ASSORE LIMITED ANNUAL REPORT 2010

Iron Ore Manganese Chrome Wonderstone

ASSORE

ANNUAL REPORT 2010

Run-of-mine conveyor from King primary crusher to the main beneficiation plant at Khumani Iron Ore Mine.

GROUP PROFILE

Assore Limited (Assore) is a mining holding company engaged principally in ventures involving base minerals and metals.

The group's principal investment is a 50% interest in Assmang Limited (Assmang) which it controls jointly with African Rainbow Minerals Limited (ARM). The group, through its various joint-venture entities and subsidiary companies, is involved in the mining of iron, manganese and chrome ores together with other industrial minerals and the production of manganese and chrome alloys. The group is also responsible for marketing all products produced, the bulk of which is exported and the remainder either used in the group's beneficiation processes or sold locally.

The company was incorporated in 1950 and its shares are listed on the JSE Limited under "Assore" in the general mining sector.

26,07% of the company's shares are controlled by black economic empowerment entities: the Bokamoso Trust (14,28%), a broad-based black economic empowerment community trust, and Shanduka Resources (Proprietary) Limited (11,79%). The Minerals and Petroleum Resources Development Act requires that 26% of mining companies' shares are controlled by historically disadvantaged South Africans by 2014.

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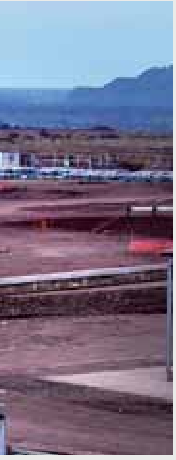


Blasthole drill at Khumani Iron Ore Mine.

GLOBAL FOOTPRINT

Strong relationships have been established with customers in Europe, North America, South America, India, the Middle and Far East, and products with a market value of approximately R13,5 billion (2009: R16,5 billion) were marketed and distributed in these regions during the year.

HIGHLIGHTS

Turnover	Gross profit
R7,1 billion	**R2,3 billion**
2009: R8,8 billion 19,7% down	2009: R4,8 billion 52,5% down

Attributable profit	Headline earnings
R1,5 billion	**R1,5 billion**
2009: R3,2 billion 54,4% down	2009: R3,3 billion 54,3% down

- Weak market conditions in first half of the year
- Recovery of group's commodity markets in the second half
- Higher sales volumes for all products
- Assmang's Khumani Expansion Project from 10 to 16 million sales tons per annum progressing according to schedule
- 26% empowered shareholding achieved

HISTORY OF THE GROUP

1928 – 1934

Gloucester Manganese Mines (Postmasburg) Limited established by Guido Sacco in 1928.
Formation of Ore & Metal Company Limited established (1930) and African Mining and Trust Company Limited **(AMT)** in 1931.

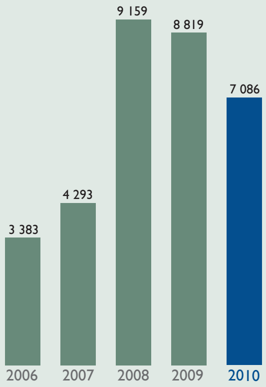
1935 – 1950

AMT partnered with Anglo Transvaal Consolidated Investment Company Limited (Anglovaal) to form The Associated Manganese Mines of South Africa Limited (**Assmang**).
Acquisition of **Wonderstone** Mine.
Various prospecting activities and mining **manganese** deposit on farm Gloucester.
First export of manganese through Durban.
Prospecting for manganese and obtaining of mining lease at Black Rock where the first manganese ore was mined in 1940.
Listing on JSE as The Associated Ore and Metal Corporation Limited.

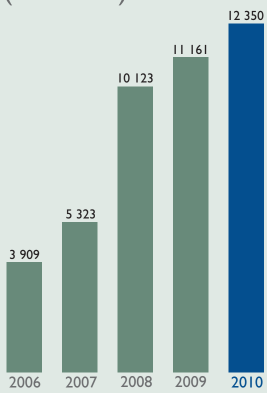
1951 – 1971

Ferralloys Limited incorporated in 1957.
First production of **ferromanganese** at Cato Ridge Works by Assmang (1959).
First production of **iron ore** by Assmang at Beeshoek, and export through Durban (1960).
Agency relationship with Sumitomo Corporation of Japan.
First production of **charge chrome** at Machadodorp by Assmang (1971).

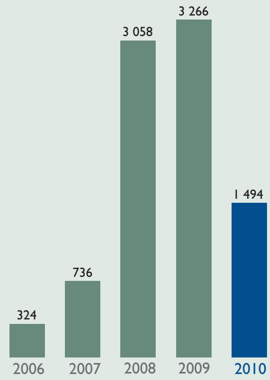
Turnover
(Rmillion)



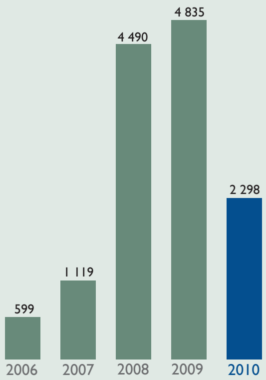
Total assets
(Rmillion)



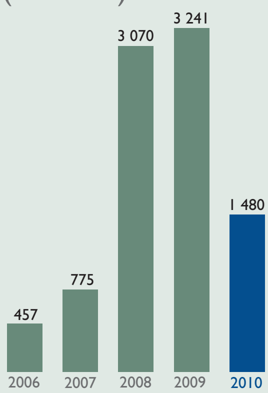
Headline earnings
(Rmillion)



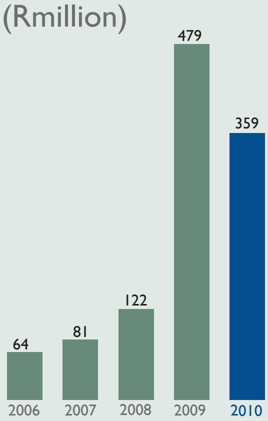
Gross profit
(Rmillion)



Attributable profit
(Rmillion)



Dividends declared*
(Rmillion)



** Dividends declared are net of dividends on treasury shares*

1972 – 2001

Commissioning of Nchwaning **Manganese** Ore Mine (1973).
Mining of **chrome** deposit at Zeerust (Zeerust Chrome Mines Limited).
Gloria Manganese Ore Mine commissioned in 1979 and Nchwaning II mine came into production in 1981 and Nchwaning III in 2001.
Mining of **chrome** deposit at Rustenburg (Rustenburg Minerals Development Company (Proprietary) Limited).
Mining of chrome deposit by Assmang at Dwarsrivier (1999).
Change of name to Assore Limited, and twenty-for-one share split.
Beeshoek South Mine expansion commissioned in 1997.
Cato Ridge Alloys (CRA), a joint venture to produce refined ferromanganese for export at Cato Ridge, between Assmang's Ferralloys Limited and Japanese partners established in 1996.

2002 to date

First production of **manganese ore** from Nchwaning III.
Acquisition of minorities in, and delisting of Assmang, and joint-venture agreement with African Rainbow Minerals Limited (ARM) in relation to Assmang's operations.
Assmang's **Khumani Iron Ore Mine** established, following issue of new-order mining rights, and increase of production to 10 million sales tons per annum.
Conclusion of **empowerment transactions**, whereby 11,76% and 3,26% of Assore's shares respectively were sold to Shanduka Resources and the Bokamoso Trust respectively.
Conclusion of Second Empowerment Transaction, whereby a further combined effective 11,05% of Assore's shares were acquired by the Bokamoso Trust (refer "Black economic empowerment" report).

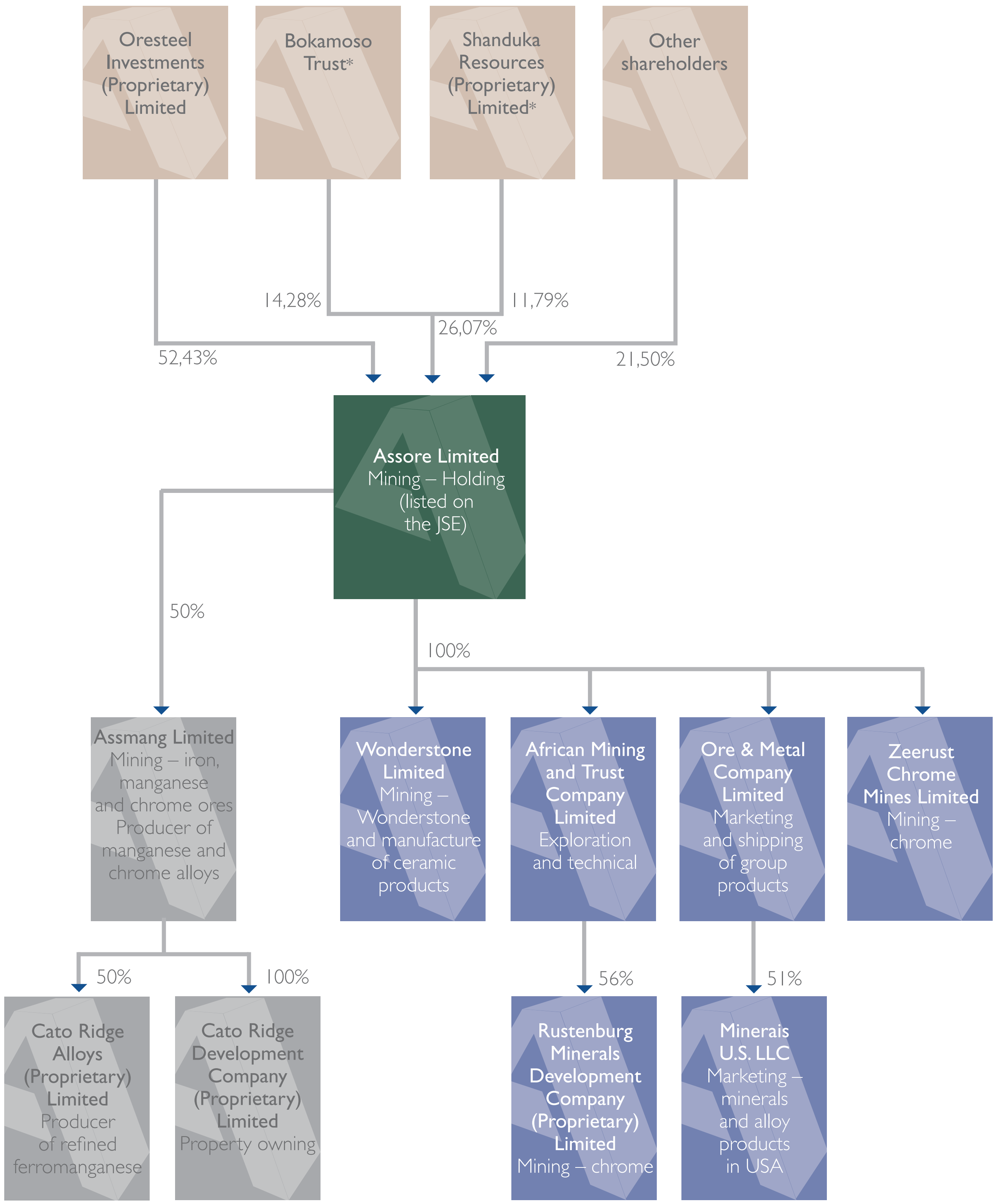
GROUP AT A GLANCE

OPERATING ENTITIES	COMMODITY MINED	TYPE OF OPERATION	
JOINT-VENTURE ENTITY (ASSMANG)			
Iron Ore Division	Iron ore (see page 15)	Mining, crushing, screening and dense medium jigging	
Manganese Division	Manganese (see page 15)	Mining, washing and screening Ferromanganese smelting Refined ferromanganese smelting	
Chrome Ore Division	Chrome ore (see page 16)	Mining and concentrating Smelter and pelletising plant	
SUBSIDIARY COMPANIES			
Rustenburg Minerals Development Company	Chrome ore (see page 16)	Mining and concentrating	
Zeerust Chrome Mines	Chrome ore (see page 16)	Processing of chrome dumps	
Wonderstone	Wonderstone (see page 17)	Mining and beneficiation of Wonderstone and manufacture of ceramic products	
Ore & Metal Company	Non-mining operation	Marketing, sales and shipping of products (see page 19)	
Minerais U.S. LLC	Non-mining operation	Marketing of minerals and alloys in USA (see page 19)	
African Mining and Trust Company	Non-mining operation	Operational management, exploration and technical adviser (see page 19)	

DESCRIPTION	CONTRIBUTION TO ATTRIBUTABLE PROFIT/(LOSS) 2010	2009
Iron ore is mined in the Northern Cape in open-cast operations at the Khumani Iron Ore Mine which is located near Kathu in the Northern Cape and at the Beeshoek Iron Ore Mine which is located outside Postmasburg. The bulk of the ore is exported.	R718,3 m	R1 085,2 m
Various grades of manganese ore are mined at the Nchwaning and Gloria mines, located in the Black Rock area of the Northern Cape province and manganese alloys are produced at the Cato Ridge Works in KwaZulu-Natal. Cato Ridge Alloys, a joint venture with Japanese partners, produces refined ferromanganese at the Cato Ridge Works. Feed for the Cato Ridge Works is derived from Assmang's manganese mines and the bulk of both ore and alloy production is exported.	R740,1 m	R1 977,8 m
Chrome ore is mined at the Dwarsrivier Mine near Lydenburg in Mpumalanga province and is either supplied to the Machadodorp Ferrochrome Works or exported.	(R92,3 m)	R96,6 m

DESCRIPTION	2010	2009
Chrome ore is mined near Rustenburg in open-cast operations and production is supplied mainly to the local market. The company has recently completed one of two planned decline shafts with the other shaft expected to be commissioned at the end of 2011. The underground operations will replace the existing open-cast operations.	R8,2 m	R46,8 m
Reprocessing of chrome dumps occurs at Zeerust Chrome Ore Mine, located at Groot-Marico in the North West province. Open-cast mining is expected to resume towards the end of 2010.	(R3,2 m)	(R2,7 m)
The company mines a type of pyrophyllite, which, for trade purposes, is referred to as Wonderstone. The bulk of the material mined is beneficiated to produce high-precision components manufactured to customers' specification which are exported to the United States of America and the United Kingdom. The company also produces a range of wear- and acid-resistant tiles and ceramic products used mainly for chute liners in the local mining industry.	(R4,3 m)	R6,8 m
Ore & Metal Company Limited is responsible for the marketing, sales and shipping of all the group's products, including those produced by the three divisions of Assmang. Strong relationships have been established with customers in Europe, North America, South America, India and the Far East.	R126,9 m	R169,9 m
Minerais U.S. LLC is responsible for marketing and sales administration of the group's products in the USA, in particular manganese and chrome alloys, and trades in various related commodities.	R17,3 m	(R13,2 m)
African Mining and Trust Company Limited is technical adviser to Assmang and other group companies and provides operational management to group mines and plants.	R81,6 m	R121,2 m

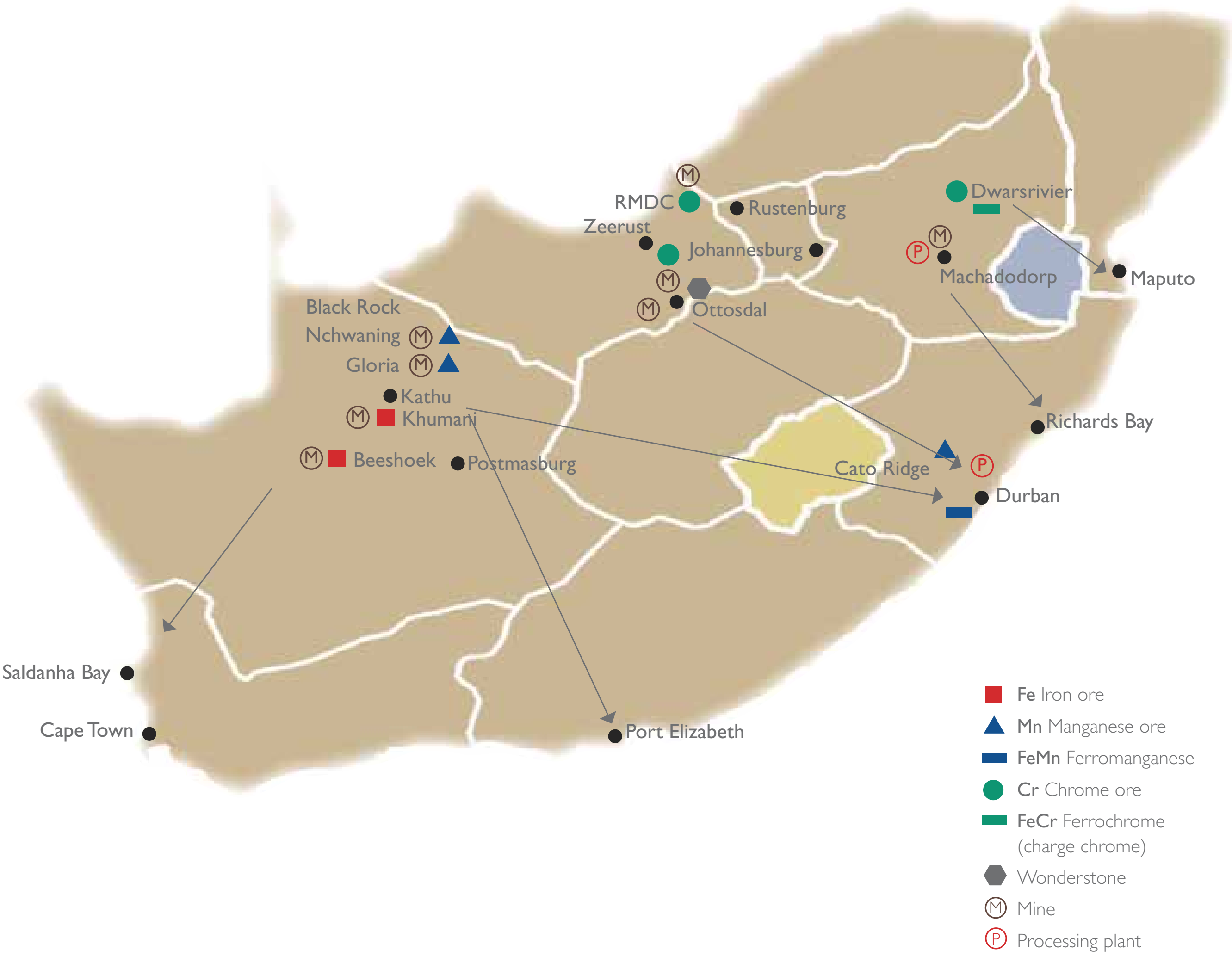
GROUP STRUCTURE OF OPERATING COMPANIES



* *Black empowered entity*

DESCRIPTION

Fe	**Iron ore** is mined in the Northern Cape open-cast operations at the Khumani Iron Ore Mine which is located near Kathu in the Northern Cape and at the Beeshoek Mine which is located outside Postmasburg. The bulk of the ore is exported.
Mn FeMn	**Manganese ore** is mined in the Black Rock area of the Northern Cape province and **manganese alloys** are produced at the Cato Ridge Works in KwaZulu-Natal. Cato Ridge Alloys, a joint venture with Japanese partners, produces refined **ferromanganese** at the Cato Ridge Works. Feed for the Cato Ridge Works is derived from Assmang's **manganese mines** and the bulk of both **ore** and **alloy** production is exported.
Cr FeCr	**Chrome ore** is mined at the Dwarsrivier Mine near Lydenburg in Mpumalanga province and production is used mainly to supply Assmang's Machadodorp Ferrochrome Works.
Cr	**Chrome ore** is mined near Rustenburg in open-cast operations and production is supplied mainly to the local market. The company has recently completed one of two planned decline shafts with the other shaft expected to be commissioned at the end of 2011. The underground operations will replace the existing open-cast operations. Reprocessing of chrome dumps occurs at Zeerust Chrome Mine located at Groot-Marico in the North West province. Open-cast mining is expected to resume towards the end of 2010.
Wonderstone	The company mines a type of **pyrophyllite**, which, for trade purposes, is referred to as **Wonderstone**. The bulk of the material mined is beneficiated to produce high-precision components manufactured to customers' specification. The company also produces a range of wear- and acid-resistant tiles and ceramic products for the local market.



BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Desmond Sacco
Chairman
BSc (Hons) (Geology)
(Wits) (Unisa)

Des qualified as a geologist and joined the Assore group in 1968. He was appointed to the Assore board in 1974 and, on retirement of his father in 1992, he was appointed Chairman and Managing Director. In that year, he was also appointed Deputy Chairman of Assmang Limited and in 1999, he became Chairman of Assmang. He is a fellow of the Institute of Directors (IOD) and of the Geological Society of South Africa (GSSA).

R J Carpenter
Deputy Chairman
BA, ACIS

Bob joined the Ore & Metal Company Limited in 1964 and was appointed Managing Director in 1991. Ore & Metal is a wholly owned subsidiary of the Assore group and acts as selling and shipping agent for all products produced by Assore and Assmang group companies. He was appointed to the Assore board in 1987, to the Assmang board in 1989 and was made Deputy Chairman of Assore in 1993.

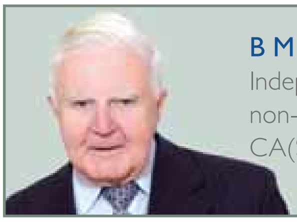
C J Cory
Chief Executive Officer
BA, CA(SA), MBA (Wits)

Chris completed articles with Alex. Aiken & Carter (now KPMG) and qualified as a chartered accountant in 1982. In 1989, he joined the Assore group as Group Accountant. In 1992, he was appointed Group Financial Director and made Chief Executive Officer in June 2004 when the roles of Chairman and Managing Director were split. He was appointed to the Assmang board as a non-executive director in 1993 and currently chairs the Assmang Audit Committee. He is a member of the South African Institute of Chartered Accountants (SAICA).

P C Crous
Group Technical Director
BSc Eng, BCom, MBA

Phil trained as a mining engineer, obtaining a BSc (Eng) at Pretoria University in 1975. Thereafter he joined Iscor, and in 1977 he took up a position with Assmang where he advanced to Mine Manager. In 1982, he joined Sasol as General Mine Manager and was subsequently promoted to Operations Manager at Secunda Collieries, responsible for four mechanised mines. In 1988, he joined manufacturing company Sandock-Austral as Managing Director. In 1991, he was invited to join Assore in his current position as Group Technical Director and was appointed to the Assmang board in 1992. He is a member of the South African Institute of Mining and Metallurgy (SAIMM) and the Institute of Directors (IOD).

NON-EXECUTIVE DIRECTORS



B M Hawksworth
Independent non-executive director
CA(SA)

Brian qualified as a chartered accountant in Durban and relocated to Johannesburg in 1973 as a partner of Ernst & Young. Since withdrawing as a partner of Ernst & Young, he holds several non-executive directorships, including the Financial Services Board (the FSB). He was appointed to the Assore board as an independent non-executive director in 1996 and currently chairs the Assore Audit and Risk, and Remuneration committees until October 2010. He is a member of the South African Institute of Chartered Accountants (SAICA) and was a past member of its Council and Executive Committee and is also a fellow of the Institute of Directors which he chaired in the early 1990s.

M C Ramaphosa
Non-executive director
BProc

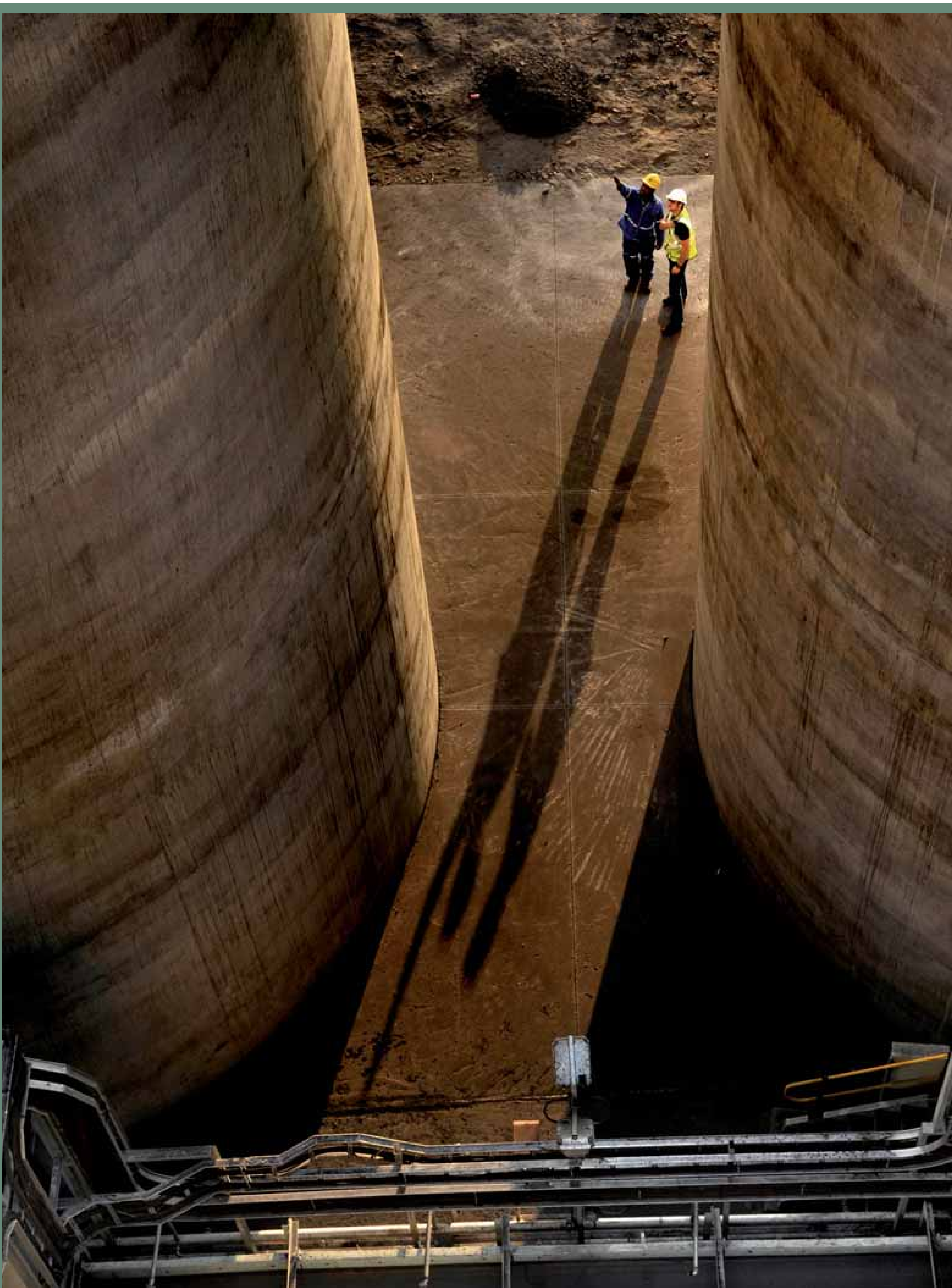
Cyril is the founder and executive Chairman of Shanduka Group. He is joint non-executive Chairman of Mondi Group and non-executive Chairman of MTN Group Limited and Bidvest Limited. His non-executive directorships include Standard Bank Group and SABMiller plc. He serves on The Coca Cola Company's International Public Policy Advisory Board (IPPAB) and is a member of the United Nations Global Leadership Group which advises the Secretary General's Special Representative on Business and Human Rights. Cyril has received several honorary doctorates. He joined the Assore board as a non-executive in July 2006.

