



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



Shanduka Resources (Proprietary) Limited
(Incorporated in the Republic of South Africa)
(Registration number 2002/017835/07)
("Shanduka Resources")

THE PROPOSED INTRODUCTION OF 15% DIRECT BLACK SHARE OWNERSHIP IN ASSORE

1. INTRODUCTION

Assore is pleased to announce that agreements have been concluded which, subject to the fulfilment of the conditions precedent set out in paragraph 7 below, will facilitate the acquisition of 15% of the issued ordinary share capital of Assore ("Assore shares") by two black economic empowerment ("BEE") entities (collectively "Assore's BEE partners"), namely:

- Shanduka Resources, a subsidiary of Shanduka Group (Proprietary) Limited ("Shanduka"), which will purchase an 11.76% equity interest in Assore ("the Shanduka transaction"); and
- a community trust ("the Community Trust"), which has been formed to benefit community groupings and which will purchase a 3.26% equity interest in Assore ("the Community transaction"),

(collectively "the BEE transaction").

Based on the closing share price for Assore on the JSE Limited ("the JSE") on Wednesday, 9 November 2005 of R127 per share, the total value of the Assore shares included in the BEE transaction is approximately R534 million.

2. RATIONALE

Assore is committed to broad-based BEE in South Africa and is of the opinion that meaningful participation at an equity level by historically disadvantaged South Africans ("HDSAs") is a business imperative for all South African companies, particularly those in the mining sector, and is essential to sustain South Africa's economic and democratic structures.

In May 2004, the Mineral and Petroleum Resources Development Act, 2002 (No. 28 of 2002), came into effect, placing all mineral rights under the curatorship of the Government of South Africa. This Act requires, *inter alia*, that "old order" mineral rights be converted to "new order rights" based on performance as measured against the BEE scorecard set out in the Mining Charter ("the scorecard").

The criteria used in the scorecard include a BEE objective which provides for:

- the substantial and meaningful expansion of opportunities for HDSAs to enter the mining industry; and
- the promotion of employment and the advancement of social and economic welfare for HDSAs in the mining community.

The BEE transaction addresses one element of the scorecard criteria, being the direct ownership of Assore shares by HDSAs, and underscores Assore's commitment to BEE in South Africa by broadening economic participation in the mining industry. Assore will continue to actively address the other aspects of the scorecard with the assistance of Assore's BEE partners on an ongoing basis.

3. ASSORE'S BEE PARTNERS

3.1 Shanduka Resources

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

The Shanduka Foundation is committed to supporting initiatives aimed at:

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

Shanduka Resources has a long-term strategy to develop a diversified resources house with operational capabilities and has investments in the coal, diamond, paper and gold industries.

Shanduka Resources will provide leadership for Assore's BEE partners and strategic support to Assore in achieving its BEE objectives.

3.2 Community Trust

The Community Trust has been established for the benefit of community groupings in the areas in which the mines and beneficiation plants are located. Assore will initiate a process through which it will identify and negotiate with certain community groupings for their participation in the Community Trust.

4. MECHANICS OF THE BEE TRANSACTION

The BEE transaction will be executed in two separate transactions that will transfer a total of 15% of Assore's shares to Assore's BEE partners.

4.1 The Shanduka transaction

The Shanduka transaction will result in Shanduka Resources acquiring 3 292 890 Assore shares, or approximately 11.76% of Assore's issued share capital, through a wholly-owned, special purpose vehicle ("Shanduka BEECo"), which has been created by Shanduka Resources for the sole purpose of acquiring the 11.76% equity interest in Assore.

Shanduka BEECo will acquire the 11.76% equity interest in Assore as follows:

- 5.70% of Assore's issued share capital will be acquired from Old Mutual Life Assurance Company (South Africa) Limited ("Old Mutual") in exchange for a combination of Shanduka Resources equity and cash; and
- Assore will issue and Shanduka BEECo will subscribe for a 6.06% interest in Assore's issued share capital at a price of R85 per Assore share.

4.2 The Community transaction

The Community transaction will result in the Community Trust acquiring 913 710 Assore shares, or approximately 3.26% of Assore's issued share capital, through a special purpose vehicle ("Community BEECo"), which has been created for the sole purpose of acquiring the 3.26% equity interest in Assore at an average price of R85 per Assore share.

4.3 Assore facilitation

Standard Bank will provide preference share funding in both the Shanduka transaction and the Community transaction in order to allow Shanduka BEECo and Community BEECo to acquire the Assore shares.

The Standard Bank preference share funding will be facilitated by Assore in that Assore has undertaken to repurchase 11.24% of Assore's shares at a price equal to the outstanding balance on the two preference share facilities provided by Standard Bank, including all capital and outstanding preference share dividends owing and unpaid ("the conditional share repurchase"), should a default occur on the facilities.

