



Assore Limited
(Incorporated in the Republic of South Africa)
(Registration number 1950/037394/06)
Share code: ASR
ISIN: ZAE000017117
(*Assore*)



Assmang Limited
(Incorporated in the Republic of South Africa)
(Registration number 1935/007343/06)
Share code: ASG
ISIN: ZAE000030789
(*Assmang*)



African Rainbow Minerals Limited
(Incorporated in the Republic of South Africa)
(Registration number 1933/004580/06)
JSE Share code: ARI and LSE Share code: AGM
ISIN: ZAE000054045
(*ARM*)

JOINT ANNOUNCEMENT BY ASSORE AND ASSMANG IN RESPECT OF THE FIRM INTENTION BY ASSORE TO MAKE AN OFFER TO ALL ASSMANG SHAREHOLDERS OTHER THAN ASSORE AND ARM

1. INTRODUCTION

Assore and Assmang shareholders are advised that Assore has submitted to the board of directors of Assmang ("the Assmang Board") a notice of its firm intention to acquire all the shares in the issued ordinary share capital of Assmang ("Assmang's shares"), other than those already held by Assore and ARM ("the offer"). The consideration payable in terms of the offer will be R2 600 in cash for each Assmang share ("the offer price"). On this basis, the total consideration amounts to R368 million ("the cash consideration") and values 100% of Assmang at R9.2 billion.

The offer to be proposed by Assore will be implemented by way of a scheme of arrangement in terms of section 311 of the Companies Act No. 61 of 1973, as amended ("the Companies Act") ("the scheme"), between Assmang and all of its shareholders, other than Assore and ARM ("the scheme members"). Should the scheme be implemented, Assore will acquire all of the scheme members' issued shares ("scheme shares") being 141 630 Assmang shares or approximately 4.0% of Assmang's shares.

In addition, Assore and ARM have entered into an agreement ("the acquisition agreement"), in terms of which Assore will acquire from ARM at the offer price, all of the Assmang shares held by ARM in excess of 50% of the total number of Assmang's shares. As a result, Assore and ARM will each hold 50% of Assmang's shares, will jointly own and control Assmang and the listing of Assmang shares on the JSE Limited ("JSE") will be terminated.

2. THE CONSIDERATION

Each scheme member registered on the envisaged record date of the scheme, which is expected to be Friday, 24 February 2006, will be entitled to receive R2 600 in cash per scheme share.

The cash consideration represents a premium of 28.6% to the 30-day volume weighted average Assmang share price of R2 022 up to and including Tuesday, 8 November 2005.

3. RATIONALE FOR THE OFFER

Assmang is currently jointly controlled by Assore and ARM, who collectively own 96.0% of Assmang's shares. As a result, Assmang does not comply with the JSE's minimum spread requirements and the Assmang shares trade infrequently on the exchange.

The offer will facilitate the revision of the agreement governing the relationship between Assore and ARM and a modified joint control agreement ("the joint control agreement") will be implemented once the scheme becomes unconditional. The new shareholding structure and the joint control agreement will simplify the existing control arrangement in respect of Assmang and will reduce a number of unnecessary costs relating to the listing of Assmang's shares on the JSE.

4. INDEPENDENCE OF THE ASSMANG BOARD

As a result of the joint control agreement between the two shareholders, Assore and ARM are defined as controlling shareholders of Assmang in terms of the Securities Regulation Panel ("SRP") Code on Takeovers and Mergers and the Rules of the SRP, and both companies have therefore elected not to vote their Assmang shares at the scheme meeting. The Assmang Board is also constituted solely by representatives from Assore and ARM.

The Assmang Board is expected by the SRP to provide Assmang shareholders with a recommendation to either vote in favour or against the resolutions to be proposed at the scheme meeting to give effect to the scheme. The Assmang Board's recommendation is provided in paragraph 5 below and details of an unqualified irrevocable undertaking is provided in paragraph 9 below.

5. OPINION AND RECOMMENDATIONS

KPMG Services (Proprietary) Limited ("KPMG"), in its capacity as independent professional expert to Assmang, has been appointed by the Assmang Board to advise it on whether the terms and conditions of the offer are fair and reasonable to scheme members.