E M Southey
Independent non-executive director
BA, LLB

Ed was admitted as an attorney, notary and conveyancer in 1968 and practised as a partner of Webber Wentzel until his retirement as senior partner of that firm in 2006. He remains an executive consultant to the firm. He is a former President of the Law Society of the Northern Provinces and of the Law Society of South Africa. He is a director of a number of companies. He joined the Assore board as a non-executive director in January 2009 and serves on the group's Audit and Risk, and Remuneration committees, currently in the capacity of acting Chair for both of the committees. Ed has since been appointed as Chair at these committees.

Dr J C van der Horst
Independent non-executive director
BA, LLD

Johannes studied at the Universities of Stellenbosch and Hamburg (Germany) and the Harvard Business School. He held various positions in Old Mutual from 1971 to 2002 where he was General Manager (Investments) from 1985 to 1997. In September 1997, he was appointed to head up Old Mutual's demutualisation project which culminated in the listing of Old Mutual on the London Stock Exchange and the JSE Limited in July 1999. He served on the Assore board between 1989 and 1997, and again since January 2003 when he was appointed as an independent non-executive director and serves on the group's Audit and Risk, and Remuneration committees. He is also on the boards of Reunert Limited and Foord Compass Limited.



Manganese ore silos at Nchwaning Manganese Ore Mine.

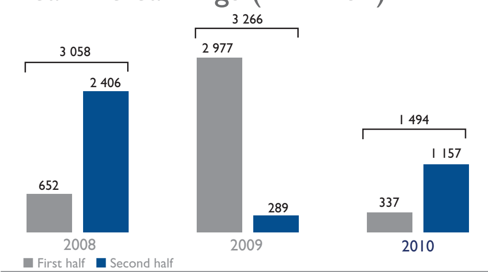
Trading conditions improved during the second half of the financial year, and earnings recovered significantly…

As was the case in the previous year, this year was characterised by two very different sets of trading conditions. The extent of the world economic turmoil became more apparent, with the global economy being severely affected, in particular, the banking sector and capital projects. This resulted in the adverse trading conditions experienced in the latter part of 2008, continuing to impact the results for the year, especially in the first half.

THE YEAR UNDER REVIEW

Headline earnings for the group declined from R3,27 billion in the previous financial year by 54,3% to R1,49 billion in the current financial year. The conditions referred to above continued to negatively impact the markets in which we trade until the end of the 2009 calendar year. Conditions in our markets improved during the second half of the financial year, driven mostly by Chinese and Asian demand, and as a result, earnings recovered significantly. The extent of this recovery, however, was not sufficient to enable the group to generate earnings to the extent it did in the two previous financial years. The results for the past three financial years, on a six-monthly basis, are as follows:

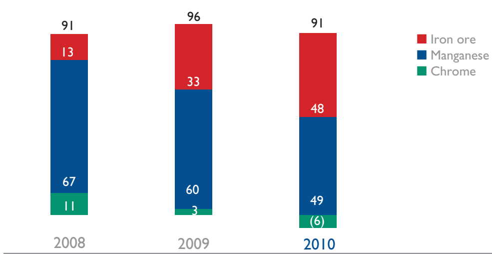
Headline earnings (R'million)



The proportion of the year's headline earnings recorded in the second half of the year amounted to 77,5%, where prices for all commodities recovered, most notably those for iron ore. The pricing convention in the iron ore market has changed in that these prices are now negotiated on a quarterly or spot basis. This replaces the annual price settlements that had operated in this market. Prices for our manganese and chrome commodities increased modestly, however, it is noteworthy that manganese ore appeared to be in an oversupplied position towards the end of the year, resulting in a slight softening of these prices. The other significant factor that determines the level of earnings for the group remains the level of the rand in relation to the US dollar. Due mainly to offshore demand for investments in emerging economies like South Africa, the average rate of the rand to the US dollar for the year strengthened to R7,60, which is nearly 14% stronger than the average level for the previous year of R8,80. Since most of the effects of the world economic turmoil have passed, it is apparent that, although the level of the rand remains strong, negatively impacting the group's earnings ability, the degree of volatility in the rate of exchange experienced in the earlier part of 2008 has decreased markedly.

The group's prime focus remains its 50% shareholding in Assmang and the commissions and other income derived from marketing the group's products and providing technical and management services to group companies. The contribution from Assmang's divisions to Assore's headline earnings for the past three years on a percentage basis is as follows:

Percentage of headline earnings (%)



The relative impact of the contribution of the Iron Ore Division is notable, which is due to the increased volumes from the recently commissioned expansion at Khumani Iron Ore Mine (Khumani), which now has a capacity of 10 million sales tons per annum, as well as the recently increased iron ore prices.

The Department of Labour inquiry into the explosion that occurred at furnace 6 at Cato Ridge Works in February 2008 has not yet been concluded, and the details of the findings are awaited.

Desmond Sacco
Chairman

SALES VOLUMES

Assmang's sales volumes for the year by commodity were as follows:

	2010 Metric tons '000	2009 Metric tons '000	% increase
Iron ore	**9 799**	7 409	32
Manganese ore*	**3 095**	2 152	44
Manganese alloys*	**238**	117	103
Chrome ore*	**272**	256	6
Charge chrome	**189**	144	31

**Excludes intragroup sales*

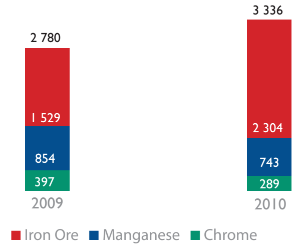
Continued strong demand for the group's commodities from the East resulted in sales volumes being more consistent throughout the year in comparison to the previous year, where the second half in that year was severely impacted by the world economic turmoil.

CAPITAL EXPENDITURE

The bulk of the group's capital expenditure occurs in Assmang, with R3,3 billion of capital being spent across its operations (2009: R2,8 billion), and R2,1 billion being spent on infrastructural items, aimed at increasing Khumani's capacity to 16 million sales tons per annum. This expansion is progressing according to schedule, and the mine is expected to achieve this level of production as from 1 July 2012. As previously announced, Assmang converted a ferrochrome furnace at Machadodorp to a ferromanganese furnace, the cost of which amounted to R46 million. A further R258 million was spent on rebuilding several ferromanganese and ferrochrome furnaces at the Cato Ridge Works and at the Machadodorp Works respectively. Apart from the expenditure in Assmang, R42 million has been spent on further developing two underground shafts at the Rustenburg Chrome Ore Mine, which is 44% held by a black economic empowerment partner for the benefit of historically disadvantaged groups in the area surrounding the mining operations. One of these shafts has recently been commissioned, and full production is expected towards the end of the 2011 calendar year.

Assmang's capital expenditure is summarised by division for the year as follows:

Assmang's capital expenditure (R'million)



MINING RIGHT CONVERSIONS

New-order mining rights are in place for the Khumani Iron Ore Mine and the chrome mine at Rustenburg. Applications were submitted during 2008 for the conversion of the remainder of the group's existing mining rights to new-order mining rights, as envisaged by the Minerals and Petroleum Resources Development Act. Assmang has since been notified that the new-order rights for Nchwaning and Gloria manganese mines have been approved.

Applications for the conversion of old-order rights for the Dwarsrivier chrome deposit and the Wonderstone pyrophyllite deposit were submitted timeously and are in the process of being approved.

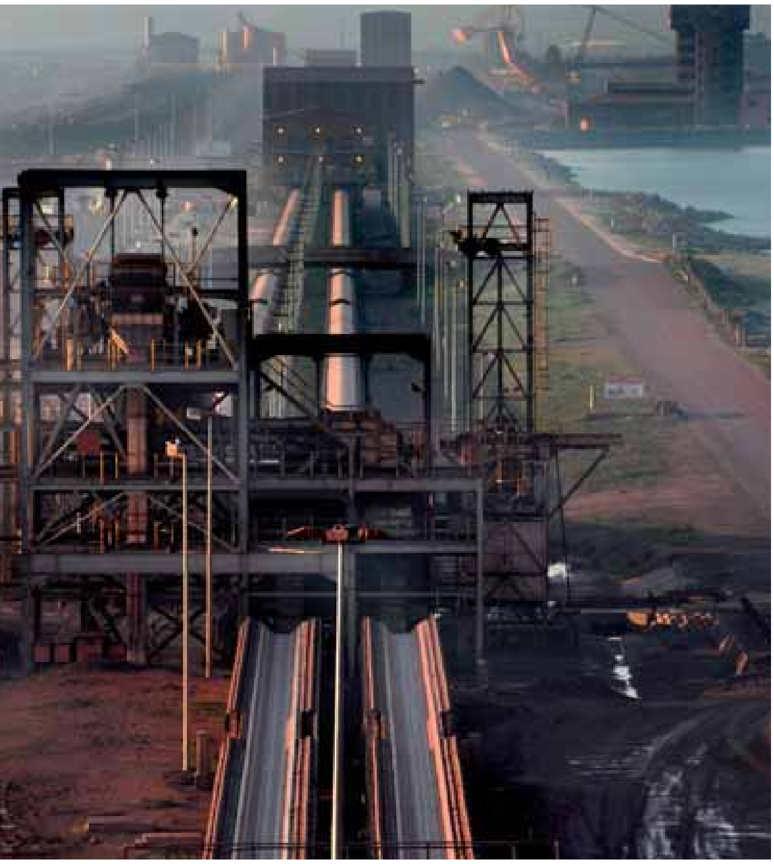
DIVIDENDS

Due mainly to the trading conditions and uncertainties during the first half of the year, the board decreased the level of the interim dividend for the year to 500 cents (2009: 1 000 cents) per share.

In line with the improved trading conditions in the second half of the year, a final dividend of 1 200 cents (2009: 1 000 cents) per share was declared, resulting in the total dividend per share for the year amounting to 1 700 cents (2009: 2 000 cents), a decrease of 15%.

OUTLOOK

Assore's results remain linked to conditions in the global economy, and specifically to those regions and countries where our products are



Top: *Iron ore vessel docked at Saldanha Bay port.*
Left: *Feed conveyors from tipplers to stockpile stackers at Saldanha Bay port.*

beneficiated or processed into various grades of steel and stainless steel. As was noted in the results announcement in August, ore and alloy prices have recently come under pressure, however, in comparison to the previous year, there appears to be a greater degree of stability in these prices, and substantial fluctuations are not expected in the near future.

The current global economic climate makes it difficult to predict increases in demand for our products, and coupled with the current strong level of the rand, any recovery to the earnings levels of 2008 and 2009 will be dependent on favourable changes in these variables.

DIRECTORS

Subsequent to the year-end, Brian Hawksworth stood down as director on 27 August 2010, due to ill health. Brian has been associated with the group for over 40 years and served on the board as an independent non-executive director for 14 years, during which time he chaired the Audit and Risk, and Remuneration committees with consistent skill and professionalism. On behalf of the board, I would like to extend our thanks and appreciation for the valuable contribution he made during the term of his appointment.

We welcome Mr Bill Urmson who agreed to join the board with effect from 1 October 2010 as an independent non-executive director, and who will also serve on the group's Audit and Risk, and Remuneration committees.

APPRECIATION

I am pleased to be able to end this report on a positive note, in that despite the significantly reduced level of earnings, the group did produce pleasing financial results in the second half of the year. I thank the management and staff for their ongoing support and commitment during the year. The roles played by our customers, agents, suppliers, shareholders and bankers have continued to contribute greatly to the group's achievements and receive our appreciation.

Desmond Sacco
Chairman
22 October 2010

View of underground storage silos at Nchwaning 3.

IRON ORE

Iron ore sales for the year reached a new record level of 9,8 million tons (2009: 7,4 million tons), due mainly to the continued demand from China and a strong recovery in the Japanese and South Korean steel industry. European and South African steel capacity utilisation has not completely recovered to the 2008 highs and these markets could remain subdued in the short term. Despite the global market uncertainty, the market fundamentals for seaborne iron ore trade remain strong and spot prices have recovered well over the past year.

The past financial year finally saw the demise of the annual "benchmark price", with a strong move towards spot pricing, although pricing mechanisms continue to evolve. Currently, Assmang's prices are negotiated quarterly. However, other producers are using different periods, spot prices and a blend of fixed and index pricing. The new pricing mechanism follows the supply-and-demand dynamics of iron ore more accurately and to some extent mitigates the high volatility experienced previously. However, steelmakers are wary of the uncertainty that this has caused in their raw material costs as many of their customers are accustomed to annual contracts, and are considering the use of other mechanisms in order to obtain pricing stability.

Post the end of the industry's fiscal year (31 March), when annual prices were still in place, prices for the first quarter, effective from 1 April 2010, increased substantially, with increases in excess of 95% for both lumpy and fine grades. Prices for the new financial year could remain at high levels, subject to Chinese steel production being maintained and the continued recovery of the developed economies. Sales volume for next year is expected to increase modestly in line with a better utilisation rate on the iron ore rail line between the mine and the Saldanha Bay port. Efficient utilisation of the rail capacity for the transportation of iron ore to the port remains the immediate challenge in the short term.

Despite the prices increasing significantly in the last financial quarter, the increased sales volumes did not compensate fully for lower average prices for the financial year, and the contribution to Assore's headline earnings by Assmang's Iron Ore Division amounted to R718 million (2009: R1 080 million). Capital expenditure for the year in the Iron Ore Division was R2,3 billion (2009: R2,2 billion) of which R2,1 billion was spent on infrastructural items for the expansion project at the Khumani Iron Ore Mine. This project will increase the mine's sales capacity from 10 million tons to approximately 16 million tons of iron ore per annum, and is expected to be completed by the scheduled date of July 2012 and within budget.

MANGANESE ORE AND ALLOYS

Manganese ore is mined by Assmang in the Black Rock area of the Northern Cape province and manganese alloys are produced at the Cato Ridge Works in KwaZulu-Natal (the Works). Cato Ridge Alloys, a joint venture between Assmang, Mizushima Ferroalloys Company Limited and Sumitomo Corporation Limited (both of Japan), produces refined ferromanganese by introducing oxygen through a lance into a converter which contains molten metal supplied by the Works, producing product with a reduced carbon content. Ore-feed for the Works is sourced from Assmang's manganese mines and the bulk of both ore and alloy production is exported. Sales tonnages of manganese ore and alloy for the year were as follows:

	Metric tons '000 2010	Metric tons '000 2009
Manganese ore*	**3 095**	2 152
Manganese alloys*	**238**	177

**Excludes intragroup sales*

Manganese alloys are used in the production of steel. Demand for both manganese ore and alloy picked up during the year. For manganese ore the main importers were China and Asia. Imports of manganese ore into China were at record levels during the year and for the 12-month period under review amounted to 12,6 million tons. Prices recovered substantially from the very low levels that were reached at the bottom of the market in 2008, peaking at US$9,00 per manganese unit. However, towards the end of the period it was apparent that there was a substantial inventory build-up in China and there was reluctance from some buyers to commit to purchases. The availability of stock will negatively affect pricing going forward and both the large major western producers, and the new producers in countries such as Malaysia and Indonesia may have to adjust production levels, particularly if Chinese steel production continues to reduce.

Manganese alloy pricing reached its lowest point just before the end of the last financial year but recovered moderately during the period under review. As was the case with manganese ores, prices softened towards the end of the financial year, due to overproduction by some of the major alloy producers and a moderate decline in steel production. A structural change has occurred in the manganese alloys market, with China ceding its place as the largest global exporter to Ukraine, with the resultant removal of a substantial volume from the market. This decrease in China's export volume comes on the back of power cost increases, reduced availability of power, changes to environmental legislation, declining domestic ore grades and a 20% Chinese export duty. In 2008, Chinese manganese alloy exports were over 1,1 million tons, but in 2009 were less than 200 000 tons. This trend has continued into 2010 and the only alloy which is being exported at similar levels to 2008 is medium carbon ferromanganese.

The lower prices for financial year 2010 together with the stronger rand, resulted in the contribution to the headline earnings of Assore from this division falling to R739 million (2009: R1 963 million). Capex spent during the year for the Manganese Division was R743 million (2009: R854 million) of which R150 million was spent on rebuilding ferromanganese furnaces, with a further R46 million spent on the conversion of a ferrochrome furnace to a ferromanganese furnace at the Machadodorp Works.

CHROME ORE AND CHARGE CHROME

Chrome ore is mined at Assmang's Dwarsrivier Mine near Lydenburg in Mpumalanga province and production is used mainly to supply Assmang's Ferrochrome Works at Machadodorp. The group also mines chrome ore near Rustenburg (Rustenburg Minerals Development Company (Proprietary) Limited) (RMDC) from established open-cast operations and a recently opened underground shaft, with a second underground shaft being commissioned by December 2011.

RMDC is 44% held by a black economic empowerment (BEE) partner (refer "Black economic empowerment" report). Production from RMDC is supplied mainly to the local market. Reprocessing of chromite tailings has commenced at Zeerust Chrome Mines Limited (Zeerust) north of Groot-Marico in the North West province, and limited open-cast operations on the chromite seams are anticipated to commence during the last calendar quarter of 2010.

The bulk of chrome ore mined worldwide is converted to ferrochrome and utilised in the production of stainless steel. Since the economic turmoil in 2008, this market has experienced a slow recovery, with production of stainless steel in 2009 approximately 4% lower than calendar 2008. The current stainless steel market is split into two geographic areas, each with very different dynamics. During the year under review, Chinese production was more than 10 million tons, making it by far the largest stainless steel producer in the world. On the other hand, both the USA and Europe, the previous core stainless markets, are still substantially below 2008 levels with little sign of any recovery, which will be dependent on economic growth, and in particular construction growth in these areas. Total world production for 2010 is expected to be 20% above that of 2009, at approximately 30,0 million tons (2009: 25,3 million tons).

Demand for ferrochrome was consequently much stronger than was anticipated a year ago and production restraint was exhibited by most South African producers. This resulted in pricing recovering strongly, with the European contract price recovered by more than 50% from its low point in 2008. However, with a cutback in stainless production in Asia towards the end of the period and little sign of improvement in the USA and Europe, there are concerns that there may be pressure on pricing going forward.

Assmang's charge chrome sales increased by 48% to 152 000 tons for the financial year (2009: 103 000 tons), while chrome ore sales increased by approximately 6% to 272 000 tons (2009: 256 000 tons).

RMDC produced and sold approximately 216 000 tons (2009: 338 000 tons) run of mine, lumpy and concentrate, and Zeerust produced and sold approximately 4 000 tons concentrate in the financial year.

WONDERSTONE

Since 1937, the group has mined a type of pyrophyllite which, for trade purposes, is referred to as Wonderstone. The deposit, which is located outside Ottosdal, approximately 300 kilometres west of Johannesburg, is of volcanic origin and displays unique corrosion, heat and abrasive resistant properties. The bulk of the material mined is beneficiated and reworked into finished components for export to the USA and the United Kingdom. The components are utilised in various hi-tech industrial applications, including the manufacture of synthetic diamonds and consumable products for the welding and electronics industries.

In addition, wear-resistant tiles are produced and are gaining acceptance in the chute-lining market of the mining industry.

In response to increasing market demand during the second half of the year, the company supplied customers with a range of high-precision components for use directly in their manufacturing processes. The sales volumes were also reduced and during the year, 745 000 (2009: 835 000) components were produced and sold.

US dollar prices for natural pyrophyllite remained unchanged during the year but failed to stimulate demand which had been depressed by the economic recession. The recession heavily impacted sales volumes during the first half of the year, however, these improved during the second half of the year. Sales volumes for the year reduced to 347 tons (2009: 444 tons).

In addition, Wonderstone is produced in powder form to customer-specific particle size distribution requirements. This specified powder can be supplied in natural or calcined form. Customers for these products benefit from the high degree of technical support with regard to both the products performance characteristics and its technical applications.

In the wear and corrosion resistance division, Ceramox, wear-resistant tiles and pre-engineered products (eg pump plungers and laboratory ware) are produced. The market for wear and corrosion-resistant products is diverse and includes coal-fired power generation, abrasive materials handling, minerals processing and iron and steel manufacturing. Turnover has increased by 30,9% in the past year to R19 million due to increased investment in South Africa's coal mining industry by Eskom to secure supply for the new power generation network being built.

Total turnover for the year reduced to R36 million (2009: R39 million) due to pricing pressure and reduced sales volumes. The strong rand also negatively impacted the company's earnings and, with increasing mining and manufacturing costs, the company's profitability shrunk, eroding previously existing levels of profitability, and accordingly reported a net loss of R4,3 million (2009: R6,8 million profit).

Capital expenditure for the year amounted to R0,5 million (2009: R13,6 million), most of which was spent on additional plant for the manufacturing operations.

XERTECH

Due to aggressive competition in the market from the Far East, it has been decided to exit the synthetic diamond market and accordingly the assets of Xertech have been written down by R16,7 million in the current year (refer page 96).

__Top:__ Load and haul activities on Bruce Mine (Khumani Iron Ore Mine).
__Left:__ Blasthole drilling activities on Bruce Mine.
__Right:__ Khumani Mine simulator training for operators.

MARKETING AND SHIPPING

Wholly owned subsidiary, Ore & Metal Company Limited, is responsible for the marketing and shipping of all the group's products, including those produced by the three divisions of Assmang. Strong relationships have been established with customers in Europe, North America, South America, India and the Far East, and products with a market value of approximately R11,9 billion (2009: R14,2 billion) were marketed and distributed in these regions during the year. The company is an established supplier to the steel and allied industries worldwide and has operated effectively in these markets for over 70 years. Commission income is based on the value of sales negotiated during the year and, due mainly to the depressed market conditions for Assmang's products in the first half of the year, trading profit after taxation decreased to R127 million (2009: R170 million) for the year under review.

MINERAIS U.S. LLC

The group holds a 51% share in Minerais U.S. LLC (Minerais) which is a limited liability company registered in the state of New Jersey in the United States of America (USA). Minerais is responsible for marketing and sales administration of the group's products in the USA, in particular manganese and chrome alloys, and trades in other commodities related to the steelmaking industry. The contribution by the company to the group's attributable profit amounted to R17 million, representing a significant turnaround from the loss of R13 million incurred in 2009, mainly due to improved trade in the second half of the financial year.

TECHNICAL AND OPERATIONAL MANAGEMENT

As technical adviser to Assmang and other group companies, African Mining and Trust Company Limited provides operational management services to the group's mines and plants. For these services it receives fee income based on turnover and commodity prices, with trading net profit after taxation for the year declining to R82 million (2009: R121 million), due to the depressed market conditions in the first half of the year.

INVESTMENTS

The group maintains a portfolio of listed shares which are selected and held in accordance with long-term investment criteria. Additions were made to the portfolio during the year at a cost of R21 million (2009: R118 million). The portfolio is valued in the financial statements at market value and the difference between cost and market value is transferred to other reserves net of any capital gains tax which would arise on eventual disposal. At year-end the market value of the portfolio was R603 million (2009: R415 million) based on a cost of R316 million (2009: R296 million). Dividends received on the portfolio for the year were R19 million (2009: R20 million).

Other income includes interest received of R189 million (2009: R367 million) generated from cash in excess of current requirements which was invested on a short-term basis in the money market. Lower interest rates and cash reserves, brought about mainly by the redemption of R500 million of preference shares, resulting in the 49% reduction of interest income referred to above.

Underground workshop at Nchwaning Mine.

MINERAL RESOURCES AND RESERVES SUMMARY

Assmang (jointly held)

Iron ore mines	Measured and Indicated Mineral Resources		Proved and Probable Mineral Reserves	
	Mt	Fe %	Mt	Fe %
BEESHOEK	113,35	63,71	47,67	64,93
KHUMANI				
Bruce	234,32	64,49	213,55	64,49
King	379,41	64,51	330,08	64,39

Manganese ore mines	Measured and Indicated Mineral Resources			Proved and Probable Mineral Reserves		
	Mt	Mn %	Fe %	Mt	Mn %	Fe %
NCHWANING						
No 1 Seam	128,63	45,3	8,7	107,96	45,3	8,7
No 2 Seam	180,80	42,4	15,5	–	–	–
GLORIA						
No 1 Seam	51,57	38,3	5,5	39,71	38,3	5,5
No 2 Seam	29,40	29,9	10,1	–	–	–

Chrome ore mines	Measured and Indicated Mineral Resources		Proved and Probable Mineral Reserves	
	Mt	Cr_2O_3 %	Mt	Cr_2O_3 %
DWARSRIVIER	50,60	39,03	39,50	35,75

Subsidiary companies

	In situ Resource (millions)				Reserve (millions)		
	Measured Mt	Indicated Mt	Inferred Mt	Total Resource	Proved Mt	Probable Mt	Total Reserve
Chrome ore mines							
Rustenburg Minerals	3,5	1,4	7,7	**12,6**	2,2	0,9	**3,1**
Zeerust	1,0	0,0	7,6	**8,5**	0,9	0,0	**0,9**
Pyrophyllite mine							
Wonderstone	4,9	0,0	104,8	**109,7**	4,7		**4,7**

SALIENT FEATURES F2010

Beeshoek Exploration around Beeshoek North (BN) pit increased the Reserves and Resources for BN by 18%. Feasibility study on Village pit is in progress.

Khumani Investigations into the modelling of the orebody limits according to the geological units are in progress.

Nchwaning Development into the Graben area continues and valuable information on the geological structure is being gained.

Gloria Drilling in progress to increase geological knowledge to the west. Altogether 42 boreholes have been completed and are awaiting assays and remodelling.

COMPETENT PERSON'S REPORT ON MINERAL RESERVES AND MINERAL RESOURCES OF ASSMANG AT 30 JUNE 2010

General statement

Assmang's method of reporting Mineral Resources and Mineral Reserves conforms to the South African Code for Reporting Mineral Resources and Mineral Reserves (SAMREC Code) and the Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code (JORC Code).

The convention adopted in this report is that Mineral Resources are reported inclusive of that portion of the total Mineral Resource converted to a Mineral Reserve. Resources and Reserves are quoted as at 30 June 2010. External consulting firms audit the Resources and Reserves of the Assmang operations on a three- to four-year cycle basis.

Underground Mineral Resources are *in situ* tonnages at the postulated mining width, after deductions for geological losses. Underground Mineral Reserves reflect milled tonnages while surface Mineral Reserves (dumps) are *in situ* tonnages without dilution. Both are quoted at the grade fed to the plant. Open-pit Mineral Resources are quoted as *in situ* tonnages and Mineral Reserves are tonnages falling within an economic pit-shell.

The evaluation method is generally Ordinary Kriging with mining block sizes ranging from 10 x 10 metres to 100 x 100 metres to 250 x 250 metres in the plan view. The blocks vary in thickness from 2,5 to 10 metres. The evaluation process is fully computerised, generally utilising the Datamine software package.

