by way of a subscription, by Standard Bank for preference shares in Assore to the value of R2.85 billion ("Assore Preference Shares"). The Assore Preference Shares will confer on Standard Bank the right to receive preferential, cumulative cash dividends at a rate equal to 75% of the prime rate.

Assore will, in turn, capitalise MS904 by subscribing for preference shares in MS904 to the value of R2.85 billion ("MS904 Preference Shares"). This will provide MS904 with the aggregate funding required to discharge its current obligations to Standard Bank in respect of the Facility Agreement, comprising the capital amount plus accrued interest. The MS904 Preference Shares will

confer, on Assore, the right to receive preferential, cumulative cash dividends at a rate equal to the rate in respect of the Assore Preference Shares.

The subscription by Standard Bank for the Assore Preference Shares, as well as the subsequent subscription by Assore for the MS904 Preference Shares, are being implemented to enable Assore to establish a sustainable, long-term vendor financing structure for the Third Empowerment Transaction.

Assore shareholders will accordingly be requested to approve, by way of special resolutions, the amendment of Assore's Memorandum of Incorporation to record the alterations to Assore's share capital and to include the rights, terms and privileges attaching to the Assore Preference Shares, in order to satisfy the requirements of section 16 of the Companies Act. Assore is also of the view that the vendor financing structure amounts to the provision of financial assistance by Assore to MS904 ("the Phase II Financial Assistance") and will require Assore shareholder approval in terms of section 44 of the Companies Act.

## 5. DIVIDENDS RECEIVED BY MS904

In terms of the agreement relating to the MS904 Preference Shares, dividends paid by Assore and received by MS904 will be utilised as follows:

- 77% of the dividends received by MS904 will be used to service and, to the extent possible, redeem the MS904 Preference Shares; and
- the balance of 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.

## 6. THE FRICKER ROAD TRUST

### 6.1 Shareholding

The Fricker Road Trust will indirectly own 6.0% of Assore's issued ordinary share capital through its 51% shareholding in MS904. The market value of its indirect shareholding in Assore is approximately R1.8 billion, based on the 30 day VWAP of R211.66 as at Friday, 2 December 2011.

### 6.2 Beneficiaries

The Fricker Road Trust Beneficiaries include 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 members of the communities surrounding Assmang Limited's ("Assmang") mining and beneficiation operations, who benefit from a range of initiatives operated by Assmang.

### 6.3 Trustees

The board of trustees of the Fricker Road Trust ("Fricker Road Trust Trustees") will be constituted as follows:

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

### 6.4 Operation of the Fricker Road Trust

The Fricker Road Trust will be funded on an ongoing basis by the dividend income received from MS904 in respect of the BEE Shares held by it.

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 Trust Trustees will determine the aggregate amount available for allocation during a particular financial year.

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 Trust Trustees.

## 7. THE ASSORE EMPLOYEE TRUST

### 7.1 Shareholding

The Assore Employee Trust will indirectly own 5.8% of Assore's issued ordinary share capital through its 49% shareholding of MS904. The market value of its indirect shareholding in Assore is approximately R1.7 billion, based on the 30 day VWAP of R211.66 as at Friday, 2 December 2011.

## 7.2 Beneficiaries

All full-time, permanent, non-managerial employees of Assore or any 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, as well as such other employees as may be designated as beneficiaries by the Assore allocation committee ("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, who benefit from a range of initiatives operated by Assmang.

## 7.3 Trustees

The board of trustees of the Assore Employee Trust ("Assore Employee Trust Trustees") will be constituted as follows:

- there will at all times be seven trustees;
- it will comprise of three independent trustees, three trustees nominated by the Assore Employee Trust Beneficiaries and one trustee appointed by Assore;
- the majority of trustees will be HDSAs and at least 25% of the trustees shall be female; and
- the beneficiary trustees will 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.

## 7.4 Allocations

Assore Employee Trust Beneficiaries will be eligible to receive equity participation rights ("Equity Participation Rights") and dividend participation rights ("Dividend Participation Rights") in the Assore Employee Trust:

- Equity Participation Rights will be allocated to beneficiaries each year based on salary, so long as they remain in the employ of Assore, and will be subject to a forfeiture profile depending on the reason for a beneficiary leaving the employ of Assore; and

- Dividend Participation Rights will be allocated to beneficiaries each year based on salary, so long as they remain in the employ of Assore, and will entitle the beneficiaries to share proportionately in the dividend income received from MS904, and available for distribution, in respect of the underlying Assore ordinary shares held by it. Dividend Participation Rights will lapse one year after allocation.

#### 7.5 Operation of the Assore Employee Trust

The Assore Employee Trust will be funded on an ongoing basis by the dividend income received from MS904 in respect of the BEE Shares held by it.

80% of the total dividend income received by the Assore Employee Trust from MS904, less trust expenses, 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 purchase Assore shares on the open market ("Equity Reserve Shares"), in order to effect future payments relating to the settlement of Equity Participation Rights, as discussed below.

Equity Participation Rights will entitle Assore Employee Trust Beneficiaries to share in the increase in the price of the Assore ordinary shares over time according to a formula.

These rights will be subject to a ten year lock-in period from the first allocation date, after which the trustees will, in each year, dispose of such number of Equity Reserve Shares as will be sufficient to settle any payments due as a result of the formula applicable to the vested Equity Participation Rights.

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 Trust Trustees.

#### 8. 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 including, inter alia:

- the approval of the relevant special and ordinary resolutions by the requisite majority of votes by shareholders required at a general meeting of shareholders; 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.

#### 9. CIRCULAR TO SHAREHOLDERS AND NOTICE OF GENERAL MEETING

Shareholders are advised that a circular providing additional information on Phase II of the Third Empowerment Transaction ("the Circular") which includes, inter alia, a notice of general meeting and a form of proxy, will be posted to Assore shareholders on or about Wednesday, 14 December 2011.

The general meeting of Assore shareholders to approve the relevant special and ordinary resolutions to implement Phase II of the Third Empowerment Transaction ("the General Meeting") will be held on Thursday, 19 January 2012 at 10:00 at the registered offices of Assore, being Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg.

#### 10. SALIENT DATES AND TIMES

Record date, as determined by the board of directors of Assore in accordance with section 59 of the Companies Act, to be eligible to receive the Circular and notice of General Meeting	Friday, 9 December 2011
Last day to trade Assore ordinary shares on the JSE Limited 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 2012
Record date to be eligible to vote at the General Meeting	Friday, 13 January 2012
Last day for receipt of forms of proxy for the General Meeting by 10:00	Tuesday, 17 January 2012
General Meeting to be held at 10:00	Thursday, 19 January 2012 Thursday, 19 January 2012



Announcement of results of the General Meeting on the Securities Exchange News Service ("SENS")

Announcement of results of the General Meeting published in the press

Friday, 20 January 2012

Anticipated implementation of Phase II of the Third Empowerment Transaction

Monday, 13 February 2012

Notes:

1. The abovementioned dates and times are South African local times and dates, 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.

Johannesburg  
8 December 2011

Investment bank and sponsor to Assore  
Standard Bank

Attorneys to Assore  
Webber Wentzel Attorneys

Programme and implementation managers  
Barnstone Corporate Services