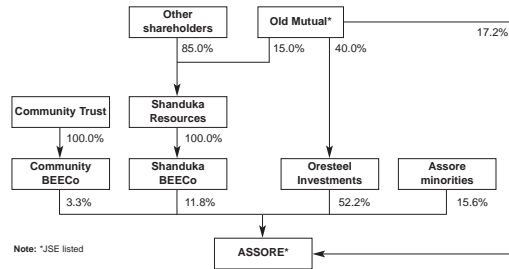
Assore has provided a further R25 million vendor financing to the Community Trust to purchase the 3.26% equity interest in Assore.

5. THE RELATIONSHIP AGREEMENTS

Assore has concluded a relationship agreement with Shanduka Resources and Shanduka BEECo to regulate the relationships between the parties and, insofar as is possible, to ensure the continued compliance by Shanduka Resources and Shanduka BEECo with the direct ownership requirements of the Mining Charter. Assore has entered into a similar relationship agreement with the Community Trust and Community BEECo.

6. RESULTANT STRUCTURE

Subsequent to the conditions precedent set out in paragraph 7 below being fulfilled, the resultant shareholding of Assore will be as follows:



7. CONDITIONS PRECEDENT

The BEE transaction will be implemented on fulfilment of various conditions precedent, including, *inter alia*:

- the following resolutions being approved by Assore's shareholders at a general meeting to be held to approve the BEE transaction ("the general meeting");
 - the specific issue of 6.06% of Assore's shares to Shanduka BEECo;
 - the specific repurchase and cancellation of 7.91% of Assore's shares held by Standard Bank in terms of section 85 of the Companies Act;
 - the specific repurchase of 1.42% of Assore's shares held by Standard Bank by a wholly-owned subsidiary of Assore, namely Community BEECo, in terms of section 89 of the Companies Act;
 - the disposal of 100% of the ordinary shares in Community BEECo to the Community Trust;
 - the specific issue of 1.85% of Assore's shares to Community BEECo; and
 - the conditional share repurchase referred to in paragraph 4.3 above;
- the registration of the special resolution by the Registrar of Companies; and
- the approval of the documentation to be sent to shareholders by the JSE.

8. IMPORTANT DATES AND TIMES

The expected dates and times in relation to the BEE transaction are set out below.

	2005
Expected date of posting of circular to Assore shareholders on	Thursday, 8 December
	2006
Last day to lodge forms of proxy for the general meeting by 10:00 on	Thursday, 26 January
General meeting of Assore shareholders to be held at 10:00 at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg on	Monday, 30 January
Announcement of the results of the general meeting released on SENS on	Monday, 30 January
Announcement of the results of the general meeting published in the press on	Tuesday, 31 January
Special resolution lodged with the Registrar of Companies on or about	Wednesday, 1 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. If 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 purpose of calculating the latest time by which forms of proxy must be received, Saturdays, Sundays and South African public holidays will be excluded.

9. ASSORE BOARD OPINION AND RECOMMENDATION

The board of directors of Assore ("the Assore Board") is of the opinion that the terms and conditions of the BEE transaction are in the best interests of Assore's shareholders and unanimously support the transactions. Accordingly, the Assore Board recommends that Assore's shareholders vote in favour of all the resolutions proposed at the general meeting.

In respect of their holdings in Assore's shares under their control, the board members of Assore have undertaken to vote in favour of all the resolutions to be proposed at the general meeting.

10. FAIR AND REASONABLE OPINION

In terms of the JSE Listings Requirements, the conditional share repurchase by Assore referred to in paragraph 4.3 above requires a fair and reasonable opinion from an independent adviser.

KPMG Services (Proprietary) Limited ("KPMG") has been appointed by the Assore Board to provide advice to Assore shareholders as to fairness and reasonableness of the conditional share repurchase in the context of the overall BEE transaction and its opinion will be included in the circular to be sent to Assore shareholders as set out in paragraph 11 below.

11. GENERAL MEETING AND CIRCULAR

The general meeting to approve the resolutions relating to the BEE transaction will be held at 10:00 at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, on Monday, 30 January 2006.

A circular providing additional information on the BEE transaction and containing, *inter alia*, a notice of general meeting and a form of proxy, will be posted to Assore shareholders on or about Thursday, 8 December 2005.

Illovo
Johannesburg
10 November 2005

Investment bank and sponsor to Assore



Transaction sponsor



Attorneys to Assore



Independent professional expert to Assmang



Legal adviser to Shanduka Resources



Lead funder to the BEE transaction