The Mineral Resources and Mineral Reserves are reported on a total basis regardless of the attributable beneficial interest that Assmang has on the individual projects or mines. When the attributable beneficial interests on a mine or project is less than 100%, the actual percentage of the attributable interest is specified.

Maps, plans and reports supporting Resources and Reserves are available for inspection at Assmang's registered office and at the relevant mines.

In order to satisfy the requirements of the Minerals and Petroleum Resources Development Act, Assmang's operations will have to obtain new mining rights for all properties required to support the planned operations over the next 30 years. The act was effective from 1 May 2004 and the new rights must be obtained within five years from then. The operations are at various stages of application.

Rounding of figures may result in computational discrepancies on the Mineral Resource and Reserve tabulations.

Definitions

The definitions of Mineral Resources and Reserves, quoted from the SAMREC Code, are as follows:

A **"Mineral Resource"** is a concentration or occurrence of material of economic interest in or on the earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a Mineral Resource are known, or estimated from specific geological evidence, sampling and knowledge interpreted from an appropriately constrained and portrayed geological model. Mineral Resources are subdivided, and must be so reported, in order of increasing confidence in respect of geoscientific evidence, into Inferred, Indicated or Measured categories.

An **"Inferred Mineral Resource"** is that part of a Mineral Resource for which volume or tonnage, grade and mineral content can be estimated with only a low level of confidence. It is inferred from geological evidence and sampling and assumed but not verified geologically or through analysis of grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited in scope or of uncertain quality and reliability.

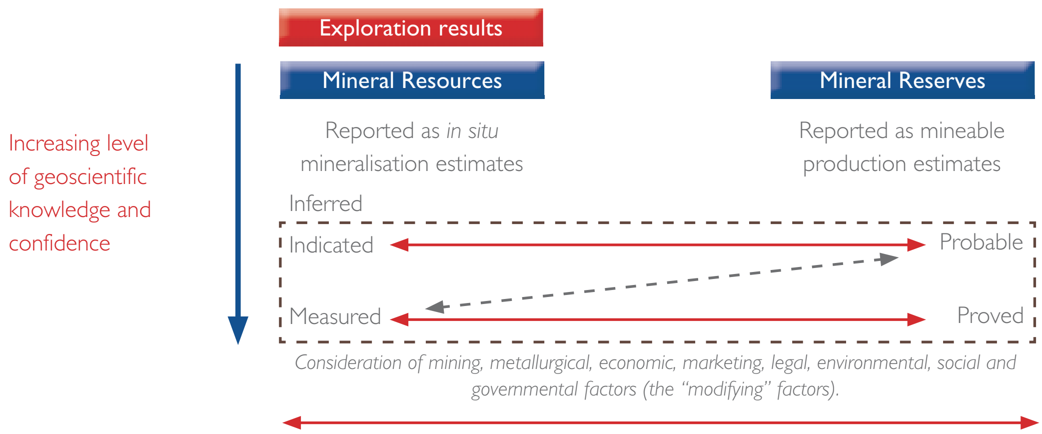
An **"Indicated Mineral Resource"** is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on information from exploration, sampling and testing of material gathered from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological or grade continuity but are spaced closely enough for continuity to be assumed.

A **"Measured Mineral Resource"** is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable information from exploration, sampling and testing of material from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

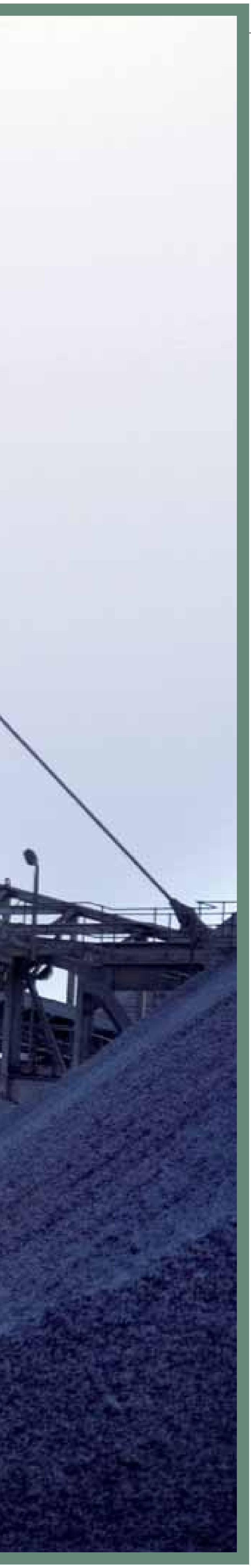
A **"Mineral Reserve"** is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-feasibility Study for a project and a Life of Mine Plan for an operation must have been completed, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors (the modifying factors). Such modifying factors must be disclosed.

A **"Probable Mineral Reserve"** is the economically mineable material derived from a Measured or Indicated Mineral Resource or both. It is estimated with a lower level of confidence than a Proved Mineral Reserve. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-feasibility Study for a project or a Life of Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.

A **"Proved Mineral Reserve"** is the economically mineable material derived from a Measured Mineral Resource. It is estimated with a high level of confidence. It includes diluting and contaminating materials and allows for losses that are expected to occur when the material is mined. Appropriate assessments to a minimum of a Pre-feasibility Study for a project or a Life of Mine Plan for an operation must have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Such modifying factors must be disclosed.



Iron ore product reclaimer at Khumani Iron Ore Mine.



IRON ORE MINES

Locality – The Iron Ore Division is made up of the Beeshoek Mine located on the farms Beeshoek (448) and Olynfontein (475) and the Khumani Mine situated on the farms Bruce (544), King (561), and Mokaning (560). All properties are in the Northern Cape approximately 200 kilometres west of Kimberley. The Beeshoek open-pit operations are situated 7 kilometres west of Postmasburg and the new Khumani open pits are adjacent to, and south-east of, the Sishen Mine, which is operated by Kumba Resources. Located at latitude 28°30'00"S/longitude 23°01'00"E, and latitude 27°45'00"S/longitude 23°00'00"E respectively. Khumani Mine supplies iron ore to the export markets. Exports are railed to the iron ore terminal at Saldanha Bay. Beeshoek Mine ore is supplied to local customers.

History – Mining of iron ore (mainly specularite) was undertaken as early as 40 000 BC on the farm Doornfontein which is due north of Beeshoek. The potential of iron ore in this region was discovered in 1909, but, due to lack of demand and limited infrastructure, this commodity was given little attention. In 1929, the railway line was extended from Koopmansfontein (near Kimberley) to service a manganese mine at Beeshoek. In 1935, The Associated Manganese Mines of South Africa Limited (Assmang) was formed, and in 1964 the Beeshoek Iron Ore Mine was established, with a basic hand-sorting operation. In 1975, a full washing and screening plant was installed and production increased to 7 million tons per annum. The Khumani Iron Ore Mine was commissioned in 2007 and is ramping up to approximately 10 million tons per annum, with expansion plans to 16 million tons per annum being investigated.

Mining authorisation – The Beeshoek mining lease (ML3/93) comprises an area of 5 686 hectares and is located on the farms Beeshoek (448) and Olynfontein (475). An application for the conversion to a new-order mining right was submitted during the 2009 financial year.

The Khumani mining right comprises an area of 7 388 hectares and is located on the farms Bruce (544), King (561) and Mokaning (560). The mining right was granted during the 2007 financial year.

Geology – The iron ore deposits are contained within a sequence of early Proterozoic sediments of the Transvaal Supergroup deposited between 2 500 and 2 200 million years ago. In general, two ore types are present, namely laminated hematite ore forming part of the Manganore Iron Formation and conglomerate ore belonging to the Doornfontein Conglomerate Member at the base of the Gamagara Formation.

The older laminated ore types occur in the upper portion of the Manganore Iron Formation as enriched high-grade hematite bodies. The boundaries of high-grade hematite orebodies crosscut primary sedimentary bedding, indicating that secondary hematitisation of the iron formation took place. In all of these, some of the stratigraphic and sedimentological features of the original iron formation are preserved.

The conglomeratic ore is found in the Doornfontein Conglomerate Member of the Gamagara Formation and is lenticular and not persistently developed along strike. It consists of stacked, upward fining conglomerate-gritstone-shale sedimentary cycles. The lowest conglomerates and gritstones tend to be rich in subrounded to rounded hematite ore pebbles and granules and form the main orebodies. The amount of iron ore pebbles decreases upwards in the sequence so that upper conglomerates normally consist of poorly sorted, angular to rounded chert and banded iron formation pebbles.

The erosion of the northern Khumani deposit is less than that in the southern Beeshoek area. The result is that Khumani is characterised by larger stratiform bodies and prominent hangingwall outcrops. The down-dip portions are well preserved and developed, but in outcrop the deposits are thin and isolated. Numerous deeper extensions occur into the basins due to karst development. A prominent north-south strike of the ore is visible. The southern Beeshoek orebodies were exposed to more erosion and are more localised and smaller. Outcrops are limited to the higher topography on the eastern side of the properties. Down-dip to the west, the ore is thin and deep. The strike of the orebodies is also in a north-south direction, but less continuous.

Haematite is the predominant ore mineral, but limonite and specularite also occur.

Mining operations are all open pit, based on the conventional drill-and-blast, truck-and-shovel operations. Run-of-mine ore is crushed and stored as high or normal grade on blending stockpiles. Ore from the stockpiles is either sent to the wash-and-screen plant or, if off grade, to the beneficiation plants. The wash-and-screen plants consist primarily of tertiary crushing; washing; screening; conveying and stacking equipment. The beneficiation plants consist of tertiary crushers; scrubbers; coarse and fine jigs; lumpy, fines and scaw product stockpiles; and a rapid load-out facility. No chemical is being used in any of the treatment plants.

Mineral Resources and Reserves – In the iron ore operations, the following table shows how the search ellipse (ie the ellipsoid used by the Kriging process to determine if a sample is used in the estimation of a block) is used to classify the Minerals Resources:

	Minimum number of samples	Maximum number of samples	Search ellipse settings XYZ (m)
Measured	6	30	100 × 100 × 10
Indicated	5	30	200 × 200 × 20
Inferred	4	30	400

Only Measured and Indicated Resources are converted to Proved and Probable Reserves respectively. Modifying factors were applied to these Resources and financially optimised. The financial outline is used to define the optimal pit by means of the Lersch-Grossman algorithm. The Resources within this mining constraint are defined as Reserves. These are categorised into different product types, destined for the different plant processes and scheduled for planning.

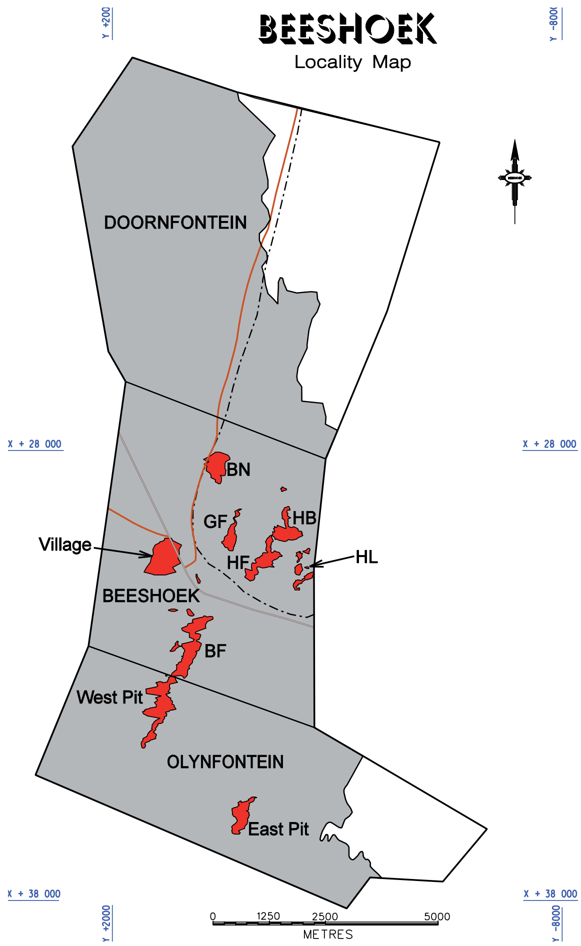
The methodology followed to identify targets is initiated with geological mapping, followed by geophysics (ground magnetics and gravity). Percussion drilling is used to pilot holes through overlying waste rock down to the iron ore bodies. Diamond drilling is the next phase, which is usually on a 200 × 200-metre grid. Further infill drilling is carried out at spacing ranging from 100 × 100 metres to 25 × 25 metres, depending on the complexity of the geological structures. Numerous exploration programmes have been completed in the last 40 years. A total of 2 832 holes (1 315 holes on Khumani and 1 517 holes on Beeshoek) have been drilled. Core samples are logged and split by means of a diamond saw and the half-core is sampled every 0,5 metres. Before submission for assaying, the half-cores are crushed, split and pulverised. Samples with values larger than 60% are included in the definition of the orebodies. Any lower-grade samples inside the orebody are defined as internal waste and modelled separately. Each zone is modelled per section, and then wireframed to get a three-dimensional (3D) model.

Ordinary Kriging interpolation within Datamine is used to estimate the grade of each 10 × 10 × 10-metre block generated within the geological model. Density in the resource model is calculated using a fourth-degree polynomial fit applied to the estimated Fe grade. Densities range from 4,38 t/m^3 (60% Fe) to 5,01 tm^3 (68% Fe). A default density of 3,2 t/m^3 is used for waste.

At the iron ore mines all blast holes are sampled per metre, but composited per hole. All holes are analysed for density and blast holes in ore are sampled and analysed for Fe, potassium oxide (K_2O), sodium oxide (Na_2O), silica (SiO_2), aluminium oxide (Al_2O_3), phosphorus (P), sulphur (S), CaO, MgO, Mn and barium oxide (BaO). Every fifth blast hole is geologically logged per metre, which is used to update the geological model. The chemical results of these holes are used to update the ore block model. The major analytical technique for elemental analyses is XRF spectroscopy. Volumetric titration is used as verification method for the determination of total iron in the ore. International standards (eg SARM11) and in-house iron standards are used for calibration of the XRF spectrometer.

The Khumani laboratory participates in a round robin group that includes 11 laboratories for verification of assay results.

Beeshoek year-on-year change – The 2010 Mineral Resources (Measured and Indicated) at Beeshoek Mine increased from 109,68 to 113,35 million tons, due to exploration around BN pit which increased BN resources by 18%. The Mineral Reserves at Beeshoek also increased from 45,24 million tons to 47,67 million tons. There was little or no change to the other Beeshoek pits due to minimal mining. A feasibility study for Village pit is still in progress. The Khumani Mine took over the Beeshoek export production.



Beeshoek Iron Ore Mine: Resources and Reserves

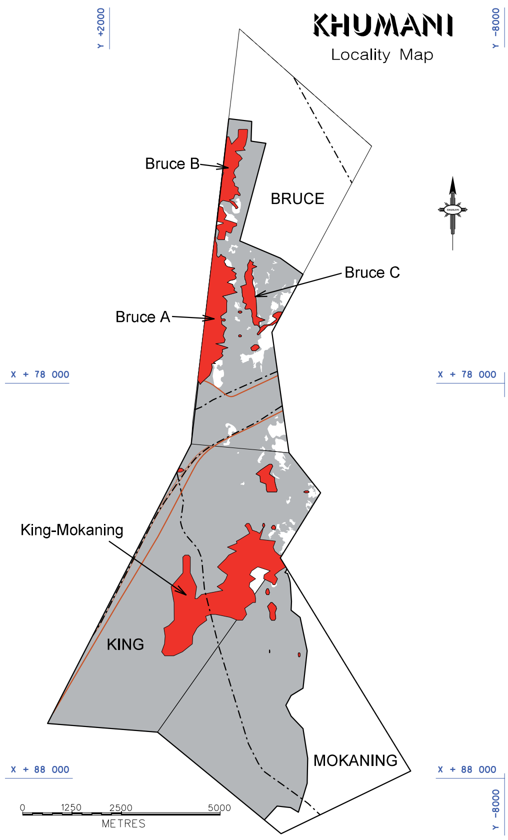
	Measured Resources		Indicated Resources		Inferred Resources		Total Resources Measured and Indicated		Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %
Pit/Area														
BN	23,54	63,50	0,03	63,13	–	–	23,57	63,50	15,52	63,95	–	–	15,52	63,95
HF/HB	16,64	64,30	0,30	63,85	–	–	16,94	64,29	2,55	65,24	0,03	66,45	2,58	65,25
BF	6,95	63,29	0,22	63,58	–	–	7,17	63,30	1,93	63,81	–	–	1,93	63,81
East Pit	9,14	64,61	0,03	64,19	–	–	9,17	64,61	1,89	65,66	–	–	1,89	65,66
Village	40,80	63,56	0,09	64,64	–	–	40,89	63,56	24,23	65,53	–	–	24,23	65,53
GF	3,13	63,81	0,09	61,80	–	–	3,22	63,75	–	–	–	–	–	–
HH Ext	0,28	62,63	–	–	–	–	0,28	62,63	–	–	–	–	–	–
HL	3,05	65,17	–	–	–	–	3,05	65,17	0,93	65,70	–	–	0,93	65,70
West Pit	9,06	62,74	–	–	0,05	61,87	9,06	62,74	0,59	64,45	–	–	0,59	64,45
Detrital	–	–	–	–	2,50	60,00	–	–	–	–	–	–	–	–
Total 2010	**112,59**	**63,71**	**0,76**	**63,61**	**2,55**	**60,04**	**113,35**	**63,71**	**47,64**	**64,93**	**0,03**	**66,45**	**47,67**	**64,93**
Total 2009	108,94	63,71	0,74	63,61	3,75	60,00	109,68	63,71	45,21	64,95	0,03	66,45	45,24	64,95

Mineral Resources are inclusive of Mineral Reserves
Totals are rounded off
Modifying factors: economic pit design; fines generated; classified to customer specifications

Khumani year-on-year change – At the Khumani Mine the 2010 Mineral Resources (Measured and Indicated) decreased to 613,73 from 632,9 million tons in 2009. Total Reserves decreased from 565,7 to 543,63 million tons. A feasibility study to increase production from 10 Mt to 16 Mt per annum at Khumani is in progress.

Historical production at Beeshoek and Khumani mines (saleable product)

Year	Beeshoek Mt	Khumani Mt
2005/2006	6,20	–
2006/2007	6,70	–
2007/2008	5,30	2,00
2008/2009	2,66	6,65
2009/2010	0,52	8,77

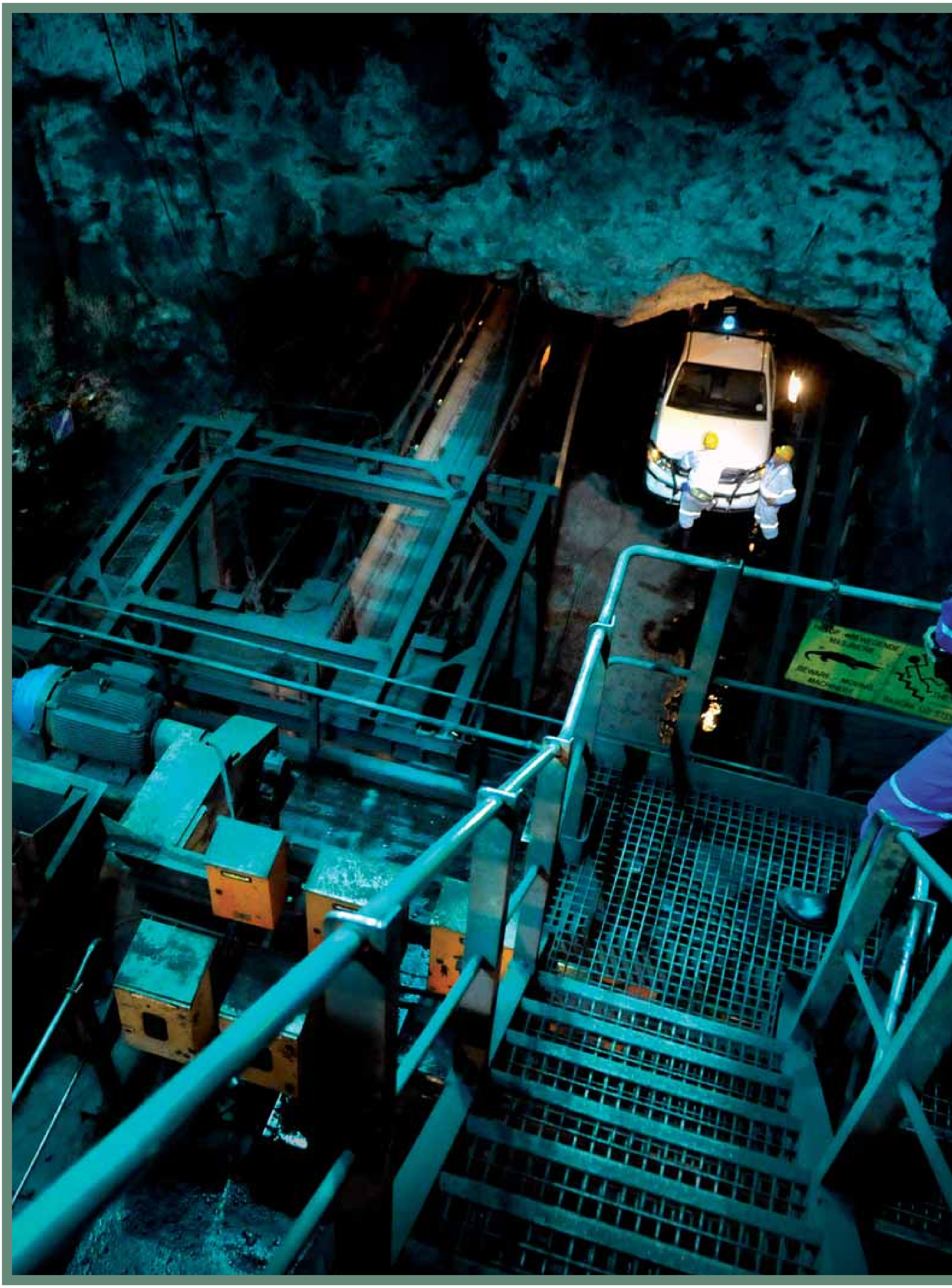


Khumani Iron Ore Mine: Resources and Reserves

	Measured Resources		Indicated Resources		Inferred Resources		Total Resources Measured and Indicated		Proved Reserves		Probable Reserves		Total Reserves	
	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %
Bruce A	110,60	64,39	0,05	62,43	0,33	63,70	110,65	64,39	100,60	64,43	0,08	62,12	100,68	64,43
Bruce B	93,88	64,43	9,18	64,56	3,81	64,13	103,06	64,44	88,01	64,41	4,20	63,92	92,21	64,39
Bruce C	17,10	65,13	3,51	65,84	1,04	64,29	20,61	65,25	17,02	65,14	3,64	65,91	20,66	65,28
King-Mokaning	255,60	64,53	123,81	64,48	17,67	64,00	379,41	64,51	258,14	64,43	71,94	64,26	330,08	64,39
Detrital	–	–	–	–	4,00	60,00	–	–	–	–	–	–	–	–
Total 2010	**477,18**	**64,50**	**136,55**	**64,52**	**26,85**	**63,43**	**613,73**	**64,50**	**463,77**	**64,45**	**79,86**	**64,32**	**543,63**	**64,43**
Total 2009	325,40	64,70	307,60	64,42	40,80	62,97	632,90	64,56	481,40	64,51	84,40	64,26	565,70	64,49

Mineral Resources are inclusive of Mineral Reserves
Totals are rounded off
Modifying factors: economic pit design; fines generated; classified to customer specifications

Top: *Primary thickener construction as part of the expansion project at Khumani Iron Ore Mine.*
Middle: *Haul trucks returning from Bruce crusher at Khumani Iron Ore Mine.*
Bottom: *Run-of-mine feed conveyors at the main Khumani beneficiation plant.*



View from top of underground primary crusher at Nchwaning 3.

MANGANESE ORE MINES

Locality – The manganese mines are situated in the Northern Cape province in South Africa, approximately 80 kilometres north-west of the town of Kuruman. Located at latitude 27°07'50"S and longitude 22°50'50"E, the site is accessed via the national N14 route between Johannesburg and Kuruman, and the provincial R31 road.

History – In 1940, Assmang acquired a manganese ore outcrop on a small hillock known as Black Rock. Several large properties underlain by ore were subsequently found and acquired. Today the Black Rock area is considered to be the largest and richest manganese deposit in the world. Manganese ore operations were extended and today include the Gloria and Nchwaning underground mines. Manganese ore is supplied locally to Assmang-owned smelters, but is mainly exported through Port Elizabeth to Japanese and German customers.

Mining authorisation – The Nchwaning mining lease (ML10/76) comprises an area of 1 986 hectares and is located on the farms Nchwaning (267), Santoy (230) and Belgravia (264).

The Gloria mining lease (ML11/83) comprises an area of 1 713 hectares and is located on portion 1 of the farm Gloria (266).

Shortly after the financial year-end, Assmang was informed that the application of the above mining right had been granted and steps are being taken to proceed with the execution and registration of the right.

Geology – The manganese ores of the Kalahari manganese field are contained within sediments of the Hotazel Formation of the Griqualand West Sequence, a subdivision of the Proterozoic Transvaal Supergroup. At Black Rock, Belgravia and Nchwaning, the Hotazel, Mapedi and Lucknow Formations have been duplicated by thrusting. The average thickness of the Hotazel Formation is approximately 40 metres.

The manganese orebodies exhibit a complex mineralogy and more than 200 mineral species have been identified to date. The hydrothermal upgrading has resulted in a zoning of the orebody with regard to fault positions. Distal areas exhibit more original and low-grade kutnohorite and braunite assemblages, while areas immediately adjacent to faults exhibit a very high-grade hausmannite ore. The intermediate areas exhibit a very complex mineralogy, which includes bixbyite, braunite and jacobsite amongst a host of other manganese-bearing minerals. A similar type of zoning also exists in the vertical sense. At the top and bottom contacts it is common to have high iron (Fe) and low manganese (Mn) contents, while the reverse is true towards the centre of the seam. This vertical zoning has given rise to a mining practice where only the centre 3,5-metre-high portion of the seam is being mined. At the Gloria Mine the intensity of faulting is much less, which also explains the lower grade.

Two manganese seams are present. The No 1 Seam is up to 6 metres in thickness, of which 3,5 metres are mined, using a manganese marker zone for control. There is, therefore, minimum dilution. No mining is presently being undertaken on No 2 Seam at Nchwaning or Gloria.

Nchwaning Mineral Resources and Reserves – Measured Resources at Nchwaning are based on the two-thirds of the semivariogram sill range. Areas where the borehole spacing is greater than this distance and up to the sill range are classified as Indicated. There are no Inferred Resources at Nchwaning. Measured/Indicated Resources were converted to Proved/Probable Reserves by an LOM scheduling exercise. Geological losses are built into the grade models. Measured Resources at Gloria are classified as material available up to 100 metres in front of the mining faces. Material situated further than 100 metres from the face and up to a boundary string around the densely drilled area on Gloria is classified as Indicated Resources. The rest of the property with limited drill information is classified as Inferred. At Gloria a 23% pillar loss is accounted for in moving Measured/Indicated Resources into Proved/Probable Reserves.