KPMG has provided a favourable preliminary opinion ("preliminary opinion") to the Assmang Board based on information available to KPMG until 10 October 2005. The preliminary opinion will be formalised at the last practicable date prior to the publication of the circular to be posted to scheme members ("the scheme circular") and is subject to a review of, *inter alia*, the scheme circular and any new material factors applicable since 10 October 2005, as well as the limitations and conditions to be set out in KPMG's formal opinion.

The Assmang Board has considered the terms and conditions of the offer and KPMG's favourable preliminary opinion and is of the opinion that the terms and conditions of the offer are fair and reasonable to Assmang shareholders. Subject to the receipt of the final opinion from KPMG, confirming that the offer is fair and reasonable to the scheme members, the Assmang Board recommends that scheme members vote in favour of the resolutions required to give effect to the scheme.

6. CONDITIONS PRECEDENT

6.1 The making of the offer and therefore the issuing of the circular detailing the scheme, are subject to the fulfilment of the following conditions precedent:

- 6.1.1 the receipt by the Assmang Board of a favourable fair and reasonable opinion from an independent professional expert on the terms and conditions of the offer;
- 6.1.2 the JSE, the SRP and the South African Reserve Bank approving the necessary documentation to be distributed to the shareholders of Assmang; and
- 6.1.3 the High Court of South Africa ("Court") ordering the convening of the meeting of scheme members ("scheme meeting") to approve the scheme.

6.2 The condition precedent referred to in paragraph 6.1.1 above, is stipulated for the benefit of Assore and may be waived by Assore at any time, if permissible in law.

6.3 The implementation of the scheme is subject to the fulfilment of the following conditions precedent:

- 6.3.1 the acquisition agreement becoming unconditional, other than for any condition in that agreement requiring the scheme to become unconditional;
- 6.3.2 the approval of the scheme by a majority of Assmang shareholders, excluding Assore and ARM, representing not less than three-fourths of the votes exercisable by scheme members present and voting either in person or by proxy, at the scheme meeting;
- 6.3.3 the Court sanctioning the scheme in terms of the Companies Act; and
- 6.3.4 the lodging of a certified copy of the Order of Court sanctioning the scheme with, and registration by, the Registrar of Companies in terms of the Companies Act.

7. RESERVATION OF RIGHTS

The terms of the scheme may, subject to the written consent of Assore, be amended, varied or modified, provided that no such amendment, variation or modification may have the effect of diminishing the rights which will accrue to a scheme member in terms of the scheme.

8. CONFIRMATION OF SUFFICIENT FUNDS

The SRP has been provided with appropriate confirmation, in terms of its requirements, that Assore has sufficient resources to discharge its obligations in terms of the offer.

9. IRREVOCABLE UNDERTAKINGS

Irrevocable undertakings to vote in favour of the scheme have been received from:

- shareholders holding 2.8% of Assmang's shares, representing 70.5% of the scheme shares; and
- Mr Desmond Sacco, the Chairman of Assmang, for 0.1% of Assmang's shares held beneficially, representing 1.0% of the scheme shares.

10. PRO FORMA FINANCIAL EFFECTS ON ASSMANG SHAREHOLDERS

The unaudited *pro forma* financial effects on Assmang shareholders have been prepared for illustrative purposes only, in order to provide information about how the scheme might have affected the historical financial information presented by Assmang. Due to their nature, the unaudited *pro forma* financial effects may not provide a true reflection of Assmang's historical financial position. The table below sets out the *pro forma* financial effects of the scheme on Assmang shareholders, based on the assumptions set out below:

	Before the scheme (Rands per share)	After the scheme* (Rands per share)	Percentage change
Market value on 8 November 2005 ¹	2 601	2 600	0.0%
30-day volume weighted average market value up to 8 November 2005 ²	2 022	2 600	28.6%
Net asset value ³	941	2 600	176.3%
Net tangible asset value ³	940	2 600	176.7%

Notes:

1. The "Before the scheme" column reflects the closing JSE market value per Assmang share on Tuesday, 8 November 2005, being the last trading day preceding the publication of this announcement. The "After the scheme" column shows the consideration to be received per Assmang share.
2. The "Before the scheme" column reflects the 30-day volume weighted average JSE market value per Assmang share calculated for the 30 trading days up to and including Tuesday, 8 November 2005, being the last trading day preceding the publication of this announcement. The "After the scheme" column shows the consideration to be received per Assmang share.
3. The "Before the scheme" column reflects the unaudited net asset value and net tangible asset value per share at 30 June 2005, as extracted, without adjustment, from the audited results of Assmang for the year ended 30 June 2005.
4. The "After the scheme" column shows the cash consideration to be received per Assmang share.

11. IMPORTANT DATES AND TIMES

	2005
Anticipated date of posting of the scheme circular to Assmang shareholders on	Wednesday, 7 December
	2006
Last day to trade in Assmang shares on the JSE in order to be recorded in the register of members of Assmang to vote at the scheme meeting on	Wednesday, 18 January
Record date to vote at the scheme meeting on	Wednesday, 25 January
Last day for receipt of forms of proxy for the scheme meeting by 12:00 on	Thursday, 26 January
Scheme meeting to be held at 12:00 on	Monday, 30 January
Announcement of results of the scheme meeting on SENS on	Monday, 30 January
Announcement of results of the scheme meeting in the press on	Tuesday, 31 January
Court hearing to sanction the scheme at 10:00 on	Tuesday, 7 February
Announcement on SENS regarding the sanctioning of the scheme on	Tuesday, 7 February
Announcement in the press regarding the sanctioning of the scheme on	Wednesday, 8 February
If the scheme is sanctioned and implemented:	
Expected last day to trade in Assmang shares on the JSE in order for Assmang shareholders to be eligible to receive the scheme consideration on	Friday, 17 February
Assmang share suspended at the commencement of trading on the JSE on	Monday, 20 February
Expected scheme consideration record date, being the date on which Assmang shareholders must be recorded on the register of members of Assmang in order to be scheme participants and so become entitled to receive the scheme consideration, at close of business on	Friday, 24 February
Expected operative date of the scheme, at the commencement of trading on the JSE on	Monday, 27 February
The scheme consideration is expected to be transferred or posted (as the case may be), to certificated scheme participants whose documents of title are received by the transfer secretaries before 12:00 on Friday, 24 February 2006 on or about	Monday, 27 February
Or	
Failing receipt of documents of title before 12:00 on Friday, 24 February 2006, within five business days of receipt thereof by the transfer secretaries.	
The scheme consideration is expected to be credited to the dematerialised scheme participants' accounts held at their CSDP or broker on	Monday, 27 February
Assmang share terminated at commencement of trading on the JSE on	Tuesday, 28 February

Notes:

1. The abovementioned times and dates are South African times and dates and are subject to change. Any such change will be released on SENS and published in the press.
2. Assmang shareholders are advised that, as trading in shares on the JSE is settled within the STRATE environment five business days following the trade, shareholders acquiring dematerialised shares after Wednesday, 18 January 2006 will not be eligible to vote at the scheme meeting.
3. If a form of proxy for the scheme meeting is not received by the time and date shown above, it may be handed to the chairperson of the scheme meeting by not later than 10 minutes before the scheme meeting is due to commence.
4. If the scheme 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 scheme meeting or not later than 10 minutes before the scheme meeting is due to commence, if handed to the chairperson of the scheme meeting, provided that, for the purpose of calculating the latest time by which forms of proxy must be received, Saturdays, Sundays and South African public holidays will be excluded.
5. Assmang shareholders may not dematerialise or rematerialise their Assmang shares after Friday, 17 February 2006.

12. FURTHER DOCUMENTATION

A circular providing further information on the scheme and containing, *inter alia*, a notice of scheme meeting, a form of proxy and a form of surrender, will be posted to Assmang shareholders on or about Wednesday, 7 December 2005.

Illovo
Johannesburg
9 November 2005

Investment bank and transactional sponsor



Attorneys to the transaction



Independent professional expert to Assmang



Auditors and reporting accountants to Assore and Assmang



Attorneys to ARM