The Nchwaning Mine was diamond drilled from surface at 330-metre centres and the data is now captured in a Geological Database Management System (GDMS) developed by Datamine SA for the manganese mines. The core was logged and

0,5-metre-long, half-core, diamond-saw cut samples were submitted to Assmang's laboratory at Black Rock for X-ray fluorescence (XRF) analyses. Mn and Fe values were checked by Wet Chemical analyses. Several standards were used to calibrate XRF equipment, and results are compared with other laboratories on a regular basis.

At Nchwaning a total of 316 boreholes as well as a total of 27 801 face samples were considered in the grade estimation for Nchwaning No 1 Orebody. The available data for an area was optimised over a thickness of 3,5 metres and exported into data files for computerised statistical and geostatistical manipulation to determine the average grades of Mn, Fe, silica (SiO_2), calcium (CaO) and magnesium (MgO).

Ordinary Kriging interpolation within Datamine was used to estimate the grade of each 50 x 50 x 3,5-metre block generated within the geological model.

Subcell splitting of the 50 x 50-metre blocks was allowed to follow the geological boundaries accurately. The relative density of Nchwaning manganese ore was taken as 4,3 t/m^3.

Trackless mechanised equipment is used in the board-and-pillar mining method. Mining in the eastern extremity of Nchwaning occurs at a depth of 200 metres, while the deepest (current) excavations can be found at a depth of 519 metres below surface. Gloria Mine is extracting manganese at depths that vary between 180 and 250 metres below surface.

Ore from Nchwaning No 2 Mine is crushed underground before being hoisted to a surface stockpile via a vertical shaft. Similarly, ore from the Nchwaning No 3 Mine is crushed underground before being conveyed to a surface stockpile via a declined conveyor system. Ore is withdrawn from the surface stockpile and forwarded to two stages of crushing, dry screening and wet screening to yield lumpy and fine products.

At the Gloria Mine, ore is crushed underground before being conveyed to a surface stockpile via a decline shaft. At both plants the finer fractions are stockpiled while the coarser fractions are extracted from the respective product boxes into road haulers, sampled, weighed and stored on stacks ahead of despatch. Samples from each stack are analysed for chemical content and size distribution. This ensures good quality control and enables the ore control department to blend various stacks according to customer demand.

Nchwaning year-on-year change – The 2010 Mineral Reserves for the Nchwaning No 1 Orebody changed from 109,4 million tons in 2009 to 107,96 million tons. The Mineral Resources at Nchwaning No 1 orebody decreased by 1,97 million tons to 128,63 million tons. The decrease in Resources/Reserves is mainly due to depletion by production. The Mineral Resources at Nchwaning No 2 Orebody remained the same at 180,8 million tons. There is still no market for this ore type.

Nchwaning Mine: 1 Body Manganese Resources/Reserves

Mineral Resources	Mt	Mn %	Fe %	Mineral Reserves	Mt	Mn %	Fe %
Measured	39,63	46,6	9,2	Proved	34,08	46,6	9,2
Indicated	89,01	44,7	8,4	Probable	73,88	44,7	8,4
Total Resources 1 body 2010	**128,63**	**45,3**	**8,7**	**Total Reserves 1 body 2010**	**107,96**	**45,3**	**8,7**
Total Resources 1 Body 2009	130,60	45,1	9,04	Total Reserves 1 body 2009	109,40	45,1	9,04

Mineral Resources are inclusive of Mineral Reserves

Totals are rounded off

Modifying factors: Proved Reserves = Measured Resources less 14% pillar loss

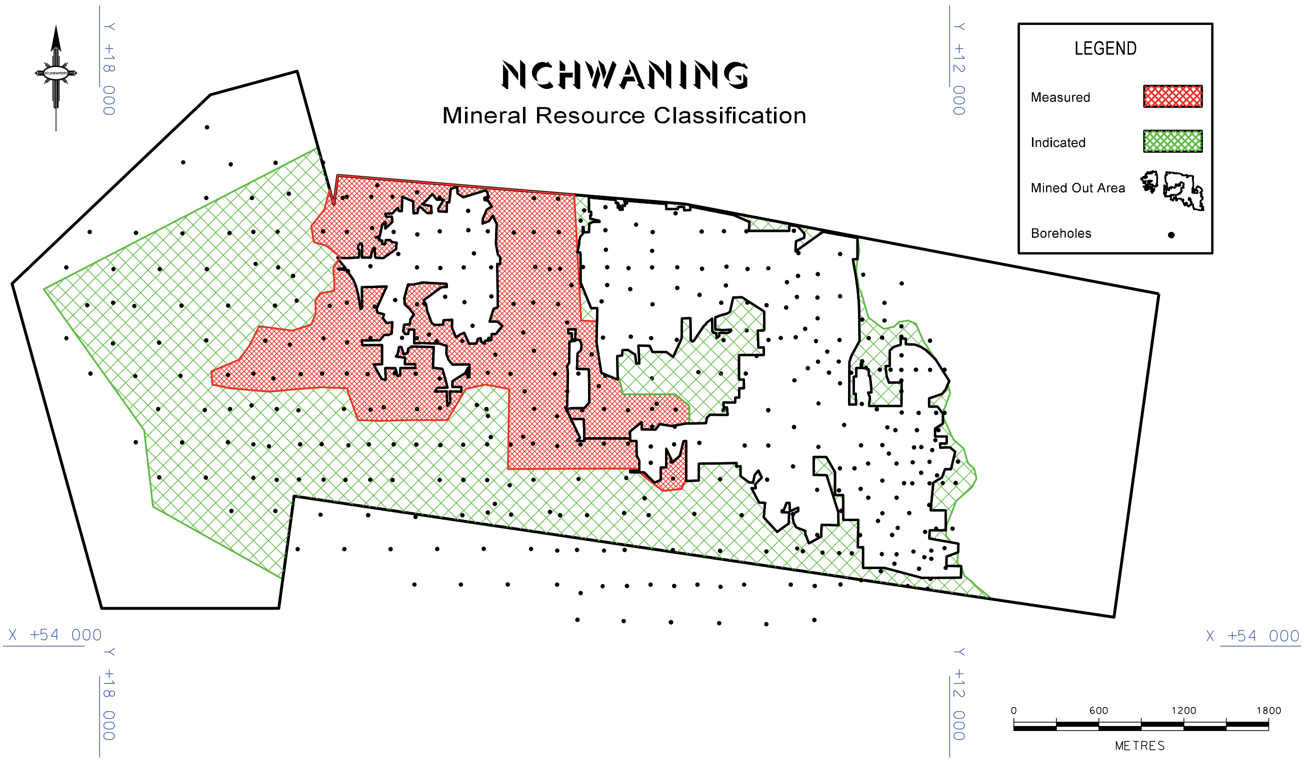
Probable Reserves = Indicated Resources less 17% pillar loss

Nchwaning Mine: 2 Body Manganese Resources

Mineral Resources	Mt	Mn %	Fe %
Measured	53,37	42,0	16,3
Indicated	127,43	42,6	15,2
Total Resources 2 Body 2010	**180,80**	**42,4**	**15,5**
Total Resources 2 Body 2009	180,80	42,4	15,5

Totals are rounded off

Plant conveyor walkway at Nchwaning.



Gloria Mineral Resources and Reserves – Procedures for drilling and assaying at Gloria Mine are the same as at Nchwaning. A total of 107 boreholes and 6 480 face samples were considered in the evaluation of the Gloria No 1 Body Mine. The wide-spaced borehole interval puts some limitation on the evaluation in areas away from current mining faces. The underground sampling values were used in evaluating areas close to current mining. The boreholes were optimised over a stoping width of 3,5 metres and the relative density was taken as 3,8 t/m^3. The seams were evaluated by means of statistical and geostatistical methods to determine the average grades of Mn, Fe, SiO_2, CaO and MgO. Ordinary Kriging interpolation within Datamine was used to estimate the grade of each 50 x 50 x 3,5-metre block generated within the geological model. Subcell splitting of the 50 x 50-metre blocks was allowed to follow the geological boundaries.

Gloria year-on-year change – The 2010 Proved Reserves at Gloria No 1 Body increased to 10,73 from 9,1 million tons due to re-evaluation and movement of Reserves from the Probable to the Proved category. The Probable Reserves decreased from 31,9 million tons to 28,98 million tons. The Mineral Resources at Gloria No 2 Body stayed the same. No South African markets exist for Gloria No 2 Body ore at this point in time.

Gloria Mine: 2 Body Manganese Resources

Mineral Resources	Mt	Mn %	Fe %
Measured	–	–	–
Indicated	29,4	29,9	10,1
Total Resources 2 Body 2010	**29,4**	**29,9**	**10,1**
Total Resources 2 Body 2009	29,4	29,9	10,1
Inferred 2010	128,24	–	–
Inferred 2009	132,3	–	–

Totals are rounded off

Gloria Mine: 1 Body Manganese Resources/Reserves

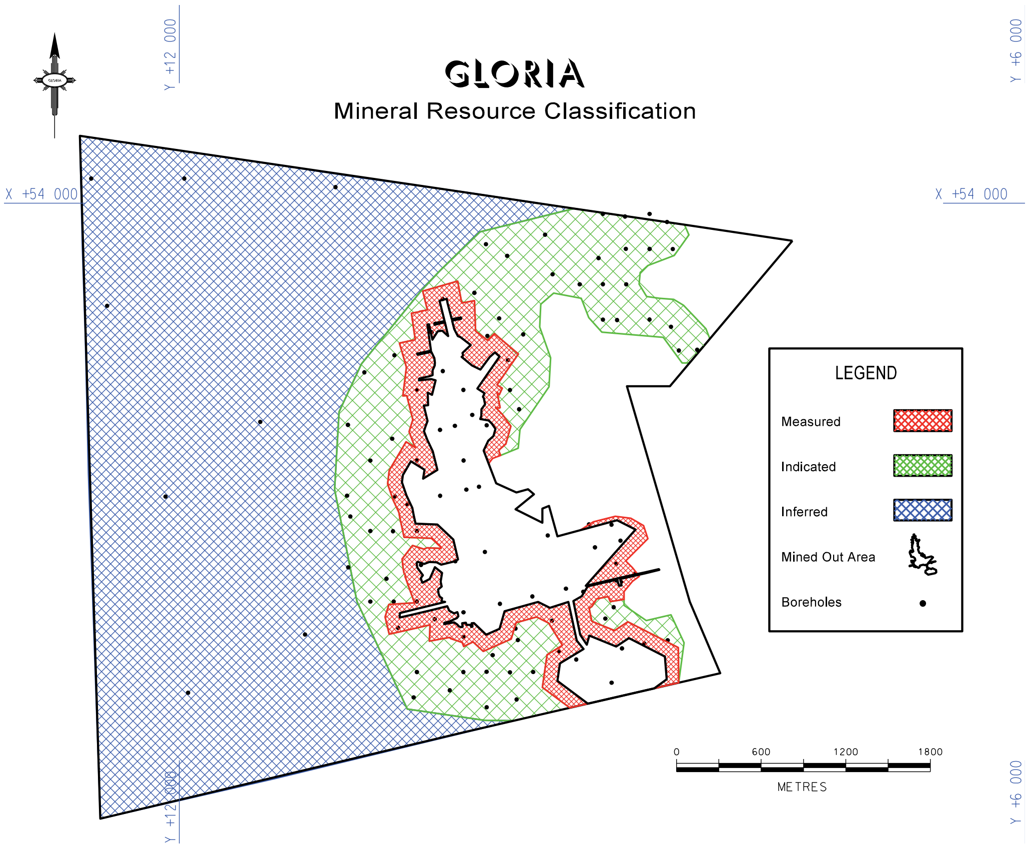
Mineral Resources	Mt	Mn %	Fe %	Mineral Reserves	Mt	Mn %	Fe %
Measured	13,94	38,1	5,0	Proved	10,73	38,1	5,0
Indicated	37,63	38,3	5,7	Probable	28,98	38,3	5,7
Total Resources 1 Body 2010	**51,57**	**38,3**	**5,5**	**Total Reserves 1 Body 2010**	**39,71**	**38,3**	**5,5**
Total Resources 1 Body 2009	53,30	38,2	5,5	Total Reserves 1 Body 2009	41,00	38,2	5,5
Inferred 2010	128,24	–	–		–	–	–
Inferred 2009	128,30	–	–		–	–	–

Mineral Resources are inclusive of Mineral Reserves
Totals are rounded off
Modifying factors: Proved Reserves = Measured Resources less 23% pillar loss
Probable Reserves = Indicated Resources less 23% pillar loss

Historical manganese production at Nchwaning and Gloria mines (saleable product)

Year	Nchwaning Mt	Gloria Mt
2005/2006	2,83	0,13
2006/2007	2,49	0,43
2007/2008	2,71	0,41
2008/2009	2,63	0,51
2009/2010	1,30	0,67

Underground blasthole drilling activities at Nchwaning 3.



Underground drilling training at Groenfontein (RMDC).

CHROME ORE MINE

Locality – Chromite operations at Dwarsrivier Mine form part of the Chrome Division of Assmang Limited. The mine is situated on the farm Dwarsrivier 372KT, approximately 30 kilometres from Steelpoort and 60 kilometres from Lydenburg, in Mpumalanga province in South Africa. Located at longitude 30°05'00"E/latitude 24°59'00"S, Assmang purchased the farm from Gold Fields Limited, together with all surface and mineral rights in October 1998.

History – Neighbouring properties to the north and south of Dwarsrivier had existing chrome mining operations at the time of purchase. The Feasibility Study of the plant, tailings dam and designs for the open-cast and underground mines then commenced. After the completion of the Feasibility Study, approval to proceed with the final design and construction work was given in July 1999.

Chromite was obtained from the open-cast mining areas at a rate of approximately 0,9 million tons a year and these areas were mined out within five years. Underground mining commenced in 2005 at a rate of 1,2 million ROM tons a year. Dwarsrivier Mine is specifically geared to deliver high-quality metallurgical-grade chromite to the Machadodorp smelter. In addition, the plant has been designed to produce chemical-grade products.

Mining authorisation – An old-order Mining Licence 21/99 was granted in October 1999. It was granted for the mining of chrome and platinum group metals. An application for the conversion to a new-order mining right was submitted during October 2007.

Geology – Dwarsrivier Mine is situated in the eastern limb of the Bushveld Complex, which comprises persistent layers of mafic and ultramafic rocks, containing the world's largest known resources of platinum group metals, chromium and vanadium. The mafic rocks, termed the Rustenburg Layered Suite, are approximately 8 kilometres thick in the eastern lobe, and are divided formally into five zones.

The rocks of the Marginal Zone at the base of the succession consist mainly of pyroxenites with some dunites and harzburgites. Above the Marginal Zone, the Lower Zone comprises mainly pyroxenites, harzburgites and dunite, and is present only in the northern part of the Eastern Lobe, and only as far south as Steelpoort. The appearance of chromitite layers marks the start of the Critical Zone, economically the most important zone. The layers are grouped into three sets termed the Lower, Middle and Upper groups. The sixth chromitite seam in the Lower Group (LG6), is an important source of chromite ore and is the orebody being mined at Dwarsrivier Mine. In the Eastern Lobe, in the vicinity of Dwarsrivier, the strike is nearly north-south, with a dip of approximately 10 degrees towards the west. Average thickness of the LG6 seam is about 1,86 metres in the Dwarsrivier area. Pipe-like dunite intrusions are evident in the area, as well as dolerite dykes that on average strike north-east-south-west. No significant grade variation is evident, especially not vertically in the ore seam. Small, insignificant regional variations do, however, exist.

Mineral Resources and Reserves – Information was obtained from boreholes with 300 to 150-metre grid spacing. Resources were determined with a decreasing level of confidence.

- Measured Resource (150 metres drill grid spacing).
- Indicated Resource (300 metres drill grid spacing).
- Inferred Resource (drill grid spacing greater than 300 metres).

All possible Resources down to a mineable depth of 350 metres below ground level have been considered.

Vertical diamond drill holes are used for geological and grade modelling, except where information is needed to clarify large-scale fault planes. The Mineral Resource at Dwarsrivier Mine is based on a total of 232 diamond drill holes that have been used for grade estimation and orebody modelling purposes. The drill core is NQ size and is geologically and geotechnically logged. The collar position of the drill holes is surveyed, but no down-hole surveys are done, and the holes are assumed to have minimal deflection.

The chromitite seam is bounded above and below by pyroxenites. As such, the ore horizon is clearly defined. The core is sampled from the top contact downwards at 0,5-metre intervals. The core is split and half is retained as reference material in the core sheds. The other half is crushed and split into representative samples, which are crushed and pulverised for chemical analysis. The samples are analysed fusion/ICP-OES for chrome oxide (Cr_2O_3), SiO_2, FeO, Al_2O_3, MgO and CaO. Three laboratories, all ISO 17025 accredited for this method, are used. Every tenth sample is analysed in duplicate. SARM 8 and SARM 9 standards, as well as in-house reference material (CRI), are included every 20 to 30 samples in each batch. The density for each sample is measured using a gas pycnometer.

Mineral Resources have been estimated using Ordinary Kriging, where Cr_2O_3, FeO-, Al_2O_3, MnO and MgO-contents of the LG6 seam and densities were determined, using block sizes of 50 x 50 x 4 metres.

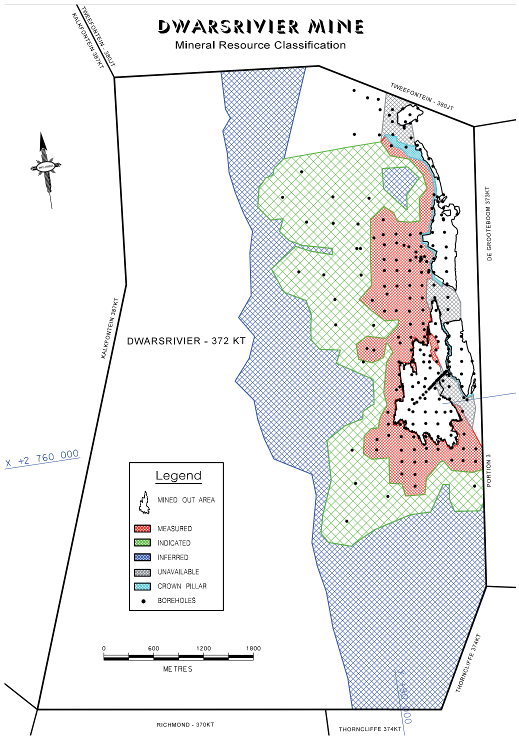
During mining, a slightly diluted run-of-mine ore inclusive of the "false" hangingwall is fed to the beneficiation plant. In the dense media separation part of the plant, the coarse fraction is upgraded to 40% Cr_2O_3 with a yield of 80%. In the spiral section of the plant, the finer fraction is upgraded to 44% Cr_2O_3, and 46% Cr_2O_3 respectively, for metallurgical-grade fines and chemical-grade fines. A 67% yield is achieved in the spiral circuit.

Year-on-year change – When compared to 2009, the 2010 Mineral Reserves increased by 3,86 million tons to 39,5 million tons (35,64 million tons) and the Mineral Resources increased by 2,72 million tons to 50,60 million tons.

The increase in the Mineral Resources was due to the extension of the block model by remodelling of the Indicated Resources. The increase in the Mineral Reserves is due to the remodelling and incorporation of the "false" hangingwall. The latter caused a decrease in the Cr_2O_3 grade to 35,75% in the 2010 model.

Historical production at Dwarsrivier Chrome Mine

Year	Mt
2005/2006	0,82
2006/2007	1,01
2007/2008	1,24
2008/2009	1,03
2009/2010	0,78



Dwarsrivier Chrome Mine: Chrome Mine Resources and Reserves

Mineral Resources	Mt	Cr_2O_3 %	Fe %	Mineral Reserves	Mt	Cr_2O_3 %	Fe %
Measured	18,83	39,21	23,07	Proved	12,75	35,95	22,07
Indicated	31,77	38,93	22,93	Probable	26,75	35,65	21,96
Total Measured and Indicated 2010	**50,60**	**39,03**	**22,98**	**Total Reserves 2010**	**39,50**	**35,75**	**22,00**
Total Measured and Indicated 2009	47,88	39,56	23,11	Total Reserves 2009	35,64	39,50	23,10
Inferred	48,09	39,56	23,16				

Mineral Resources are inclusive of Mineral Reserves

Totals are rounded off

Modifying factors: geological losses (10%); mining losses (5%); pillar loss (23%)

COMPETENCE

The Competent Person with overall responsibility for the compilation of the Mineral Reserves and Resources Report is Paul van der Merwe, PrSciNat, an ARM employee. He consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Paul van der Merwe graduated with a BSc (Hons) in Geology from Free State University. He spent four years as an exploration geologist for FOSKOR. He then joined the Uranium Resource Evaluation Group of the then Atomic Energy Corporation of South Africa for 12 years. While employed there he studied geostatistics and spent some time at the University of Montreal, Canada. In 1991, he joined Anglovaal Mining (now ARM) in the Geostatistics Department and evaluated numerous mineral deposit types for this group in Africa. In 2001, he was appointed as Mineral Resources Manager for the group. He is registered with the South African Council for Natural Scientific Professions as a Professional Natural Scientist in the field of practice of Geological Science, Registration No 400498/83, and as such is considered to be a Competent Person.

All Competent Persons at the operations have sufficient relevant experience in the type of deposit and in the activity for which they have taken responsibility. Details of the Competent Persons are available from the company secretary on written request.

The following Competent Persons were involved in the calculation of Mineral Resources and Reserves.

M Burger, *PrSciNat*	Iron
S van Niekerk, *PrSciNat*	Iron
B Rusive, *PrSciNat*	Manganese
A Pretorius*, *PrSciNat*	Chrome
S Kadzviti, *PrSciNat*	Iron/manganese/chrome

* *External consultant*

P J van der Merwe
6 September 2010

CORPORATE GOVERNANCE AND RISK MANAGEMENT REPORT

The Assore board believes that strong corporate governance and risk management not only enhance sustainable control of an organisation, but that these elements are essential to preserving organisational reputation, investor confidence, access to capital, when required, and sustainable employee motivation.

The group subscribes in all its activities to principles of best practice in business management and corporate governance for South African companies, which it implements in accordance with the following framework:

- Installing a risk and control environment within its business entities where management, in conjunction with the necessary support from the Audit and Risk Committee, is responsible for identifying, quantifying and managing risks to achieve the organisation's objectives on a sustainable basis. The process of the quantification of identified risks takes into account qualitative aspects, in addition to their estimated financial impact.
- Creating a process which provides the board, through the Audit and Risk Committee, with assurance over the adequacy of internal control within the organisation, ie that the risk and control environment in place is appropriate for the business concerned and is operated in a manner to provide the board with reasonable assurance that sufficient safeguarding of the group's assets is effected.
- Establishing a formalised review process to identify the effectiveness of both the risk management environment and the assurance processes. This is generally the role of the internal audit function and other independent technical assurance specialists used on a consultancy basis.

The company's shares are listed on the JSE Limited which requires that all listed companies comply with the Code of Corporate Practices as set out in the King Report on Corporate Governance. The King report was originally issued in November 1994 and was updated in March 2002 and in September 2009 as "King II" and "King III" respectively. The objective of the King reports is to formulate recommendations for maintaining and improving standards of corporate governance in South African companies in accordance with international best practice. For reporting purposes, King III replaced King II on 1 March 2010, and is applicable to financial periods commencing on or after this date.

Management reviews the group's practices on an ongoing basis and has determined that they are substantially compliant with all the material requirements of King II. The company is in the process of assessing and implementing, where possible, the requirements of King III within its governance structures. Where it is not practicable either for the group to adopt the King II requirements, or for it to adopt its assessment of the King III requirements, relevant comment is provided and mention is made of the alternative procedures which the board has adopted.

BOARD OF DIRECTORS

The directors are committed to the principles of corporate discipline, transparency, independence, accountability, responsibility, fairness and social responsibility.

Composition

The Assore board has a unitary structure comprising eight directors, four of whom are executive and four non-executive.

Of the four non-executive directors, Mr Cyril Ramaphosa represents the Shanduka Group which is one of Assore's black economic empowerment partners. The other three non-executive directors are independent and hold directorships in other listed and unlisted companies registered in South Africa. A formal evaluation process of the independence of the independent non-executive directors has not yet been implemented, and forms part of the group's adoption process with regard to the requirements of King III.

The non-executive directors do not receive any benefits from the company other than their fees for services as directors, which, in the case of the director representing Shanduka, are paid over to his employer.

The four executive directors are Messrs Desmond Sacco (Chairman), R J Carpenter (Deputy Chairman), C J Cory (Chief Executive Officer and Financial Director) and P C Crous (Group Technical Director), and each of these executives is also on the board of joint-venture company, Assmang Limited (Assmang). Since Desmond Sacco is not regarded as an independent director, the company is in the process of appointing a lead independent non-executive director as recommended by King III.

Remuneration

Details of emoluments paid to directors and directors' interests in shares of the company are disclosed in the Directors' report on pages 72 and 73 respectively. None of the executive directors has signed a service agreement with the company which specifies either a paid notice period or additional compensation in the event of termination. As noted in the Directors' report, Assore does not operate a share incentive scheme. Bonuses are determined based on the results and performance of the group for the year, and are reviewed and approved by the Remuneration Committee (refer below). The impact on earnings per share for the year of the bonuses paid to executive directors of Assore is 103 cents (2009: 123 cents). Remuneration of directors depends on the size and complexity of operations, the level of professional input required by the business environment concerned and has due regard for the calibre of the person required for the position. The level of remuneration is benchmarked against remuneration paid to executives of other listed companies in the resources sector, making use of independent remuneration consultants when considered necessary.

Election

In accordance with the company's Articles of Association, all directors are subject to retirement by rotation and re-election by shareholders at least once every three years. In addition, all directors are subject to re-election by shareholders at the first Annual General Meeting following their initial appointment. A brief *curriculum vitae* of each director is set out on pages 8 and 9 of this report.

Assore does not have a formalised orientation programme for directors. Appointments to the board in an executive directorship capacity are based on the nominees holding the appropriate professional qualifications and having had sufficient exposure to the business in senior managerial roles. Non-executive appointments are made based on the necessary requirements in King III, and sufficient experience in non-executive roles in industry. Independence is monitored on an ongoing basis as set out under "Composition" above.

Meetings

The board meets at least four times per annum on predetermined dates with additional meetings convened when considered necessary. The board met four times in the year under review and attendance at these meetings is tabled below:

	Meetings held	Attended
Desmond Sacco	4	4
R J Carpenter	4	4
C J Cory	4	4
P C Crous	4	4
B M Hawksworth	4	4
M C Ramaphosa	4	2*
E M Southey	4	4
Dr J C van der Horst	4	3

** Two meetings attended by alternate*

Board and committee performance evaluation

Ongoing evaluation of the board and its various committees does not occur on a formal basis at present. However, due to the size of the business, regular interaction occurs between all levels of management to ensure that the various bodies in the Assore group act within their terms of reference. Documented terms of reference for the board are not required, since the Chairman controls the majority shareholding in Assore. The composition of the board contains sufficient balance between executive and non-executive directorship, to ensure appropriate application of authority in the decision-making process. Further, under these circumstances, formal appraisal of the Chairman's performance would not be an effective process, and is therefore not applicable. The skill set required of directors by the group is determined by the executive, in consultation with the other executive directors where necessary. Business activities are managed through the Executive Committee (Excom), and responsible persons act on issues requiring attention, who ensure that the Excom remains sighted on all these activities.

AUDIT AND RISK COMMITTEE

	Qualifications	Period of service on the committee*
B M Hawksworth (Chair)	CA(SA)	14
E M Southey (Acting Chair)	BA, LLB	1
Dr J C van der Horst	BA, LLD	1 and 7#

* *Excludes intragroup sales*

\# *Dr van der Horst resigned from the board (and Audit Committee in 1997, and was reappointed to the board and Audit and Risk Committee in* 2003

Currently, the Chairman of the committee reports to the board on its activities at each board meeting. Representatives of the internal and external auditors are also invited to attend the regular meetings of the committee and, if necessary, have direct access to the Chairman of the committee throughout the year. The committee recommended the acceptance of the annual report to the board on 19 October 2010.

The terms of reference of the Audit and Risk Committee are documented and were approved by the board, and are reviewed on an annual basis to ensure they remain appropriate to the activities of the group. The prime objectives of the committee that emanate from its terms of reference, which were applied during the year under review, are to:

- provide a forum for the management of the external and internal audit functions and the resolution of issues which arise from both external and internal audit activities;
- make recommendations to the board regarding the appointment of the external auditors;
- review the activities, services and performance of the external auditors, evaluating their independence and reviewing their overall role and appropriateness of fees charged;
- examine and review the annual financial statements, interim reports and related disclosures and other significant announcements made by the group, making the necessary recommendations to the board;
- consider the appropriateness of the group's accounting policies;
- monitor and supervise the effective functioning of the internal audit function (refer "Internal audit and internal control"), to ensure that the roles of both internal and external audit are clear to provide an objective overview of the operational effectiveness of the group's systems of internal control and reporting;
- monitor the risk profile as determined by management, and make recommendations on the composition and classification of the risk profile for the group (refer "Risk management");
- obtain representations from management, and make the necessary enquiries from external and internal audit and of management on any matters under litigation, ensure compliance with material aspects of legislation and create awareness of pending changes to legislation (refer "Legal compliance"); and
- monitor the ethical tone of the group through its executives and senior officials (refer "Ethics").

All of the members of the committee, including the Chairman (who will make himself available to take questions at the Annual General Meeting), are independent non-executive directors, who collectively possess the appropriate level of knowledge and experience pertaining to legislative requirements, financial risks, financial and sustainability reporting and internal controls, applicable to the group. Separate meetings are held with external and internal audit without the presence of the company's management. The committee meets at least three times per annum on predetermined dates, with more meetings convened where necessary, and holds ongoing informal meetings to keep abreast of business developments. During the year under review, the committee met on four occasions with attendance as detailed below (the additional meeting was an extraordinary meeting to approve the circular to shareholders dated 11 December 2009, which dealt with the second empowerment transaction (refer "Black Economic Empowerment" report)):

	Meetings held	Attended
B M Hawksworth	4	4
E M Southey	4	3
Dr J C van der Horst	4	4

Internal audit has adopted its terms of reference from the board, and all internal audit work is undertaken based on the ongoing risk assessment process which is presented annually by internal audit to the Audit and Risk Committee, to ensure that the focus of the internal audit effort is optimised (refer "Risk management" and "Internal audit and internal control" below). The head of internal audit (the Chief Audit Executive) has direct access to the Chairman of the committee and meets with external audit independently in order to grant external audit its view of issues pertaining to internal audit, as well as those that may have a bearing on the external audit process and objectives. The committee, having due regard for materiality and the inherent nature of the business, is satisfied that the internal controls were effective, and operated as designed for the period under review. In addition, the committee, having reviewed the reports of internal and external audit tabled at the meetings of the committee, and having conducted enquiries of the attendees at its meetings, is not aware of any weaknesses in internal controls that have or may give rise to material financial losses, fraud or material errors during the year under review.

The group has not required the external auditors to review the interim results. The committee, after due enquiry with external and internal audit, has satisfied itself on the appropriateness of the expertise and adequacy of the finance function and experience of the senior members of management responsible for the financial function to render this process unnecessary.

REMUNERATION COMMITTEE

B M Hawksworth (Chair)
E M Southey (Acting Chair)
Desmond Sacco
Dr J C van der Horst

With the exception of Desmond Sacco, all members are non-executive directors, the majority of which are independent, including the Chairman, and the committee meets at least once a year for the annual review of executive remuneration which the Chief Executive Officer (CEO) attends by invitation. Recommendations on the broad framework and cost of executive remuneration are made annually to the committee for approval. To do so, the committee is required to determine:

- the group's general policy on executive remuneration;
- specific remuneration packages for executive directors;
- where necessary, criteria to assess the required performance of executive directors; and
- the necessity to take independent professional advice where necessary.

The remuneration of non-executive directors is determined by the Assore executive and, in terms of the Articles of Association, requires approval at a shareholders' meeting. Remuneration of other employees in the group is determined annually by the executive directors in conjunction with the human resources department, which benchmarks remuneration levels with the industry using independent advisers.

Insider trading and closed periods

The group operates a closed period prior to the publication of its interim and final results. During this period directors, officers and designated persons who may have access to price-sensitive information are precluded from dealing in the shares of the group. The closed period extends from the first day of the month following the end of a financial reporting period and expires on the day on which the interim or final results are published. Where appropriate, dealing is also restricted during sensitive periods where major transactions are being negotiated and a public announcement is imminent.

RISK MANAGEMENT

The board has delegated the assessment and management of the group's risk profile to the Audit and Risk Committee, which advises the board of unresolved risk management issues. Risk is an ever-present feature of business in general. It is exacerbated in the mining industry by the cyclical nature of the resources sector, remote locations of operations, the physical danger inherent in the day-to-day activities of mining and smelting operations and the volume and complexity of legislation with which these industries have to comply. Group risk management is achieved through the identification and control of all significant business risks by various risk management committees, including operational risks, which could adversely affect the achievements of the group's business objectives. Risk assessments are ongoing, and risk registers for all significant operations in joint-venture entity, Assmang, are prepared and updated quarterly by a dedicated risk management department, with assistance from specialised external consultants. For larger business entities, independent risk engineering consultants grade each operation against international risk standards for fire, security, engineering, commercial crime, contingency planning and mining, as well as environmental risk to monitor whether current practices meet the set criteria and are being maintained. Input is obtained from various risk management committees comprising representatives from senior management. On completion and review of these processes, the appropriate level of insurance cover is acquired. In addition to these processes, other risks deemed relevant to the Assore group are presented to the Audit and Risk Committee, which is given the opportunity to comment and provide input to the assessments tabled. The assets of subsidiary companies in the Assore group are included in a comprehensive insurance programme, with independent valuation of the assets occurring every three years.

The board is aware of the inherent risks contained in establishing the size and remaining life of the ore reserves exploited by the group in its current and intended mining operations. All orebodies and Mineral Reserves are measured and updated annually in accordance with the methodologies contained in the Mineral Resources and Reserves report (refer pages 21 to 39), and mining is planned to ensure that optimal utilisation of the mineral resource is effected, taking into account market conditions and customer specifications.

The most prominent financial risks to which the group is exposed, namely fluctuations in exchange rates and international commodity prices in the ferrous metals sector (usually US dollar denominated), are to a large extent outside the board's direct control and can only be indirectly controlled by timely response to market fluctuations and setting of appropriate business strategies. Refer note 26 to the consolidated financial statements for more detail on financial risks.

The most significant sustainability risks to which the group is exposed are the continuing obligations relating to the conversion of "old-order" mining rights (refer "Black economic empowerment" report), linked to the group's ability to manage effective social and labour plans (SLPs: refer "Sustainability report", pages 60 and 61), various safety aspects pertaining to mining and smelting operations and the group's exposure to rehabilitation liabilities. The respective risk management committees are also responsible for ensuring that appropriate financial and insurance mechanisms are integrated into the risk plan and that the group is protected against catastrophic risk, including failure of information technology (IT) systems. Therefore, the group risk management process includes ongoing review of compliance with legislation in the areas of (refer "Sustainability report", page 52):

- environmental rehabilitation management;
- health and safety management;
- human resource management; and
- quality.

The board believes that the risk management processes described above are effective in managing the risks to which the group is exposed, and that they are sufficiently flexible to meet the changing needs of the operations and our stakeholders. Further, due to the relatively low staff complement of Assore, employees are informed of the risks relevant to their particular activities within the business and risk assessments performed indicate that these business risks are managed and mitigated where possible.

INFORMATION TECHNOLOGY

The management of information technology (IT) falls within the remit of the CEO who convenes regular meetings with responsible IT staff to address the appropriateness and relevance of the IT infrastructure, the design and maintenance of disaster recovery procedures, related staffing and administrative issues, and engages necessary external advice and consultation when required. Where appropriate, other members of senior management also attend these meetings, to provide the necessary input. External audit conducts an annual review of the application by management of the controls pertaining to the group's hardware and software, related physical and access controls, and licensing. Where major IT projects are undertaken, a steering committee is formed, which ensures that the various aspects and deliverables of the project are scheduled and achieved. Matters of relevance to the business are communicated by the CEO to the Excom.

LEGAL COMPLIANCE

The board has delegated the responsibility for legal compliance to the Audit and Risk Committee. The majority of the legal issues confronted by the group emanate from Assmang, and are dealt with by the Assmang Audit Committee. The Audit and Risk Committee ensures matters material to the group receive the appropriate attention, and that adequate provision and appropriate disclosure are made for known and determinable exposures. Legal issues specific to the Assore group are also discussed at Audit and Risk Committee meetings, where management is provided with additional guidance where necessary.

Safety, health and environmental (SHE) legal compliance audits are conducted annually for Assmang's operations, while these are conducted every second year for Assore's subsidiary operations.

INTERNAL AUDIT AND INTERNAL CONTROL

The board, through its appointed Audit and Risk Committee, is accountable for ensuring the implementation of appropriate internal controls, which are reviewed regularly for efficiency and effectiveness. These controls are designed to manage the risk of failure, and provide reasonable assurance that there is an adequate system of internal control in place. As with all management systems, the assurance provided is not absolute and the risk of failure cannot be eliminated entirely. The internal audit functions at the various operations in the group have been outsourced to the respective special services divisions of recognised professional auditing firms. Internal auditors monitor the operation of the internal control systems and, after discussion with management, report findings and recommendations to the Audit and Risk Committee. Corrective action is taken to address control deficiencies as and when they are identified. Nothing has come to the attention of the board to indicate that any material breakdown in the effective functioning of controls, procedures and systems has occurred during the year under review.

Representatives of the internal audit team are invited to attend Audit and Risk Committee meetings and, where areas of new risk are identified, eg initiation of capital projects or new systems of internal control, separate independent investigations take place on an *ad hoc* basis in addition to the programmed reviews referred to above.

ETHICS

Ethical behaviour is enforced by management, which emanates from the Excom. Due to the degree of executive involvement in day-to-day management processes, ethical issues are managed on an ongoing basis, and the establishment of a documented policy on ethics would be unnecessary. The group has various channels to facilitate effective whistle-blowing procedures and is of such a size that any material violation of the ethical behaviour demonstrated by any member of staff is dealt with appropriately and timeously.

Assore has achieved ownership by historically disadvantaged South Africans (HDSAs) of 26% of its issued shares during 2010. Assore is supportive of the broad-based economic imperatives contained in the Minerals and Petroleum Resources Development Act (the MPRD Act) and the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry issued thereunder (the Mining Charter), and has embarked on initiatives aimed at meeting these requirements at its mining operations, as set out below.

The MPRD Act has changed the previous common law and statutory position in South Africa in terms of which mineral rights could be held privately. Instead, pursuant to the MPRD Act and with effect from 1 May 2004, the State has assumed sovereignty and custodianship of all mineral rights in South Africa and will grant prospecting rights and mining rights to applicants based on the merits of their applications (which are designated as new-order rights). A transitional period is provided during which holders of existing mineral and exploration rights (designated as old-order rights), upon meeting certain requirements, may convert such existing in-use old-order rights into new-order rights, or in the case of unused rights, may apply for new-order rights.

The Mining Charter is intended to facilitate the entry of historically disadvantaged South Africans (HDSAs) into the mining industry. The scorecard which the State has issued pursuant to the Mining Charter requires, *inter alia*, that mining companies achieve 15% HDSA ownership of mining assets within five years (ie 1 May 2009) and 26% within 10 years (ie 1 May 2014), which has been maintained by the Department of Mineral Resources (DMR), following a review of the Mining Charter during the year, as the target required to be achieved by mining companies. The Mining Charter also requires, *inter alia,* that mining companies provide plans and achieve employment equity at management level and procure goods and services from black empowered organisations on a preferential basis in accordance with the predetermined criteria set out in such plans.

In view of meeting the Charter's requirements, Assore, through its various group companies, has:

- concluded empowerment transactions with Mampa Investment Holdings (being the commercial arm of the Mankwe Development Foundation) (Mampa) in April 2004 and Shanduka Resources (Proprietary) Limited (Shanduka Resources) and the Bokamoso Trust (the Community Trust) in February 2006 (refer below);
- succeeded in obtaining new-order mining rights for the chrome operations in Rustenburg Minerals Development Company (Proprietary) Limited (RMDC or Rustenburg Minerals) on the farms Zandspruit and Groenfontein;
- applied for and obtained new-order mining rights on the iron ore deposits mined at Khumani; and submitted applications for the conversion of all remaining old-order rights to new-order rights, in particular manganese ore (Nchwaning and Gloria mines), chrome ore (Dwarsrivier) and Wonderstone prior to 1 May 2009. The DMR notified Assmang Limited (Assmang) in August 2010 that the new-order rights for Nchwaning and Gloria manganese mines have been approved subject to the submission of survey diagrams, which is currently under way;
- ensured that the extent of compliance with the Charter is reported on and monitored on a regular basis at the Excom level;
- where new-order mining rights are issued, compliance with the terms and conditions has been subjected to audit by the DMR, and no non-compliance issues of any significance have been reported;

- implemented a preferential procurement policy at all its operations (refer "Preferential procurement" on page 49); and
- developed social and labour plans for each of its operations, as well as local economic development (LED) projects which support the integrated development plan of the relevant local authority. The plans, which have received the approval of the relevant departments, include the construction of educational facilities, food security projects and presentation of programmes on adult education, health and safety and environmental awareness.

Following the introduction of the MRPD Act, Assore has entered into the following empowerment-related transactions:

- In April 2004, an empowerment transaction was finalised with Mampa in terms of which Mampa acquired a 44% interest in RMDC. RMDC mines chromite in the Rustenburg area and was previously a wholly owned subsidiary of the Assore group. Mampa is represented on both the Management Committee and the board of RMDC and in October 2005, RMDC was successful in its application to convert all of its mining rights to new-order rights.
- In February 2006, the Assore group entered into empowerment transactions effecting the acquisition of 15,02% of the issued ordinary share capital at that date of Assore by two black economic empowerment (BEE) entities, namely:
  - Shanduka Resources, a subsidiary of Shanduka Group (Proprietary) Limited (Shanduka), which purchased an 11,76% equity interest in Assore at that date.
  - the Bokamoso Trust (refer below), which has been formed to benefit HDSAs and HDSA community groupings, residing in areas surrounding the group's mining activities, which purchased a 3,26% (913 710 shares) equity interest in Assore at that date.
- In March 2010, Assore entered into its second empowerment transaction for the group (the transaction), in which:
  - 2 723 653 shares, representing 9,88% of the issued ordinary share capital at that date, were acquired by an entity in which the Bokamoso Trust (the Trust) and Assore have a 51% and 49% interest respectively; and
  - a specific issue of 349 747 treasury shares was effected, which resulted in the Trust achieving control of 14,28% (3 987 110) of the issued ordinary share capital after the transaction.

For full details of this transaction, shareholders are referred to the circular in this regard issued to shareholders on 2 December 2009.

The control by HDSAs of Assore's shares upon completion of the second empowerment transaction is therefore as follows:

Shareholder	% of shareholding
Bokamoso Trust	14,28
Shanduka Resources	11,79
	26,07

THE BOKAMOSO TRUST

The Bokamoso Trust (the Trust) was established for the benefit of HDSAs and broad-based HDSA community groupings residing in the areas in which the Assore group's mines and beneficiation plants are located. Assore has initiated a process through which it will identify HDSA trustees in accordance with the trust deed.

Assore has established an interim Board of Trustees, and following the second empowerment transaction, is in the process of searching for and appointing independent black trustees. The terms of this transaction also entitle the Trust to be entitled to an annual flow-through payment of at least R2 million per annum, to the beneficiaries irrespective of the commitments to the Assore group with regard to the funding of the transaction.

SHANDUKA RESOURCES

Shanduka Resources is a wholly owned subsidiary of Shanduka Group, a black-owned and managed investment holding company founded by Cyril Ramaphosa, James Motlatsi and several other black professionals. Shanduka Group encompasses its own element of broad-based BEE (BBBEE) through a 10% equity shareholding by a consortium of women, as well as a further 5% shareholding by community development trusts. 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 spending in excess of R100 million in upliftment programmes over the next 10 years.

The Shanduka Foundation is committed to supporting initiatives aimed at:

- developing 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, in addition to Assore, has investments in the coal, platinum, gold, diamond, paper and mining services industries.

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

Assore concluded relationship agreements with each of the Trust and Shanduka Resources in order to regulate the respective relationships between the parties to ensure, in so far as is possible, the continued compliance by each of Shanduka Resources and the Trust (as the Assore group's BEE partners) with the direct ownership requirements of the Mining Charter.

PREFERENTIAL PROCUREMENT

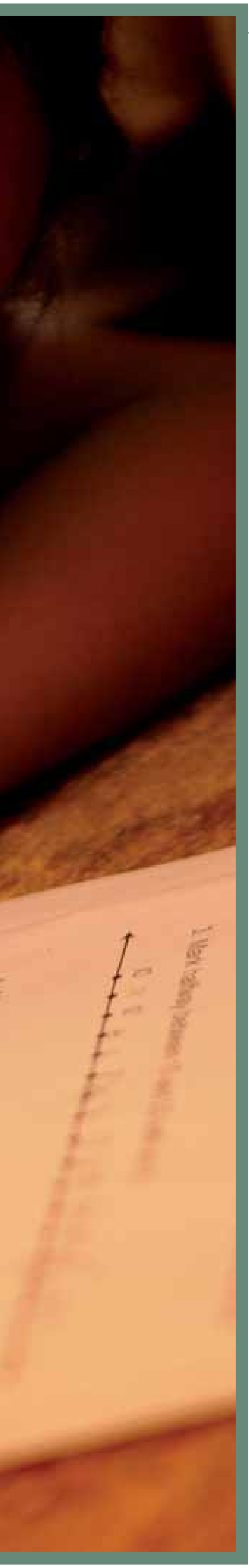
Assore is committed to bringing previously disadvantaged South Africans into the mainstream of the economy by identifying, developing and availing business opportunities to BBBEE suppliers at all its operations. A summary of the percentage BBBEE procurement measured against total discretionary procurement is presented in the table below.

ARM management has continued to focus on supplier selection and evaluation, resulting in an increased proportion of BBBEE. The two underground shafts at RMDC are nearing completion, resulting in the reported decreased expenditure. The increased proportion of BBBEE expenditure for African Mining and Trust Company Limited (African Mining and Trust), Rustenburg Minerals and Wonderstone Limited (Wonderstone) is due to our ongoing commitment to the implementation of the requirements of the Mining Charter and the DTI Codes of Good Practice. Processing of old tailings recently commenced at Zeerust and it is envisaged that the discretionary procurement will increase significantly in the current financial year.

	2010		2009		
	Total discretionary procurement R'million	Aggregate % BBBEE	Total discretionary procurement R'million	Aggregate % BBBEE	% increase
Assmang	**5 448,4**	**46,2**	5 315,7	40,3	5,9
Rustenburg Minerals	**113,3**	**69,4**	183,2	26,8	4,6
Zeerust	**1,6**	**16,4**	–	–	n/a
Wonderstone	**9,8**	**52,9**	22,7	38,4	14,5
African Mining and Trust	**55,6**	**42,9**	29,3	29,2	13,7

Total discretionary procurement is defined as total procurement less procurement through public sector vendors, eg rates and taxes and utility service providers

Learner at Makgophe School at RMDC.



This report provides a brief summary of health, safety and environmental performance across the operations of the Assore group. Assore also recognises that it has a responsibility to promote the sustainability of its business by taking an active role in shaping the development and performance of the sectors in which it operates.

This sustainability report covers all of the entities in which the Assore group has an interest (other than investments) and, for ease of reference, has been split into the following two sections:

- Assmang, jointly controlled by Assore 50% and ARM (African Rainbow Minerals Limited) 50%, which includes the following operations:
  - Khumani Iron Ore Mine (Khumani);
  - Beeshoek Iron Ore Mine (Beeshoek);
  - Black Rock Manganese Mine (Black Rock);
  - Cato Ridge Works ferromanganese smelter incorporating Cato Ridge Alloys (CRA);
  - Dwarsrivier Chrome Mine (Dwarsrivier); and
  - Machadodorp Works ferrochrome smelter (Machadodorp).

- Subsidiary companies of Assore (referred to as the AMT operations), which include:
  - Rustenburg Minerals Development Company (Proprietary) Limited (RMDC);
  - Zeerust Chrome Mines Limited (Zeerust);
  - Wonderstone Limited (Wonderstone);
  - Xertech (Proprietary) Limited (Xertech); and
  - Head office operations (Head office), combining African Mining and Trust Company Limited (AMT) and Ore & Metal Company Limited (Ore & Metal).

The 2010 financial year saw implementation of significant changes to site environmental, health and safety management systems to ensure compliance with recent legislative changes relating to waste management, environmental impact assessments and permitting. Against the changing legislative background, Assore continued to strengthen its management systems, integrating these more closely with corporate risk management structures and processes. As a result, sustainability-related risks now feature more prominently in the corporate risk register, leading to earlier identification and management of such risks.

MANAGEMENT SYSTEMS

The group's sustainability risk management systems are based on the International Standards Organisation (ISO) suite of standards.

All group operations (with the exception of Khumani and Zeerust) are certified to the ISO 9001:2008 quality standard and the ISO 14001:2004 environmental standard, with RMDC having gained certification to ISO 14001 in October 2010 after the end of the reporting period. It is intended that Khumani will be certified to these standards during the 2011 financial year, and similar certification will be sought by Zeerust once the open-cast mining operation is under way.

Certification to the internationally recognised OHSAS 18000 occupational health and safety management standard has been achieved at the majority of Assmang's operations, and it is planned that the two remaining mines (Khumani and Black Rock) will be certified to this standard in the next financial year.

To standardise sustainability risk management systems across the Assmang operations, a series of corporate safety, health and environmental standards were rolled out across the group during the reporting year. Over the same period, the AMT operations revised their health and safety, environmental and quality policies and introduced groupwide guidelines for the monitoring and reporting of sustainability performance.

In addition to strengthening the sustainability management systems, specific initiatives are being driven from a corporate level seeking, *inter alia*, to develop corporate standards on water monitoring and data collection and creating more robust baseline information in areas such as energy management, greenhouse gas emissions, waste generation and water usage. Using such information the group plans to identify and drive water and energy-efficiency projects over the next few years.

APPROACH TO REPORTING

Quarterly reports on compliance with safety, health and environmental legislation for all Assore operations are submitted to the Audit and Risk Committee for review. Similarly, a review of safety, health and environmental performance takes place quarterly within Assmang and is attended by divisional executives and corporate personnel as well as senior operational staff.

Assore is reporting for the first time on environmental, health and safety performance in accordance with Global Reporting Initiative (GRI) G3 indicators (refer pages 64 and 65). In line with good practice, an initial suite of indicators has been selected on the basis of their materiality to the specific risk profile of the operations and are discussed in the sections below. Assore will continue to strengthen its reporting capabilities in line with the requirements of the standards of its management systems as well as those of the JSE Limited (JSE), including the requirements of the King III Code of Governance Principles for South Africa (King III).

This is the first year that a number of the sustainability data sets presented in this report have been gathered in a comparable manner by all group sites. It is intended that data generated by the ongoing monitoring programmes that have been initiated over the past year will yield comparative data sets that can be reported on in subsequent annual reports to demonstrate performance year on year.

LEGAL COMPLIANCE

During this financial year, Assmang's Black Rock operation paid an administrative fine of R161 000 in terms of section 24G of the National Environmental Management Act for commencing a housing development without the necessary environmental authorisation. No fines or prosecutions were incurred by the AMT operations over the reporting period under consideration.

During the reporting year, a total of 16 section 54 notices were issued to Assmang operations in terms of the Minerals and Petroleum Resources Development Act (MPRDA): 6 at Beeshoek, 7 at Black Rock and 3 at Dwarsrivier. No section 54 notices were issued for the AMT operations.

Safety, health and environment (SHE) assurance audits were conducted at RMDC, Zeerust, Wonderstone and head office operations by Environmental Resource Management (ERM) during the last quarter of the current financial year to assess legal compliance. These audits highlighted no material issues, but did identify opportunities for improvement which are currently being actioned. To date these assurance audits have taken place every two years, but in light of significant changes to the mines' risk profiles due to the major developments currently under way at RMDC and Zeerust, consideration is being given to conducting these audits more frequently.

Corporate audits (using external specialists in the legal and operational fields of safety, health and environmental management) are performed for Assmang operations every second year. The previous audit, performed in the 2008 financial year, focused on environmental management and legal compliance on both a corporate and an operational level. The next round of audits will be performed in the next financial year and will address both legal compliance and performance against the corporate standards which have been introduced since the previous audit.

ENERGY

Prudent management of energy use is a key focus area for both Assore and Assmang, since energy utilisation has a significant impact on the group's operational and financial efficiency. Increased energy efficiency will also yield an environmental benefit by contributing to a reduction in greenhouse gas (GHG) emissions.

Assmang is the major consumer of electricity in the group because of its two smelter operations at Cato Ridge Works and Machadodorp Works. Assmang is an active member of the Energy Intensive Users Group and has developed an Energy-efficiency Charter which is aimed at the development and implementation of energy-efficient practices for the organisation.

Electricity and diesel consumption

The table below reflects year-on-year changes in consumption of the two major energy sources on the AMT and Assmang operations, namely diesel and electricity.

The group is actively exploring various energy-efficiency initiatives and diesel generators have been installed at all underground mining operations in order to supply uninterrupted power to ensure employee safety during power outages.

Greenhouse gas emissions

In order to establish a baseline for group operations' energy usage and GHG emissions, a corporate carbon footprint was developed for the previous financial year (the most recent period for which a complete data set was available). This study was undertaken to:

- quantify the Group's greenhouse gas emissions;
- establish an energy use baseline which can be used to identify opportunities for future energy savings and energy efficiency;
- identify further monitoring required to monitor energy consumption by specific activities and facilities on the sites; and
- benchmark GHG emissions per tonne of product produced.

This baseline will serve not only as a tool for evaluating and optimising energy input costs but also represents a further step towards responsible product stewardship beyond mere legal compliance. The benchmarking data generated by this study will provide stakeholders with data on the carbon footprint of our products, thus demonstrating the group's responsiveness to our clients' requests for more detailed disclosure on this issue.

Operation	Diesel use FY2010 ('000 ℓ)	Diesel use FY2009 ('000 ℓ)	Electricity use FY2010 (MWh)	Electricity use FY2009 (MWh)
Beeshoek	**1 604**	9 924	**33 529**	42 709
Khumani	**18 844**	14 000	**87 720**	72 386
Black Rock	**3 094**	4 047	**87 609**	84 999
Cato Ridge Works	**542**	463	**533 183**	505 950
Dwarsrivier	**1 183**	1 345	**26 750**	23 897
Machadodorp Works	**417**	417	**645 107**	840 000
RMDC	**1 673**	2 730	**4 378**	4 123
Zeerust	**77**	104	**423**	200
Wonderstone	**151**	182	**2 025**	1 184

The carbon footprint has been determined in accordance with the GHG Protocol Corporate Accounting and Reporting Standard and will be reported on in next year's annual report.

Initial findings of this study indicate that electricity consumption is the major contributor to Assmang's corporate carbon footprint and reflects energy sourced from Eskom grid supply, particularly by the Cato Ridge Works and Machadodorp Works smelters. Other major contributors to the Assmang carbon footprint are reductants used in the smelting process and rail transport of products.

Diesel usage is the major contributor to Assore's corporate carbon footprint (reflecting fuel consumption by the mining fleets), with the next largest contribution to the carbon footprint coming from electricity consumption.

WATER

Virtually all of the group's mines are located in water-scarce regions, so the prudent management of water usage and the prevention of water pollution are key objectives at all our operations. Water usage is reported on by all operations in their monthly management report, and is summarised in the table below. Water quality and groundwater level monitoring is undertaken on the sites according to corporate environmental monitoring standards.

During the reporting period, water balances have been updated for most of the group's operations with the intention of ensuring compliance with pollution control legislation and optimising use of the water resource to ensure continuity of water supply. As an outcome of these studies, significant resources have been allocated for the upgrading of pollution control dams and water treatment facilities on the sites. The investigations have also highlighted the requirement for more detailed monitoring of water consumption by individual facilities and processes on the sites in order to assist in achieving optimal use of the water resource.

WASTE

Mining and smelting operations produce a range of waste streams that require specialist disposal. Volumetrically, the most significant waste streams are tailings and waste rock at the mining operations, and slag from the smelters, as summarised in the table overleaf.

Integrated tailings management strategies are being developed at RMDC and Zeerust operations to provide sufficient capacity to dispose of the larger tailings volumes that will be generated as a result of extended mine life and increased production rates. These management strategies will focus on developing tailings disposal facilities that:

- allow tailings disposal in a manner that is legal and not detrimental to the environment;
- maximise the recovery of water from tailings which can be recirculated for reuse in the process (thus reducing water consumption); and
- provide the opportunity for safe and cost-efficient tailings reclamation and reprocessing in the future, in order to optimise utilisation of the mineral resource.

Studies are also under way at the group's smelters and at the Wonderstone operation to identify potential uses for slag and waste rock respectively, thus reducing the volume of mineral waste to be disposed of on the sites.

Water consumption (m^3)

Operation	Water consumption FY2010 (m^3)	Water consumption FY2009 (m^3)
Beeshoek#	**5 426 839**	7 028 000
Khumani	**2 432 733**	1 464 443
Black Rock	**883 707**	694 446
Cato Ridge Works	**329 713**	369 714
Dwarsrivier	**73 638**	479 820
Machadodorp Works	**52 031**	147 763
RMDC	**173 485**	116 703
Zeerust*	**Not available**	Not available
Wonderstone	**4 378**	5 836

* *Data not available for full year*

\# *Water consumption statistics for Beeshoek include water for the local community which is taken from the Gomagara pipeline*

LAND MANAGEMENT AND MINE CLOSURE

Land disturbance

Mining and minerals processing causes the disturbance of significant areas of land, principally as a result of mining activity and waste disposal. Each operation has a legal requirement to rehabilitate the disturbed areas and return this land to a land use that does not pose a safety risk and does not have a detrimental effect on the health and sustainability of ecosystems or neighbouring communities. The areas of land disturbed by group operations are detailed in the table below.

Where possible, concurrent rehabilitation is undertaken on the sites to rehabilitate areas where activities relating to mining and mineral processing have been completed.

In order to assist in upgrading existing land management practices and the selection of sustainable post-closure land uses, Assore has undertaken to develop biodiversity action plans (BAPs) for its operations. During the reporting years, BAPs were commissioned for the Black Rock, Dwarsrivier, RMDC and Zeerust operations, and a biodiversity study is planned for Machadodorp during the coming financial year.

Closure planning and financial provisions for rehabilitation

Closure plans developed for the group operations inform the financial provision made for rehabilitation and closure, which is achieved through a combination of contributions to an environmental trust fund and financial guarantees. Many of the group's current closure plans are currently under revision to take account of mine expansion projects and other changes to operations. These revised closure plans will form the basis for review of the existing site closure provisions (which are detailed in the table overleaf) during the next financial year.

Waste generated by operations (tons)

Operation	Waste rock/slag (m^3)	Tailings/slag (tons)
Beeshoek*	–	1 120 340
Khumani	15 423 509	1 310 810
Black Rock	135 541	352 376
Cato Ridge Works	Not applicable	252 227
Dwarsrivier	587 733	134 945
Machadodorp Works	Not applicable	78 304
RMDC	1 381 860	57 853
Zeerust*	Not applicable	41 177
Wonderstone	130 529	Not applicable

* *No waste rock was generated by Beeshoek during the year, and the mine's operations for the year consisted solely of reprocessing stock piles. Zeerust produced no waste rock during the year, as product was exclusively based on tailings processing*

Land disturbance (ha)

Operation	Area currently disturbed (ha)
Beeshoek	850
Khumani	700
Black Rock	1 441
Cato Ridge Works	93
Dwarsrivier	144
Machadodorp Works	976
RMDC	202
Zeerust	24
Wonderstone	41

Financial provision for closure at 30 June 2010

Operation	Total liability (R'000)	Environ-mental fund (R'000)	Current guarantees in place (R'000)
Beeshoek	87 005	51 524	–
Khumani	106 932	11 099	38 000
Black Rock	85 704	22 232	20 065
Dwarsrivier	27 289	8 034	9 267
RMDC	12 411	6 695	6 866
Zeerust	1 601	2 222	40
Wonderstone	3 768	2 566	5 657
Total	324 710	104 371	79 895

Cato Ridge Works and Machadodorp Works are classified as industrial (rather than mining) facilities and there is therefore no legal requirement to make financial provision for closure or rehabilitation of these operations.

HUMAN RESOURCES

Due to the suspension of operations at Xertech, Assore regrettably had to retrench 30 workers in February 2010, 11 of whom were afforded alternative employment in other group companies (refer page 96).

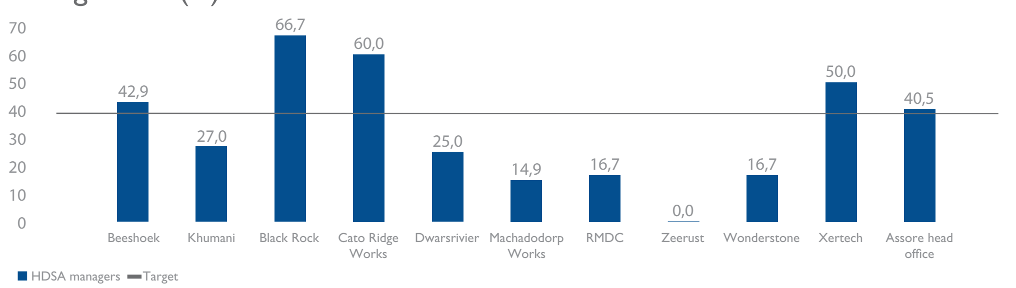
The group undertakes statutory reporting on employment equity and other labour-related issues to both the Department of Labour and the Department of Mineral Resources. The occupational levels and employment equity categories reported on are based on the definitions outlined in the Employment Equity Act and the Broad-based Socio-economic Empowerment Charter for the Mining Industry (the Mining Charter) and are summarised below.

It should be noted that while the employment equity targets set in the Mining Charter do not apply to the group's smelters, employment equity statistics are presented for the Cato Ridge Works and the Machadodorp Works operations for the sake of complete and consistent reporting.

Contractors

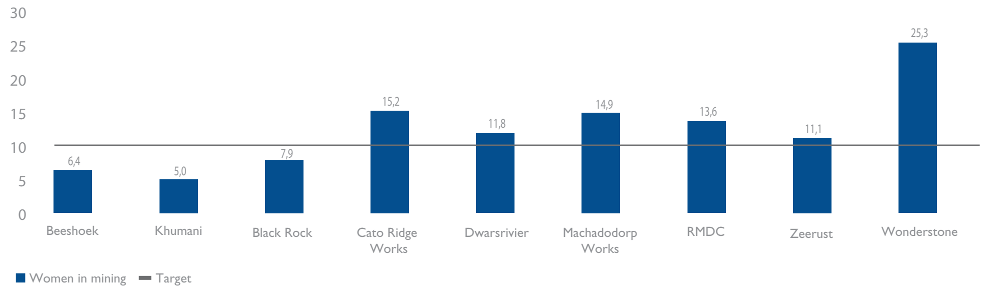
Operation	Permanent employees	Temporary/contract employees	Contractors as a proportion of the total workforce (%)
Beeshoek	277	7	2,5
Khumani	909	5 164	85,0
Black Rock	1 358	1 283	52,1
Cato Ridge Works	607	74	10,9
Dwarsrivier	1 129	706	38,5
Machadodorp Works	612	234	27,7
RMDC	167	278	62,5
Zeerust	14	31	68,9
Wonderstone	116	30	20,6
Total	5 189	7 807	60,0

Management (%)



As at 30 June 2010, 33,9% of the management at the AMT operations comprised historically disadvantaged South Africans (HDSAs). The target established in the Mining Charter is 40%

Women in mining (%)



As at 30 June 2010, the percentage of women in mining at the AMT operations amounted to 16,5%. The target established by the Mining Charter is 10%

As at the end of the financial year, the percentage of women in mining in the Assmang operations was 13,0%, while the combined percentage in the AMT operations and Assore head office amounted to 16,5%. These statistics compare favourably with the target of 10% of women in mining, specified in the Mining Charter, and the respective operations' achievements against this target are summarised above.

Contractors

In addition to the permanent workforce, the group employs a significant number of contractors to perform a variety of tasks, ranging from construction to contract mining, minerals processing and security. A breakdown of the operational workforce as at 30 June 2010 on the basis of employment contract is detailed in the table on the previous page.

The percentage of contractors as a proportion of the workforce is currently higher than in previous years due to major expansion projects that are being undertaken at a number of the group's operations. The contractors mainly comprise construction workers who are involved with the Khumani Expansion Project as well as the underground developments at RMDC and preparations for the commencement of open-cast mining at Zeerust.

Labour relations

No strikes and lockouts exceeding a week were experienced by any Assmang or the AMT operations during the reporting year.

Safety

One of the group's core values is ensuring that our operations are managed in a manner that safeguards the safety and health of our employees.

To this end, our existing management systems are continuously evolving to address the changing risk profiles of our operations, and we consistently strive to improve our safety performance so that workplace injuries and occupational diseases are minimised.

Once again there were no fatalities on any of the AMT operations during the reporting year. However, one fatal accident occurred during the year at Assmang's Machadodorp Works. On 10 April 2010, Mr Erick Maluka was severely injured while at work, and later passed away in hospital.

The inquiry convened by the Department of Labour into the furnace 6 explosion that took place at the Cato Ridge Works on 24 February 2008, continued with its hearings during the course of the reporting period. The last hearings in the reporting period took place during May 2010. The proceedings were not completed by the end of the reporting period, however, and were adjourned to November 2010. Since the inquiry proceedings have not yet been completed, Assmang is not in a position to comment further on the matter.

Lost-time injury (LTI) statistics and lost-time injury frequency rates (LTIFR) for each of the operations for the financial year are presented in the table below. The LTIFR is calculated on the basis of 200 000 hours.

OCCUPATIONAL HEALTH AND HYGIENE MONITORING

The group recognises that proactive management of the occupational health of our workforce is central to ensuring the sustainability of our business. In order to ensure that the specific occupational health risks associated with each of our operations are effectively managed, specialist occupational health service providers are engaged by each of the operations to implement medical surveillance programmes in accordance with legal requirements.

During the reporting year, Assmang introduced a number of group standards for occupational health management. In order to monitor the effective implementation of these standards, an external occupational nurse was engaged to assist in standardising occupational health management across the organisation and to perform quarterly audits against group standards.

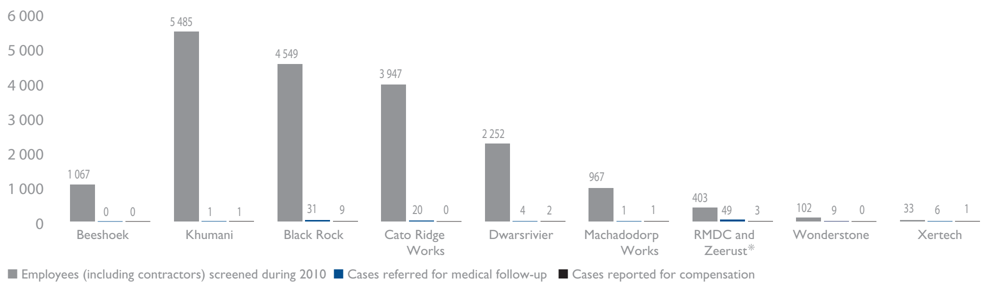
In view of the significant number of new employees hired at RMDC and Zeerust during the reporting year, particular priority was placed on ensuring that entry medical examinations meet the statutory requirements. In view of the suspension of operations at Xertech, emphasis was placed on closing out potential occupational health concerns identified during the annual medical examinations conducted in December 2009 and all recommended follow-up procedures from these examinations have since been completed.

The number of employees who underwent occupational health screening (including the number of cases referred for follow-up and compensation) during the reporting year is summarised below.

Any cases that were referred for follow-up as a result of routine medical surveillance and subsequently found to meet the criteria for compensation in terms of the occupational health legislation were referred to the relevant industry association (Rand Mutual Assurance for mining operations and the Compensation Commissioner for industrial facilities).

Operation	LTI 2010	LTI 2009	LTIFR 2010	LTIFR 2009
Beeshoek	1	1	0,88	0,54
Khumani	9	5	1,42	2,25
Black Rock	12	14	2,62	3,3
Cato Ridge Works	10	8	4,86	3,29
Dwarsrivier	23	13	9,78	5,01
Machadodorp Works	5	10	2,40	4,62
RMDC	6	4	1,86	5,96
Zeerust	1	0	2,87	0,0
Wonderstone	3	4	2,45	17,16
Assore head office	1	0	4,73	0,00
Assmang head office	0	0	0	0

Occupational health screening



Figures for RMDC and Zeerust combined as medical examinations are conducted jointly for these two operations

The hearings of the Department of Labour inquiry, into the alleged cases of manganism at the Cato Ridge Works, were completed during late 2008. After the end of the reporting period, during July 2010, Assmang was informed that the Department had completed its report on the proceedings. This report has not yet been made available to the company. On a related matter, the arbitration proceedings on the claims of unfair dismissal by the former employees who had been initially diagnosed with manganism, were concluded. On 1 September 2010, after the end of the reporting period, the arbitrator found that the dismissals of the former employees had not been unfair, and the applications of the former employees for reinstatement were dismissed.

STAKEHOLDER ENGAGEMENT

Assore interacts with a wide range of internal and external stakeholder groups in the pursuit of its business. Each group of stakeholders has different needs in terms of type of information required as well as mode and frequency of interaction, and the group's approach to stakeholder engagement has been tailored accordingly, as summarised in the following table:

Stakeholder group	Responsibility	How we engage
Investors	Dealing properly with all stakeholders in order to serve the best interests of shareholders on a sustainable basis. Commitment to full compliance with all relevant laws and rules, good corporate governance, transparency and fair dealing	Annual and six-monthly reports, SENS announcements, press statements
Employees and their representatives	Employing the most appropriately skilled individuals and investing in their development in a non-discriminatory environment	"Toolbox talks", inductions, health and safety meetings, internal publications, notice boards, union negotiations, career path planning
Business partners	Seeking mutually beneficial long-term relationships with joint-venture partners and industry peers	Representation on the Assmang board and Excom, board meetings for individual Assore operations, active participation in industry associations
Contractors and suppliers	Seeking mutually beneficial long-term relationships with contractors and suppliers based on fair and ethical practices	Contract negotiations, tender processes, safety inductions, health and safety meetings, site inspections and audits, performance reviews
Customers	Establishing and maintaining mutually beneficial long-term relationships with customers based on fair and ethical practices	Customer site visits, contract negotiations, quality management system, conference attendance
Government	Observing the laws of the countries in which the group operates	Statutory reporting, inspections by government representatives, permit applications, public participation process for environmental impact assessments, engagement on targeted issues
Host communities	Promoting strong relationships with, and raising the capacity of the communities in which the group's activities are located	Public meetings, public participation process for environmental impact assessments, participation in local economic development initiatives, funding of corporate social responsibility initiatives
Non-governmental organisations	Development and maintenance of constructive relationships with relevant non-governmental organisations	Engagement in targeted issues

MATERIALS STEWARDSHIP

Ore & Metal Company Limited is responsible for marketing the products produced by Assmang and the AMT operations and recognises its responsibility to promote the sustainability of its business by taking an active role in shaping the development and performance of the sectors in which it operates. Assore therefore encourages its employees to assume leadership roles in industry associations which aim to promote the use and development of commodities which it produces and to encourage cooperation between companies in these industry sectors to address issues of common concern.

In this regard, Mr Alastair Stalker currently serves as Chair of the Executive Committee of the International Manganese Institute (IMnI) that represents manganese ore and alloy producers, manufacturers of manganese-based products, traders, industry service providers and companies using manganese to manufacture their products. Mr Alistair McAdam continues to serve on the Executive Committee of the International Chrome Development Association, which serves a similar function for the chrome industry.

Regulation EC 1907/2006 of the European Parliament (generally referred to within the industry as REACH) requires the evaluation, authorisation and registration of chemical substances in order to ensure their safe use. The aim of REACH is to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances.

The new law came into force on 1 June 2007 and substances must be registered in a central database run by the European Chemicals Agency by 30 November 2010. Assmang is part of the consortia registering four substances in which it trades: iron, manganese, manganese dust produced by CRA and chrome.

During the reporting year, the materials safety data sheets (MSDSs) for the products produced by both the AMT and Assmang operations were reviewed and comprehensively revised by an external occupational health and safety service provider. This revision has been undertaken to restructure MSDSs into the standard 16-point format and to ensure compatibility with the requirements of the Global Harmonised System of Classification and Labelling of chemicals (GHS) and REACH initiatives. This review was also prompted by customer requests to seek responsible guidance on the management of occupational health and safety risks for our customers and transport agents, as well as our own employees. Such pressures form part of a changing operational climate in which legal compliance within our own jurisdiction is regarded as a minimum, and producers such as Assore are increasingly having to assume responsibility for our product beyond our jurisdiction.

CORPORATE SOCIAL INVESTMENT AND LOCAL ECONOMIC DEVELOPMENT

Social and Labour Plans (SLPs) have been developed for all Group mining operations and submitted to the former Department of Minerals and Energy in support of applications for the conversion of old-order to new-order mineral rights. These SLPs detail a range of local economic development (LED) and corporate social responsibility (CSR) initiatives to which Assore has committed in order to facilitate economic diversification and social upliftment in our host communities.

Local economic development

LED projects have been established at all group operations and have been selected to achieve poverty alleviation and job creation. These projects are intended to develop and diversify the economy of our host communities and to develop sustainable economic opportunities that will endure beyond the end of mine life.

LED projects undertaken by Assmang operations include establishment of the Gamagara integrated cleaning enterprise at Khumani, and development of bulk water supply infrastructure to seven villages in the vicinity of Black Rock.

A brickmaking project has been established at RMDC to manufacture bricks and paving stones for the local market which suffers from a shortage of affordable construction materials. During 2010, RMDC also developed a poultry breeding project in Makgophe village (the closest community to the mine) and finance has been provided to initiate a sewing project in Malorwe, another village located within close proximity of the mine.

Corporate social responsibility

Assore's approach to corporate social responsibility (CSR) continues to place emphasis on enhancing education, healthcare, safety and food security for the communities in which we operate.

Beeshoek has contributed to community safety by funding the upgrade of the Postmasburg, Kimberley, Kathu and Beeshoek road crossings.

In terms of education, Dwarsrivier has established an early childhood development programme in six communities close to the mine.

Machadodorp Works has helped to upgrade healthcare in Emakhazeni local municipality through the development of a healthcare and trauma centre.

RMDC has continued to provide support to the Makgophe Primary School (whose classroom expansion was completed during the previous financial year) and funded the further development of the school through the addition of a crèche facility during the reporting year.

RMDC continues to enhance food security and nutrition in surrounding villages by providing ongoing support for a community vegetable garden. In the reporting year, RMDC has also financed the construction of a pavilion, restrooms, store room and kiosk at the sports pavilion which was developed as a community project in 2008.

During the reporting year, RMDC partnered with the Moses Kotane local municipality to provide wheelchairs, blankets, groceries and other consumables to the Malorwe Home-Based Care Centre which provides home-based care to people living with HIV/AIDS within communities close to the mine.

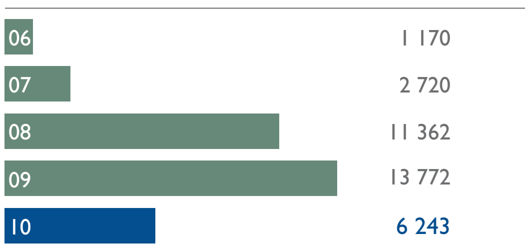
During the reporting year, the construction of the Driekuil Museum at Wonderstone was completed. This museum has been created in collaboration with the Natal Museum to preserve and display rock art found on the Driekuil koppie and display materials are currently being developed which will assist visitors in interpreting the exhibits.

As part of our ongoing commitment to developing the potential of our staff and generating sustainable livelihoods, the group continues to provide a range of bursaries and other study support to enable our employees and their families to pursue a variety of technical and vocational qualifications.

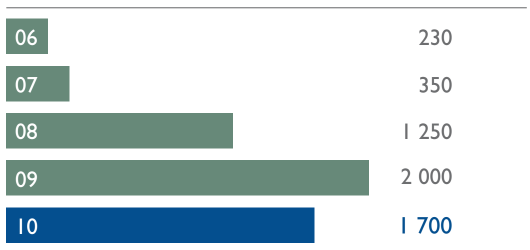
FIVE-YEAR SUMMARY
OF THE CONSOLIDATED FINANCIAL STATEMENTS

Income statements	2006 R'000	2007 R'000	2008 R'000	2009 R'000	2010 R'000
Turnover	3 382 587	4 293 036	9 158 937	8 818 655	7 085 669
Profit before profit on disposal of available-for-sale investments	561 614	1 129 414	4 665 106	5 229 794	2 334 460
Profit on disposal of available-for-sale investments	145 777	43 025	22 350	19 086	–
Taxation and State's share of profits	(227 569)	(369 084)	(1 509 091)	(1 981 493)	(822 963)
Profit for the year	479 822	803 355	3 178 365	3 267 387	1 511 497
Attributable to:					
– Shareholders of the holding company	457 384	774 704	3 069 522	3 241 452	1 479 524
– Non-controlling interests	22 438	28 651	108 843	25 935	31 973
As above	479 822	803 355	3 178 365	3 267 387	1 511 497
Other information					
Attributable earnings as above	457 384	774 704	3 069 522	3 241 452	1 479 524
Headline earnings	323 933	736 021	3 057 708	3 265 793	1 494 205
Dividends declared during the year	64 400	84 000	126 000	555 717	415 324
Less: Dividends attributable to treasury shares	–	(2 928)	(4 392)	(76 311)	(56 309)
	64 400	81 072	121 608	479 406	359 015
Earnings per share (cents)	1 652	2 863	11 406	13 669	6 181
Headline earnings per share (cents)	1 170	2 720	11 362	13 772	6 243
Dividends relating to the activities of the group for the year under review (cents)					
– Interim declared and paid	80	150	250	1 000	500
– Final (declared subsequent to year-end)	150	200	1 000	1 000	1 200
	230	350	1 250	2 000	1 700
Weighted average number of shares for purposes of calculating earnings per share					
Ordinary shares in issue	28 000	28 000	28 000	27 658	27 687
Treasury shares	(305)	(942)	(1 088)	(3 944)	(3 751)
Weighted average	27 695	27 058	26 912	23 714	23 936
Average exchange rates for the year:					
SA rand to US dollar	6,41	7,20	7,27	8,80	7,60
SA rand to euro	7,80	9,67	10,72	12,08	10,53

Headline earnings per share (cents)

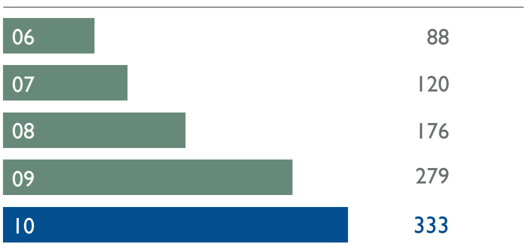


Total dividends relating to the activities of the group for the year under review (cents)

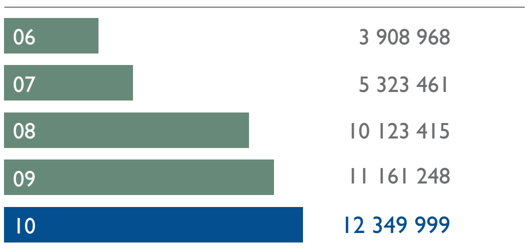


Statements of financial position	2006 R'000	2007 R'000	2008 R'000	2009 R'000	**2010 R'000**
ASSETS					
Non-current assets					
Property, plant and equipment, investment properties and intangibles	2 023 210	3 003 319	4 196 018	5 183 450	**6 409 471**
Available-for-sale investments	169 750	236 119	590 066	415 066	**602 851**
Other non-current financial assets and investments	–	–	125	42 259	**105 173**
Deferred taxation	–	–	61 977	74 309	**71 572**
	2 192 960	3 239 438	4 848 186	5 715 084	**7 189 067**
Current assets					
Other current assets	1 544 173	1 774 566	3 286 272	2 397 097	**3 253 023**
Cash resources	171 835	309 457	1 988 957	3 049 067	**1 907 909**
Total assets	3 908 968	5 323 461	10 123 415	11 161 248	**12 349 999**
EQUITY AND LIABILITIES					
Share capital and reserves					
Ordinary shareholders' interest	2 475 316	3 230 707	4 110 872	6 603 229	**7 867 443**
Non-controlling interests	51 114	48 673	111 528	71 819	**102 035**
Total equity	2 526 430	3 279 380	4 222 400	6 675 048	**7 969 478**
Non-current liabilities					
Deferred taxation	544 844	620 597	961 678	1 416 145	**1 785 301**
Long-term liabilities	122 312	156 955	223 320	257 513	**216 826**
	3 193 586	4 056 932	5 407 398	8 348 706	**9 971 605**
Current liabilities					
Non-interest bearing	461 928	721 759	2 094 528	1 188 699	**1 346 749**
Interest bearing	253 454	544 770	2 621 489	1 623 843	**1 031 645**
Total equity and liabilities	3 908 968	5 323 461	10 123 415	11 161 248	**12 349 999**
Net asset value per share (rand)	88	120	176	279	**333**
Exchange rates at year-end					
SA rand to US dollar	7,11	7,02	7,84	7,72	**7,66**
SA rand to euro	9,10	9,50	12,37	10,79	**9,39**

Net asset value per share (rand)



Total assets (R'000)



GLOBAL REPORTING INITIATIVE INDEX (GRI)

The following tables indicate the group's first measurement of its performance against the global reporting initiative (GRI) G3 indicators, and refer to the pages in this report where the respective indicators are addressed.

G3 Indicator	Description	Page
1. Strategy and analysis		
1.1	Statement from senior decision-maker	11
1.2	Description of key impacts, risks and opportunities	15, 44
2. Organisational profile		
2.1	Organisation's name	front cover
2.2	Major products	4
2.3	Operational structure and major divisions	6
2.4	Location of headquarters	inside back cover
2.5	Countries of operation	6, 7
2.6	Nature of ownership	6
2.7	Markets served including geographic breakdown/sectors served/customers	1, 19
2.8	Scale of organisation including number of employees, net sales/revenues, total capitalisation	3, 56
2.9	Significant changes during reporting period	none
2.10	Awards	not addressed
3. Report parameters		
3.1	Reporting period	69
3.2	Date of previous report	implicit
3.3	Reporting cycle	69
3.4	Contact point	inside back cover
3.5	Process for defining report content	52
3.6	Boundary of the report	51, 66
3.7	Limitations on the scope or boundary of the report	none
3.8	Basis for reporting on joint ventures, etc	71
3.9	Data measurement techniques and bases of calculations including assumptions	throughout eg 22, 52
3.10	Restatements of information	none
3.11	Significant changes from previous reporting periods	80
3.12	GRI Content Index table	64
3.13	Policy and practice for seeking independent assurance for report	not applicable
4. Governance, commitments and engagement		
4.1	Governance structure including committees	40, 42, 43
4.2	Indicate whether chair of highest governance body is also an executive officer	41
4.3	Percent of independent directors	40
4.4	Mechanisms for shareholders and employees to provide recommendations/direction to highest governance body	42
4.5	Linkage between compensation and organisation's performance for members of highest governance body/senior executives	43
4.6	Process for the board to ensure conflicts of interest are avoided	44
4.7	Processes for determining qualifications and expertise for guiding strategy	41
4.8	Mission and values statements, codes of conduct, principles relevant to economic, environmental and social performance, and status of implementation	52
4.9	Procedures of highest governance body for overseeing economic, environmental and social performance including compliance and codes of conduct	42
4.10	Processes for evaluating performance of governance body with respect to economic, environmental and social performance	52
4.11	Explanation of how precautionary approach/principle is addressed by organisation	not addressed
4.12	Externally developed, voluntary economic, environmental and social charters, sets of principles, or other initiatives	52, 54
4.13	Significant memberships in associations and/or advocacy organisations	60
4.14	List of stakeholder groups	59
4.15	Basis for identification and selection of stakeholders with whom to engage	59
4.16	Approaches to stakeholder engagement, including frequency and type	59
4.17	Key issues raised through stakeholder engagement and how organisation has responded	not addressed

GLOBAL REPORTING INITIATIVE INDICATOR CATEGORY AND REFERENCE TABLE

Aspect	Ref No	Requirement	Page
Economic indicators			
	EC3	Coverage of the organisation's defined benefit plan obligations.	121
	EC4	Significant financial assistance received from government.	not applicable
	EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation.	49
	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	60
	MM12	Programmes and progress relating to materials stewardship	60
Environmental indicators			
	EN3	Direct energy consumption by primary energy source.	53
	EN8	Total water withdrawal by source.	54
	EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	55
	MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	55
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	54
	EN22	Total weight of waste by type and disposal method.	55
	MM3	Total amounts of overburden, rock, tailings and sludges presenting potential hazards.	55
	MM9	Number and percentage of operations with closure plans.	55
	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	52
	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	54
Social performance: Labour			
	LA1	Total workforce by employment type, employment contract and region.	54
	MM4	Number of strikes and lockouts exceeding one week's duration, by country.	57
	LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region.	57, 58

The financial statements of the group and company have been prepared to comply with the South African Companies Act and the JSE Limited Listings Requirements.

CONTENTS

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

The annual financial statements of Assore Limited and group annual financial statements for the year ended 30 June 2010 as set out on pages 70 to 139 were approved by the board of directors on 22 October 2010 and are signed on its behalf by:

Desmond Sacco
Chairman

C J Cory
Chief Executive Officer

CERTIFICATE BY COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2010

We certify that the requirements as stated in section 268G(d) of the Companies Act have been met and that all returns, as are required of a public company in terms of the aforementioned Act, have been submitted to the Registrar of Companies and that such returns are true, correct and up to date.

African Mining and Trust Company Limited
Secretaries
per: **C D Stemmett**

22 October 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSORE LIMITED

FOR THE YEAR ENDED 30 JUNE 2010

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

We have audited the annual financial statements of the group and company, which comprise the directors' report, the statements of financial position as at 30 June 2010, the income statements, the statements of comprehensive income, the statements of changes in equity and statements of cash flow for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 70 to 139.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the group and company as at 30 June 2010, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Ernst & Young Inc.

Ernst & Young Inc.
Registered Auditor

Johannesburg
22 October 2010

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2010

NATURE OF BUSINESS

Assore Limited, which was incorporated in 1950, is a mining holding company principally engaged in ventures involving base minerals and metals. The company's shares are listed on the JSE Limited (the JSE) under "Assore" in the general mining sector and its ultimate holding company is Oresteel Investments (Proprietary) Limited.

The group's principal investment is a 50% (2009: 50%) interest in Assmang Limited (Assmang) which it controls jointly with African Rainbow Minerals Limited (ARM). Assmang mines iron, manganese and chrome ores and produces manganese and chrome alloys.

In addition, the group mines chrome ore and Wonderstone (a type of pyrophyllite), a portion of which is beneficiated to produce high-precision components, and wear- and acid-resistant tiles.

The group, through its wholly owned subsidiary, Ore & Metal Company Limited, is responsible for marketing all products produced by its joint-venture entities and subsidiary companies, the bulk of which is exported and the remainder either used in the group's beneficiation processes or sold locally. Details of the group's activities are set out, by activity, in the review of operations.

FINANCIAL RESULTS

The financial position of the group and company and their results for the year ended 30 June 2010 are set out in the annual financial statements of the group (refer page 67) and company (refer page 125) included in this report (the financial statements). The results of the group for the year are summarised below:

	Year ended 30 June	
	2010 R'000	2009 R'000
Turnover	**7 085 669**	8 818 655
Profit for the year	**1 511 497**	3 267 387
Attributable to:		
Shareholders of the holding company	**1 479 524**	3 241 452
Non-controlling interests	**31 973**	25 935
As above	**1 511 497**	3 267 387
Profit attributable to the shareholders of the holding company as above	**1 479 524**	3 241 452
Dividends relating to the group's activities for the year under review (refer dividends below)	**406 883**	478 687
Interim dividend No 106 of 500 cents (2009: 1 000 cents) per share – declared on 27 March 2010	**139 607**	275 717
Final dividend No 107 of 1 200 cents (2009: 1 000 cents) per share – declared on 1 September 2010	**335 057**	275 717
Less: Dividends attributable to treasury shares	**(67 781)**	(72 747)
Profit for the year after dividends	**1 072 641**	2 762 765
The attributable interest of the company in the aggregate net profit and losses after taxation of group companies was as follows:		
Jointly controlled entity – 50% (2009: 50%) share		
– Profit for the year	**853 489**	995 740
Subsidiary companies		
– Profit	**308 971**	1 040 116
– Losses	**47 880**	115 504

CONTROL OVER FINANCIAL REPORTING

The directors of the company are responsible for the preparation and fair presentation of the financial statements and related financial information included in this report. The external auditors, Ernst & Young Inc., whose report appears within this report, are responsible for expressing an opinion on the financial statements based on their audit.

The financial statements included in this report are based on judgements and estimates which are intended to be both reasonable and prudent and have been prepared by management in accordance with International Financial Reporting Standards (IFRS) based on appropriate accounting policies which, unless otherwise indicated, have been applied consistently with the previous year.

The financial statements have been prepared on a going-concern basis and the directors have no reason to believe that any of the businesses in the group, except for the synthetic diamond operation, Xertech (refer page 96), in the group will not be a going concern in the year ahead. With regard to the valuation of assets, the directors are of the opinion that the carrying amounts of all assets included on the statement of financial position are appropriately valued.

In order to discharge their responsibilities with regard to the financial statements, the directors ensure, through the group's duly appointed Audit and Risk Committee, that management maintains adequate accounting records and systems of internal control which are developed and reviewed for effectiveness on an ongoing basis. The systems of internal control are based on established organisational structures, policies and procedures, including budgeting and forecasting disciplines and are managed and controlled by suitably trained personnel who are organised in structures with appropriate segregation of authorities and duties. While internal controls are intended to adequately safeguard the group's assets and prevent and detect material misstatement and loss, these systems can only be expected to provide reasonable, and not absolute, assurance as to the reliability of the financial information included in this report.

JOINTLY CONTROLLED ENTITY

The group owns 50% (2009: 50%) of the ordinary share capital of Assmang. In accordance with IFRS, the results of Assmang are accounted for by Assore using the proportionate consolidation method and the financial information set out below has been extracted from the audited financial statements of Assmang and its subsidiary companies for the year ended 30 June 2010.

The calculation of profit for consolidation purposes was based on the profit of Assmang for the year ended 30 June 2010 and dividends declared during that period, which are summarised as follows:

	Year ended 30 June	
	2010 R'000	2009 R'000
Abridged consolidated income statement of Assmang		
Turnover	**12 869 713**	15 263 603
Profit before taxation and State's share of profit	**4 161 748**	9 923 181
Taxation and State's share of profit	**1 429 526**	3 604 023
Earnings	**2 732 222**	6 319 158
Dividends declared during the year	**1 000 297**	4 302 732
Profit for the year after dividends paid	**1 731 925**	2 016 426

	At 30 June	
	2010 R'000	2009 R'000
Abridged consolidated statement of financial position of Assmang		
Assets		
Non-current assets	**11 707 434**	9 265 451
Current assets	**7 864 229**	7 627 763
Total assets	**19 571 663**	16 893 214
Equity and liabilities		
Total equity	**13 720 518**	11 988 594
Non-current liabilities	**3 540 775**	2 816 757
Current liabilities		
– interest bearing	**7 224**	14 807
– non-interest bearing	**2 303 146**	2 073 056
Total equity and liabilities	**19 571 663**	16 893 214
Capital expenditure (R million)	**3 336**	2 780
Capital commitments (R million)	**5 874**	7 175

DIRECTORS' EMOLUMENTS

Emoluments paid to the directors for the year under review are as follows:

	Directors' fees (refer note 1) R'000	Salary R'000	Bonuses (refer note 2) R'000	Contri-butions to pension scheme R'000	Other fringe benefits (refer note 3) R'000	Total R'000
2010						
Executive						
Desmond Sacco (Chairman)	110	3 806	317	–	508	4 741
R J Carpenter (Deputy Chairman)	96	3 800	11 363	863	228	16 350
C J Cory (Chief Executive Officer)	96	3 469	11 244	788	248	15 845
P C Crous (Technical and Operations)	96	3 048	11 093	692	217	15 146
Non-executive						
B M Hawksworth	175	–	–	–	–	175
M C Ramaphosa*	150	–	–	–	–	150
E M Southey	150	–	–	–	–	150
Dr J C van der Horst	150	–	–	–	–	150
Alternate						
J W Lewis (resigned 31 August 2009)	–	231	–	53	35	319
N G Sacco	–	883	36	86	45	1 050
P E Sacco	36	432	36	90	115	709
R Smith	–	–	–	–	–	–
	1 059	15 669	34 089	2 572	1 396	54 785
2009						
Executive						
Desmond Sacco (Chairman)	110	3 806	317	–	463	4 696
R J Carpenter (Deputy Chairman)	96	3 619	11 636	822	233	16 406
C J Cory (Chief Executive Officer)	96	3 305	11 494	750	251	15 896
P C Crous (Technical and Operations)	96	2 904	11 313	659	211	15 183
Non-executive						
P N Boynton* (resigned 2 January 2009)	60	–	–	–	–	60
B M Hawksworth	150	–	–	–	–	150
M C Ramaphosa*	120	–	–	–	–	120
E M Southey (appointed 2 January 2009)	60	–	–	–	–	60
Dr J C van der Horst	120	–	–	–	–	120
Alternate						
J W Lewis	–	1 321	5 597	300	223	7 441
N G Sacco	–	1 338	72	84	34	1 528
P E Sacco	36	432	72	88	118	746
R Smith	–	–	–	–	–	–
	944	16 725	40 501	2 703	1 533	62 406

* *Fees paid to employer*

Notes

1. Directors' fees paid to executive directors include fees received from Assmang Limited.
2. Due to the shareholding structure, the company is unable to offer directors' remuneration by way of share incentive or option arrangements and bonuses are determined based on results for the year. Directors owning shares in the group do so in their own right and disclosure thereof is made in this report (refer page 73).
3. 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.
4. None of the directors or their immediate families holds any options to acquire shares in the company nor are they entitled to any gains by way of commissions, profit-sharing arrangements or contracts entered into with group companies.

DIRECTORS' INTERESTS IN SHARES OF THE COMPANY

Interests of the directors in the ordinary shares of the company at 30 June 2010 were as follows, and the company is unaware of any material change in these interests between year-end and the date of this report:

	Direct beneficial Number of shares		Indirect beneficial Number of shares	
	2010	2009	**2010**	2009
Executive directors				
Desmond Sacco	**167 500**	167 500	**6 486 098**	6 486 098
R J Carpenter	**22 400**	22 400	**–**	–
C J Cory	**10 000**	10 000	**–**	–
P C Crous	**3 000**	3 000	**–**	–
Non-executive directors				
B M Hawksworth	**1 000**	1 000	**–**	–
M C Ramaphosa	**–**	–	**1 010 917**	1 106 000
E M Southey (appointed 2 January 2009)	**–**	–	**–**	–
Dr J C van der Horst	**–**	–	**–**	–
Alternate directors				
J W Lewis (resigned 31 August 2009)	**2 500**	2 500	**–**	–
N G Sacco	**34 050**	34 050	**–**	–
P E Sacco	**35 350**	35 350	**–**	–
R Smith	**–**	–	**–**	–
	275 800	275 800	**7 497 015**	7 592 098

ANALYSIS OF SHAREHOLDING

The following analysis of shareholders, in accordance with the JSE Listings Requirements, has been established, based on an examination of the company's share register at 30 June 2010. The directors are not aware of any material changes to this analysis between the year-end and the date of this report:

	2010 %	2009 %
Shareholder spread		
Shares held by the public/non-public		
Non-public*		
– Holders in excess of 10% of the share capital	**75,23**	74,91
– Directors of the company	**0,98**	1,00
	76,21	75,91
Public 1 008 (2009: 677) shareholders	**23,79**	24,09
	100,00	100,00

* *As defined by Rule 4.25 of the JSE Listings Requirements*

	2010 %	2009 %
Major shareholders		
Oresteel Investments (Proprietary) Limited	**52,43**	53,09
Main Street 460 (Proprietary) Limited	**11,01**	9,88
Main Street 343 (Proprietary) Limited (a wholly owned subsidiary of Shanduka Resources (Proprietary) Limited)	**11,79**	11,94
	75,23	74,91
Others – less than 5%	**24,77**	25,09
	100,00	100,00

SPECIAL RESOLUTIONS

The following special resolutions were passed during the year under review:

- On 27 November 2009, the directors at Assore and its subsidiaries were granted general authority to purchase Assore's issued ordinary share capital, in accordance with the provisions of the Companies Act.

- On 19 January 2010, in order to effect the second empowerment transaction (refer to "Black economic empowerment" report, page 47):
  - authority was granted to Assore's directors to execute and implement agreements in order to provide financial assistance to a subsidiary company; and
  - Assore was granted specific authority to repurchase any of its issued shares from certain of its subsidiary companies.

DIVIDENDS

In accordance with the group's accounting policy for dividends, only dividends which are declared during the financial year are recorded in the financial statements and are summarised as follows:

	2010 R'000	2009 R'000
Dividends declared during the year:		
Final dividend No 105 of 1 000 cents (2009: 1 000 cents) per share		
– declared on 26 August 2009	**275 717**	280 000
Interim dividend No 106 of 500 cents (2009: 1 000 cents) per share		
– declared on 27 March 2010	**139 607**	275 717
Less: Dividends attributable to treasury shares	**(56 309)**	(76 311)
	359 015	479 406
Dividends relating to activities for the year:		
Interim dividend No 106 of 500 cents (2009: 1 000 cents) per share		
– declared on 27 March 2010	**139 607**	275 717
Final dividend No 107 of 1 200 cents (2009: 1 000 cents) per share		
– declared on 1 September 2010	**335 057**	275 717
Less: Dividends attributable to treasury shares	**(67 781)**	(72 747)
	406 883	478 687

EVENTS AFTER THE REPORTING PERIOD

The following significant corporate events occurred subsequent to the year-end but, in the opinion of the board of directors, do not require any adjustments to the financial statements at 30 June 2010:

- On 27 August 2010, Mr B M Hawksworth stood down as a director due to ill health.
- On 1 September 2010, the board declared a final dividend of 1 200 cents per share amounting to R335,1 million, which was paid to shareholders on 27 September 2010.
- On 10 September 2010, shareholders approved the proposed subdivision of Assore's ordinary share capital, on a five-for-one basis. All previously reported financial results for earnings per share information will be divided by a factor of five in future reporting periods.
- On 1 October 2010, Mr W F Urmson was appointed as an independent non-executive director.

HOLDING COMPANY

The company's holding company is Oresteel Investments (Proprietary) Limited.

DIRECTORATE AND SECRETARY

The names of the directors at the year-end are set out on pages 8 and 9 of this report. Details of the company secretary, including its business and postal addresses, are set out on the inside back cover of this report. Changes subsequent to the year-end are recorded in "Events after the reporting period" (refer above).

In terms of the company's Articles of Association, Messrs Carpenter, Cory and Urmson are required to retire by rotation at the forthcoming Annual General Meeting. All of the aforementioned directors, being eligible, offer themselves for re-election. (refer page 142 for a brief *curriculum vitae* for each of these directors.)

Johannesburg
22 October 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	2010 R'000	2009 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	2	6 344 594	5 118 685
Investment properties	3	62 130	61 838
Intangible assets	4	2 747	2 927
Investments – available-for-sale	5	602 851	415 066
– other	5	73 267	42 259
Other non-current financial assets	6	31 906	–
Deferred taxation	14	71 572	74 309
		7 189 067	5 715 084
Current assets			
Inventories	7	1 771 977	1 804 010
Trade and other receivables	8	1 481 046	593 087
Cash deposits held by environmental trusts		57 927	47 739
Cash resources	25.6	1 849 982	3 001 328
		5 160 932	5 446 164
Total assets		12 349 999	11 161 248
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	9	698	689
Share premium	10	264 092	30 358
Treasury shares	11	(2 359 028)	(2 125 285)
Retained earnings		9 697 261	8 576 752
Other reserves	12	264 420	120 715
Equity attributable to shareholders of the parent		7 867 443	6 603 229
Non-controlling interests		102 035	71 819
Total equity		7 969 478	6 675 048
Non-current liabilities			
Long-term borrowings	13	2 733	51 556
Deferred taxation	14	1 785 301	1 416 145
Long-term provisions	15	214 093	205 957
		2 002 127	1 673 658
Current liabilities			
Trade and other payables	16	1 006 078	648 490
Taxation		253 895	429 293
Short-term provisions	17	86 776	110 916
Short-term borrowings and overdrafts	18	1 031 645	1 623 843
		2 378 394	2 812 542
Total equity and liabilities		12 349 999	11 161 248

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R'000	2009 R'000
Revenue	19	7 565 582	9 527 669
Turnover		7 085 669	8 818 655
Cost of sales		4 787 703	3 983 720
Gross profit		2 297 966	4 834 935
Profit on disposal of available-for-sale investments		–	19 086
Investment income		208 597	392 659
Foreign exchange gains	21	140 513	566 220
Net technical fees and commissions on sales		229 382	278 832
Other income		54 243	173 117
Foreign exchange losses		(19 723)	(101 614)
Other expenses	21	(452 885)	(616 207)
Finance costs	20	(123 633)	(298 148)
Profit before taxation and State's share of profits	21	2 334 460	5 248 880
Taxation and State's share of profits	22	822 963	1 981 493
Profit for the year		1 511 497	3 267 387
Attributable to:			
Shareholders of the parent		1 479 524	3 241 452
Non-controlling interests		31 973	25 935
As above		1 511 497	3 267 387
Earnings per share (cents) (basic and diluted)	23	6 181	13 669

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	2010 R'000	2009 R'000
Profit for the year (as above)	1 511 497	3 267 387
Other comprehensive income/(loss) for the year, net of tax	143 705	(237 400)
Net gain/(loss) on revaluation of available-for-sale investments to market value	167 095	(270 143)
Profit on disposal of available-for-sale investments recognised in profit for the year	–	(19 086)
Deferred capital gains tax	(23 393)	40 492
	143 702	(248 737)
Exchange differences on translation of foreign operations	3	11 337
Total comprehensive income for the year	1 655 202	3 029 987
Attributable to:		
Shareholders of the parent	1 623 229	3 004 052
Non-controlling interests	31 973	25 935
As above	1 655 202	3 029 987

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R'000	2009 R'000
Cash retained from operating activities		1 331 957	3 670 885
Net cash generated by operations		2 275 249	6 193 235
Cash generated by operations	25.1	2 713 424	5 835 346
Dividend income	25.2	17 770	20 030
Movements in working capital	25.3	(455 945)	337 859
Interest income	19	190 827	366 720
Finance costs	20	(123 633)	(298 148)
Taxation paid	25.4	(649 861)	(2 035 700)
Dividends paid to shareholders of the holding company	25.5	(358 865)	(479 379)
Dividends paid to non-controlling interests		(1 760)	(75 843)
Cash utilised in investing activities		(1 810 376)	(1 620 690)
Acquisition of shares in the holding company by a subsidiary company		–	(32 279)
Acquisition of available-for-sale investments		(20 690)	(117 813)
Acquisition of other investments		(31 008)	(42 134)
Additions to property, plant and equipment			
– to maintain operations		(561 345)	(686 342)
– to expand operations		(1 199 744)	(789 626)
Additions to investment properties		(292)	–
Payments against long-term provisions		–	(411)
Net movement in environmental rehabilitation trust funds		(10 188)	(10 797)
Proceeds on disposal of			
– property, plant and equipment		12 891	36 042
– available-for-sale investments		–	22 670
Cash utilised in financing activities		(672 927)	(1 000 882)
Decrease in long-term borrowings		(45 211)	(13 833)
Decrease in short-term borrowings and overdrafts		(595 810)	(987 049)
Long-term advances made		(31 906)	–
Cash resources			
– (decrease)/increase for the year		(1 151 346)	1 049 313
– at beginning of year		3 001 328	1 952 015
– at end of year	25.6	1 849 982	3 001 328

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R'000	2009 R'000
Share capital			
Balance at beginning of year		689	700
Shares issued/(repurchased and cancelled) during the year at par value		9	(11)
Balance at end of year	9	698	689
Share premium			
Balance at beginning of year		30 358	30 358
Arising on issue of shares		233 734	–
Balance at end of year	10	264 092	30 358
Treasury shares			
Balance at beginning of year		(2 125 285)	(2 341 725)
Shares issued/repurchased during the year		(233 743)	(26 465)
Warehouse transaction costs		–	(5 038)
Cancellation of shares		–	248 718
Costs of cancellation of shares		–	(775)
Balance at end of year	11	(2 359 028)	(2 125 285)
Retained earnings			
Balance at beginning of year		8 576 752	6 063 424
Profit for the year		1 479 524	3 241 452
Ordinary dividends declared during the year		(359 015)	(479 406)
Final dividend No 105 of 1 000 cents (2009: 1 000 cents) per share – declared on 26 August 2009		(275 717)	(280 000)
Interim dividend No 106 of 500 cents (2009: 1 000 cents) per share – declared on 27 March 2010		(139 607)	(275 717)
Less: Dividends attributable to treasury shares		56 309	76 311
Treasury shares repurchased and cancelled during the year		–	(248 718)
Balance at end of year		9 697 261	8 576 752
Other reserves			
Balance at beginning of year		120 715	358 115
Other comprehensive income/(loss) per consolidated statement of comprehensive income		143 705	(237 400)
Balance at end of year	12	264 420	120 715
Equity attributable to shareholders of the parent		7 867 443	6 603 229
Non-controlling interests		102 035	71 819
Balance at beginning of year		71 819	111 528
Total comprehensive income per consolidated statement of comprehensive income		31 973	25 935
Dividends paid to non-controlling interests		(1 760)	(75 843)
Foreign currency translation reserve arising on consolidation		3	10 199
Total equity		7 969 478	6 675 048

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements of the group and company are prepared on the historical-cost basis, except for financial instruments that are measured at fair value. Details of the accounting policies used in the preparation of the financial statements are set out below which are consistent with those applied in the previous year except as stated under the heading "Changes in accounting policies" below.

1.1.1 *Statement of compliance*

The consolidated financial statements of the group and company have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and interpretations of those standards, as adopted by the International Accounting Standards Board (IASB) and applicable legislation.

1.1.2 *Changes in accounting policies*

During the year, the group has adopted the following standards or changes to standards in response to changes in IFRS:

Standard	Description	Impact
IAS 1	IAS 1 (Revised) – *Presentation of Financial Statements*	The revised standard requires that all non-owner changes in equity be presented in either one statement of comprehensive income or in two linked statements. Components of comprehensive income are not presented in the statement of changes in equity. It also requires that a statement of financial position is presented at the beginning of the earliest comparative period when the entity applies an accounting policy retrospectively or makes a retrospective restatement. The group has adopted the presentation of a separate income statement and statement of comprehensive income. There has been no impact on the results of the group as a result of adopting these amended presentation and disclosure requirements.
IFRS 8	*Operating Segments*	IFRS 8 sets out the requirements for disclosure of information about an entity's operating segments, the entity's products and services, the geographical areas in which it operates and its major customers. The results of the group have not been affected as a result of adopting this IFRS. The disclosure of segmental information has been aligned on the basis upon which the chief operating decision-maker manages the group with the most significant resultant change being the presentation of joint-venture entities' information.
IFRS 7	IFRS 7 (Amendment) – *Financial Instruments: Disclosures*	The amendments are intended to enhance disclosures about fair value measurement and liquidity risk. The results of the group have not been affected as a result of adopting these amendments.

The following new, revised and amended standards and interpretations were adopted in the current year, but did not have any impact on the accounting policies, financial position or performance of the group or the company:

- IFRS 2 (Amendment) – *Share-based Payment: Vesting Conditions and Cancellations*
- IFRS 3 (Revised) – *Business Combinations*
- IAS 27 (Amendment) – *Consolidated and Separate Financial Statements*
- IAS 27 (Amendment) – *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate*
- Amendments to IAS 1 – *Presentation of Financial Statements* and IAS 32 – *Financial Instruments – Presentation: Puttable Financial Instruments and Obligations* Arising on Consolidation
- IAS 39 (Amendment) – *Financial Instruments: Recognition and Measurement: Eligible Hedged Items*
- IFRIC 15 – *Agreements for the Construction of Real Estate*
- IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation*
- IFRIC 17 – *Distribution of Non-cash Assets to Owners*
- IFRIC 18 – *Transfer of Assets from Customers*
- AC 504 – IAS 19 – *Employee Benefits: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in a South African Pension fund Environment*

1.1.3 ***IFRS and IFRIC interpretations not yet effective***

The group has not applied the following IFRS and IFRIC new, revised and amended standards and interpretations which have been issued as they are not yet effective:

Standard	Description	Effective for financial periods commencing	Impact
IFRS 2	IFRS 2 (Amendment) – *Group Cash-settled Share-based Payment Transactions*	1 January 2010	The amendment clarifies the accounting treatment for group cash-settled share-based payment transactions, where a subsidiary receives goods or services from employees or suppliers but the parent or another entity in the group pays for those goods or services (replacing previous interpretations published on this issue). Neither the group's results nor its disclosures are expected to be affected by this amendment.
IAS 32	IAS 32 – *Financial Instruments: Presentation* (Amendment) – *Classification of Rights Issues*	1 February 2010	The definition of a financial liability has been amended to classify rights issues as equity instruments if certain requirements are met. The application of this amendment is retrospective. Neither the group's results nor its disclosures are expected to be affected by this amendment.

1. **ACCOUNTING POLICIES** (continued)

1.1 **Basis of preparation** (continued)

1.1.3 ***IFRS and IFRIC interpretations not yet effective*** *(continued)*

Standard	Description	Effective for financial periods commencing	Impact
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010	IFRIC 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability are to be measured at their fair value, unless this cannot be reliably measured, in which case they are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The application of this interpretation is retrospective. Since the group has not settled any liabilities as envisaged in the interpretation, neither the group's results nor its disclosures are expected to be affected by this amendment.
IFRS 9	*Financial Instruments*	1 January 2013	The IASB intends to replace IAS 39 – *Financial Instruments: Recognition and Measurement,* with IFRS 9, which is being prepared on a phased basis. The statement aims to simplify many of the aspects contained in IAS 39, and will be required to be applied retrospectively. The group is in the process of determining the impact of the standard on its results and disclosures.
IAS 24	*Related-party Disclosures* (Revised)	1 January 2011	The revisions to the standard clarify the definition of a related-party to simplify the identification of related-party relationships, particularly in relation to significant influence and joint control. The group is in the process of determining the impact these revisions may have on its disclosures.
IFRIC 14	IFRIC 14 (Amendment) – *Prepayments of a Minimum Funding Requirement*	1 January 2011	The amendment to the interpretation provides guidance on assessing the recoverable amount of a net pension asset, and permits an entity to treat the prepayment of a minimum funding requirement as an asset. In the event that the group undertakes prepayments as envisaged in the revised interpretation, the impact on its results and disclosures will be determined accordingly.

1.1.4 The IASB has published two sets of improvements to IFRS, which are mostly effective for periods commencing on or after January 2010 (current year) and January 2011 (next year) respectively. The improvements for the current year represent minor changes and the financial position and results of the group have not been affected as a result of their adoption. The improvements for the next year also represent minor changes and the financial position and results of the group are not expected to be materially impacted as a result of their adoption, and are in the process of being assessed by the group. The IASB has also published annual improvements to IFRS in May 2010 which will only be effective for the group in future years. The improvements represent minor changes and the financial position and results of the group and company are not expected to be materially impacted as a result of their adoption, and are in the process of being assessed.

1.2 Significant accounting judgements and estimates

Judgements

In the process of applying the group's accounting policies, management has made the following judgements, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements:

Consolidation of special-purpose vehicles

Management is of the opinion that the Bokamoso Trust, a broad-based community trust, is still controlled by Assore, as, following the second empowerment transaction (refer "Black economic empowerment" report) the Trust, through its controlling interest in a special-purpose entity, has become extensively indebted to the group. Accordingly, the Trust has been consolidated in the group financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Project risk and exploration expenditure

In evaluating whether expenditures meet the criteria to be capitalised, the group utilises several different sources of information and also differentiates projects by levels of risks, including:

- the degree of certainty over the mineralisation of the orebody;
- commercial risks including but limited to country risks; and
- prior exploration knowledge available about the target orebody.

Impairment of goodwill

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The goodwill relates to the acquisition of a foreign subsidiary.

Post-retirement medical aid liability

Independent actuaries determine the quantum of the liability on a regular basis, and the related assumptions are disclosed in note 33.2.

1. ACCOUNTING POLICIES (continued)

1.2 Significant accounting judgements and estimates (continued)

Estimation uncertainty (continued)

Provisions for environmental rehabilitation

The group provides for the estimated costs of rehabilitation which include both restoration and associated decommissioning of assets. An independent environmental liability assessment is conducted on an annual basis to assess the adequacy of the environmental rehabilitation provisions. A risk of material adjustment exists due to the inherent uncertainty surrounding the future life of the mines, the forward-looking nature of the provisions and the uncertainty regarding the underlying assumptions.

1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its joint-venture and subsidiary companies, which are prepared for the same reporting year as the holding company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits and losses arising from intragroup transactions, have been eliminated.

Subsidiary companies

Investments in subsidiary companies are accounted for in the company at cost less impairments. Subsidiary companies are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. All intragroup transactions and balances (including profits and losses that arise between group companies) are eliminated on consolidation.

Non-controlling interests represent the portion of profit or loss and net assets and liabilities not held by the group which are presented separately in the income statement and within equity in the consolidated statement of financial position, separately from parent shareholder's equity.

Joint ventures

Investments in jointly controlled entities are accounted for using the proportionate consolidation method. Entities are regarded as joint ventures where the group, in terms of contractual agreements, has joint control over the financial and operating policy decisions of the enterprise. The group's attributable share of the assets, liabilities, income and expenses of such jointly controlled entities is incorporated on a line-by-line basis in the group financial statements and all intragroup transactions and balances are eliminated on consolidation. The joint venture is proportionately consolidated until the date on which the group ceases to have joint control over the joint venture.

1.4 Property, plant and equipment and depreciation

Plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met. The carrying amounts of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when future economic benefits are no longer expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end.

The costs to add to, replace part of, or service an item, following a major inspection, are recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Depreciation of the various types of assets is determined on the following bases:

Mineral and prospecting rights
Mineral rights, which are being depleted, are amortised over their estimated useful lives using the units-of-production method based on Proved and Probable Ore Reserves. Where the Reserves are not determinable, due to their scattered nature, the straight-line method is applied. The maximum rate of depletion of any mineral right is 25 years. Mineral rights, which are not being depleted, are not amortised. Mineral rights, which have no commercial value, are written off in full.

Land, buildings and mine, township and industrial properties
Land is not depreciated. Owner-occupied properties, which are designed for a specific use, are only depreciated if carrying value exceeds estimated residual value, in which case they are depreciated to estimated residual value on a straight-line basis over their estimated useful lives. The annual depreciation rates used vary up to a maximum of a period of 25 years.

Mine, township and industrial properties, including houses, schools and administration blocks, are depreciated to estimated residual values at the lesser of life of mine and expected useful life of the asset on the straight-line basis.

Plant and equipment
Mining plant and equipment is depreciated over the lesser of its estimated useful life, estimated at between five and 19 years, and the units-of-production method based on estimated Proved and Probable Ore Reserves. Where Ore Reserves are not determinable, due to their scattered nature, the straight-line method of depreciation is applied.

Industrial plant and equipment is depreciated on the straight-line basis, over its useful life, up to a maximum of 25 years.

Prospecting, exploration, mine development and decommissioning assets
Costs related to property acquisitions and mineral and surface rights related to exploration are capitalised and depreciated over a maximum period of 30 years. All exploration expenditures are expensed until they result in projects that are evaluated as being technically and commercially feasible and a future economic benefit stream highly probable.

Exploration expenditure incurred on greenfield sites where the company does not have any mineral deposits which are already being mined or developed, is expensed as incurred until a bankable feasibility study has been completed after which the expenditure is capitalised.

Exploration expenditure incurred on brownfield sites, adjacent to any mineral deposits which are already being mined or developed, is expensed as incurred until the company has obtained sufficient information from all available sources to ameliorate the project risk areas identified above and which indicates by means of a Pre-feasibility Study that the future economic benefits are highly probable.

Exploration expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised and depreciated over a maximum period of 30 years.

1. ACCOUNTING POLICIES (continued)

1.4 Property, plant and equipment and depreciation (continued)

Prospecting, exploration, mine development and decommissioning assets (continued)

Activities in relation to evaluating the technical feasibility and commercial viability of Mineral Resources are treated as forming part of exploration expenditures.

Vehicles, furniture and office equipment

Vehicles, furniture and office equipment are depreciated on the straight-line basis using the following useful lives:

Vehicles	– between 5 and 9 years
Furniture	– between 4 and 18 years
Office equipment	– between 2 and 11 years

Leased assets

Leased assets are depreciated on the same basis as the property, plant and equipment owned by the group.

Capital work-in-progress

Capital work-in-progress is not depreciated and is transferred to the category to which it pertains when the asset is brought into use as intended.

1.5 Leased assets

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or group of assets and whether the arrangement conveys a right to use the asset(s).

Leases of assets where the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance leases are capitalised as property, plant and equipment at fair value of the leased assets at commencement of the lease, or, if lower, the present value of the minimum lease payments and the corresponding liability to the lessor is raised. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against finance costs, and the capital repayment, which reduces the liability to the lessor.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

1.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are reflected at cost less accumulated depreciation and accumulated impairment charges. Investment properties are only depreciated if their carrying value exceeds estimated residual value, in which case they are depreciated to estimated residual value on a straight-line basis over their estimated useful lives.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

1.7 Intangible assets

Intangible assets represent proprietary technical information and goodwill. Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is fair valued as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Goodwill is initially measured at cost being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired based on future income streams of the cash-generating unit.

Internally generated intangible assets are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

1.8 Capitalisation of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of a qualifying asset, which requires a substantial period of time to be prepared for its intended use, are capitalised. Capitalisation of borrowing costs as part of the cost of a qualifying asset commences when:

- expenditures for the asset are being incurred;
- borrowing costs are being incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended when the active development is interrupted and ceases when the activities necessary to prepare the asset for its use are completed.

Other borrowing costs are charged to finance costs in the income statement as incurred.

1. ACCOUNTING POLICIES (continued)

1.9 Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that the carrying value of an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, in which case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss, and the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1.10 Environmental rehabilitation expenditure

The estimated cost of final rehabilitation, comprising the liability for decommissioning of assets and restoration, is based on current legal requirements and existing technology and is reassessed annually.

Decommissioning costs

The present value of estimated future decommissioning obligations at the end of the operating life of a mine is included in long-term provisions. The related decommissioning asset is recognised in property, plant and equipment when the decommissioning provision gives access to future economic benefits. The unwinding of the obligation is included in the income statement as finance costs.

The estimated cost of decommissioning obligations is reviewed annually and adjusted for legal, technological and environmental circumstances that affect the present value of the obligation for decommissioning. The related decommissioning asset is amortised using the lesser of the related asset's estimated useful life or units-of-production method based on estimated proven and probable ore reserves.

Restoration costs

The estimated cost of restoration at the end of the operating life of a mine is included in long-term provisions and is charged to the income statement based on the units of production mined during the current year, as a proportion of the estimated total units which will be produced over the life of the mine. Cost estimates are not reduced by the potential proceeds from the sale of assets.

Ongoing rehabilitation costs

Expenditure on ongoing rehabilitation is charged to the income statement as incurred.

Environmental rehabilitation trust funds

The group assesses the necessity to make annual contributions to the environmental rehabilitation trust funds, which have been created to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the lives of the group's mines. Annual contributions are determined in accordance with statutory requirements, on the basis of the estimated environmental obligation divided by the remaining life of a mine. Income earned on monies paid to the trust is accounted for as net investment income. The environmental trust funds are consolidated.

1.11 Financial instruments

Recognition methods adopted for financial instruments are described below:

Available-for-sale investments

All investments are initially recognised at fair value, including acquisition charges associated with the investment. After initial recognition, investments, other than investments in jointly controlled entities and subsidiary companies, are classified as available-for-sale investments and are measured at fair value, which equates to market value.

Gains and losses on subsequent measurement are recognised in other comprehensive income until the investment is disposed of, or its original cost is considered to be impaired, at which time the cumulative gain previously reported in other comprehensive income and the impairment below the cost, where considered significant or prolonged, is recognised in the income statement.

The fair value of available-for-sale investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For investments where there is no active market, fair value is determined using valuation techniques such as discounted cash flow analysis.

Trade and other receivables

Trade receivables, which generally have 60- to 120-day terms, are initially recognised at fair value and subsequently at amortised cost and are classified as loans and receivables. An impairment charge is recognised when there is evidence that an entity will not be able to collect all amounts due in accordance with the original terms of the receivables. The impairment charge is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rates. The amount of the impairment is charged to the income statement.

Preference shares, trade and other payables

Preference shares, trade and other payables are stated at amortised cost, being the initial recognised obligation less payments made and any other adjustments.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at their fair value, being the consideration received, net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

1. ACCOUNTING POLICIES (continued)

1.12 Derivative financial instruments and hedging

In the event that the group uses derivative financial instruments, such as forward currency contracts to hedge its risks associated with foreign currency fluctuations, such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The group does not apply hedge accounting and any gains or losses arising from changes in fair value on derivatives are recognised directly in the income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

1.13 Derecognition of financial assets and liabilities

Financial assets

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the group has transferred its rights to receive cash and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in the income statement.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid is included in the income statement.

1.14 Impairment of financial assets

The group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired, which is determined on the following bases:

Assets carried at amortised cost

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is either reduced directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised, are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale investments

If an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income to the income statement. Impairments recorded against available-for-sale equity instruments are not reversed.

1.15 Foreign currency translation

The consolidated financial statements are presented in South African currency, which is the company's functional and presentation currency. Transactions in other currencies are dealt with as follows:

Foreign currency balances

Transactions in foreign currencies are converted to South African currency at the rate of exchange ruling at the date of these transactions. Monetary assets and liabilities denominated in a foreign currency at the end of the financial year are translated to South African currency at the approximate rates ruling at that date. Foreign exchange gains or losses arising from foreign exchange transactions, whether realised or unrealised, are included in the determination of profit or loss.

Foreign entities

The assets and liabilities of subsidiaries with a different functional currency are translated at the rate of exchange ruling at the statement of financial position date. The income statements of these subsidiaries are translated at weighted average exchange rates for the year. The exchange differences arising on the retranslation are recognised in other comprehensive income. On disposal of a foreign entity, accumulated exchange differences are reclassified in the income statement as a component of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the acquiring company and are recorded at the exchange rate at the date of the transaction and are remeasured at the closing rate at each reporting date.

1.16 Inventories

Inventories are valued at the lower of cost and estimated net realisable value with due allowance being made for obsolescence and slow-moving items. The cost of inventories, which is determined on a weighted average cost basis, comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1. ACCOUNTING POLICIES (continued)

1.17 Taxation

Current taxation

Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

Deferred taxation

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the date of the statement of financial position, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and unused tax assets and unused tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the unused tax assets and unused tax losses carried forward can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income tax relating to items recognised directly in other comprehensive income is recognised in the statement of other comprehensive income and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added taxation (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- where receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Secondary taxation on companies (STC)

STC is calculated on the declaration date of each dividend, net of dividends received during the dividend cycle, and is included in the taxation expense in the income statement. To the extent that it is probable that the entity with the STC credits will declare dividends of its own against which unused STC credits can be utilised, a deferred tax asset is recognised for such STC credits.

Mining royalty taxation

Provision for mining royalties is made with reference to the condition specified as contained in the Mining and Petroleum Resources Royalty Act, for the transfer of refined and unrefined mined resources, upon the date such transfer is effected. These costs are included in other expenses.

1.18 Provisions

Provisions are recognised when:

- a present legal or constructive obligation exists as a result of past events where it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reasonable estimate of the obligation can be made.

A present obligation is considered to exist when it is probable that an outflow of economic benefits will occur. The amount recognised as a provision is the best estimate at the statement of financial position date of the expenditure required to settle the obligation. Only expenditure related to the purpose for which the provision was raised is charged to the provision. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

1.19 Treasury shares

Own equity instruments which are reacquired are regarded as treasury shares and are regarded as a reduction in equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares.

1. ACCOUNTING POLICIES (continued)

1.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of mining and beneficiated products

Sale of mining and beneficiated products represents the FOB or CIF sales value of ores and alloys exported and the FOR sales value of ores and alloys sold locally. Sales of mining and beneficiated products are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Technical fees and commissions on sales

Revenue from technical fees and commissions on sales is recognised on the date when the risk passes in the underlying transaction.

Interest received

Interest received is recognised using the effective interest rate method, ie the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net amount of the financial asset.

Dividends received

Dividends received are recognised when the shareholders' right to receive the payment is established.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease term of ongoing leases.

1.21 Post-employment benefits

Retirement benefit plans operated by the group are of both the defined benefit and defined contribution types. The cost of providing benefits under defined benefit plans is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised using the "corridor method", ie as income or an expense when the net cumulative unrecognised actuarial gains or losses for each individual plan at the end of the previous reporting year exceed 10% of the higher of the defined benefit obligation or the fair value of the plan assets at that date. These gains and losses are recognised over the expected average remaining working lives of the employees participating in the plans.

Past-service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately, following the introduction of, or changes to, a pension plan, past-service cost is recognised immediately.

The rate at which contributions are made to defined contribution funds is fixed and is recognised as an expense when employees have rendered services in exchange for those contributions. No liabilities are raised in respect of the defined contribution fund, as there is no legal or constructive obligation to pay further contributions should the fund not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

1.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

1.23 Definitions

Earnings and headline earnings per share

The calculation of earnings per share is based on net income after taxation and State's share of profits, after adjusting for non-controlling interests divided by the weighted number of shares outstanding during the period.

Headline earnings comprise earnings for the year, adjusted for profits and losses on items of a capital nature. Headline earnings have been calculated in accordance with circular 3/2009 issued by the South African Institute of Chartered Accountants. Adjustments against earnings are made after taking into account attributable taxation and non-controlling interests. The adjusted earnings figure is divided by the weighted average number of shares in issue to arrive at headline earnings per share.

Cash resources

The cash resources disclosed in the cash flow statement comprise cash on hand, deposits held on call with banks and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value. Bank overdrafts have been separately disclosed in the notes to the financial statements. The book value of cash deposits with banks and money market instruments approximate their fair value.

Cost of sales

All costs directly related to the production of products are included in cost of sales. Costs that cannot be directly linked are included separately or under other operating expenses. When inventories are sold, the carrying amount is recognised in cost of sales.

Dividends per share

Dividends declared during the year divided by the weighted number of ordinary shares in issue.

Cash restricted for use

Cash which is subject to restrictions on its use is stated separately at the carrying value in the notes.

Fair value

Where an active market is available, it is used to represent fair value. Where there is not an active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions with reference to the current market of another instrument which is substantially the same, discounted cash flow analysis or other valuation models.

	Cost 2010 R'000	Accumulated depreciation and impairment charges 2010 R'000	Carrying amount 2010 R'000	Cost 2009 R'000	Accumulated depreciation and impairment charges 2009 R'000	Carrying amount 2009 R'000
2. PROPERTY, PLANT AND EQUIPMENT						
At year-end						
Mining assets						
Mineral and prospecting rights	**432 476**	**111 071**	**321 405**	432 476	91 691	340 785
Land, buildings and mine properties	**635 494**	**111 893**	**523 601**	519 949	87 394	432 555
Plant and equipment	**5 143 715**	**1 073 726**	**4 069 989**	3 746 707	817 747	2 928 960
Prospecting, exploration, mine development and decommissioning assets	**1 026 865**	**306 143**	**720 722**	925 642	276 362	649 280
Vehicles, furniture and office equipment	**911 885**	**374 029**	**537 856**	777 391	234 952	542 439
Leased assets capitalised	**26 247**	**20 574**	**5 673**	27 503	16 363	11 140
Capital work-in-progress	**37 308**	**–**	**37 308**	107 238	–	107 238
	8 213 990	**1 997 436**	**6 216 554**	6 536 906	1 524 509	5 012 397
Other assets						
Land and buildings	**18 442**	**782**	**17 660**	11 426	451	10 975
Industrial property	**24 829**	**13 546**	**11 283**	24 846	13 000	11 846
Plant and equipment	**152 607**	**98 372**	**54 235**	136 262	79 721	56 541
Vehicles, furniture and office equipment	**60 682**	**16 611**	**44 071**	31 480	20 911	10 569
Capital work-in-progress	**791**	**–**	**791**	16 357	–	16 357
	257 351	**129 311**	**128 040**	220 371	114 083	106 288
	8 471 341	**2 126 747**	**6 344 594**	6 757 277	1 638 592	5 118 685

Exchange differences

Exchange differences arising on the translation at year-end of the property, plant and equipment of a foreign subsidiary amounted to R11 714 (2009: R19 953).

Leased assets

Vehicles with a carrying amount of R5,7 million (2009: R11,1 million) are encumbered as security for the finance lease agreements referred to in note 13.

Borrowing costs

Acquisitions of mine development assets in 2009 included borrowing costs amounting to R5,9 million that were capitalised during that year. Borrowing costs are capitalised at effective rates applicable to group borrowings during the year. Since no qualifying finance costs were incurred during the year, no borrowing costs were capitalised in the current year.

Capital work-in-progress

Included in mine development, plant and machinery and capital work-in-progress above, are assets with a carrying amount of R1 802,1 million (2009: R843,3 million) which relate to projects in progress from which no revenue is currently derived.

Impairment of assets

Following the impairment of the synthetic diamond operation, Xertech, in the previous year, management has terminated its operations, following the evaluation of various options to establish an alternative sustainable basis for its continued operation. To date, no suitable mechanisms have been identified to exit the synthetic diamond business. Accordingly, Xertech's assets have been impaired by a further R16,7 million (2009: R59,1 million) on the basis of its fair value less costs to sell. The values have been determined based with reference to equivalent values attainable in the respective active markets for the assets concerned. Management continues to pursue suitable disposal options.

	Opening carrying amount R'000	Acquisitions R'000	Disposals R'000	Reclassi-fications R'000	Current depreciation and impairment charges R'000	Closing carrying amount R'000
2. PROPERTY, PLANT AND EQUIPMENT (continued)						
Movement for the year – 2010						
Mining assets						
Mineral and prospecting rights	**340 785**	**–**	**–**	**–**	**(19 380)**	**321 405**
Land, buildings and mine properties	**432 555**	**116 513**	**(190)**	**203**	**(25 480)**	**523 601**
Plant and equipment	**2 928 960**	**1 315 409**	**(197)**	**98 899**	**(273 082)**	**4 069 989**
Prospecting, exploration, mine development and decommissioning assets	**649 280**	**112 175**	**(10 457)**	**–**	**(30 276)**	**720 722**
Vehicles, furniture and office equipment	**542 439**	**149 427**	**(14 665)**	**7**	**(139 352)**	**537 856**
Leased assets capitalised	**11 140**	**–**	**(1 256)**	**–**	**(4 211)**	**5 673**
Capital work-in-progress	**107 238**	**47 750**	**(6 306)**	**(111 374)**	**–**	**37 308**
	5 012 397	**1 741 274**	**(33 071)**	**(12 265)**	**(491 781)**	**6 216 554**
Other assets						
Land and buildings	**10 975**	**–**	**(15)**	**7 087**	**(387)**	**17 660**
Industrial property	**11 846**	**121**	**–**	**–**	**(684)**	**11 283**
Plant and equipment	**56 541**	**2 253**	**(109)**	**15 367**	**(19 817)**	**54 235**
Vehicles, furniture and office equipment	**10 569**	**33 924**	**(900)**	**5 178**	**(4 700)**	**44 071**
Capital work-in-progress	**16 357**	**280**	**(479)**	**(15 367)**	**–**	**791**
	106 288	**36 578**	**(1 503)**	**12 265**	**(25 588)**	**128 040**
	5 118 685	**1 777 852**	**(34 574)**	**–**	**(517 369)**	**6 344 594**
Movement for the year – 2009						
Mining assets						
Mineral and prospecting rights	360 598	–	–	–	(19 813)	340 785
Land, buildings and mine properties	358 853	54 881	(38)	40 107	(21 248)	432 555
Plant and equipment	2 408 506	888 138	(10 562)	(129 450)	(227 672)	2 928 960
Prospecting, exploration mine development and decommissioning assets	594 269	82 933	(3 895)	7 518	(31 545)	649 280
Vehicles, furniture and office equipment	187 883	372 461	(902)	81 825	(98 828)	542 439
Leased assets capitalised	18 086	–	–	–	(6 946)	11 140
Capital work-in-progress	54 409	52 829	–	–	–	107 238
	3 982 604	1 451 242	(15 397)	–	(406 052)	5 012 397
Other assets						
Land and buildings	6 646	4 453	–	–	(124)	10 975
Industrial property	21 900	34	–	–	(10 088)	11 846
Plant and equipment	102 310	6 769	–	1 639	(54 177)	56 541
Vehicles, furniture and office equipment	10 423	3 671	(237)	6	(3 294)	10 569
Capital work-in-progress	7 189	10 813	–	(1 645)	–	16 357
	148 468	25 740	(237)	–	(67 683)	106 288
	4 131 072	1 476 982	(15 634)	–	(473 735)	5 118 685

		2010 R'000	2009 R'000
3.	**INVESTMENT PROPERTIES**		
	Land and buildings		
	Carrying amount at beginning of year	61 838	61 838
	Acquisitions	292	–
	Carrying amount at end of year	62 130	61 838
	Estimated fair value	152 025	152 025
	A register containing details of investment properties is available for inspection during business hours at the registered address of the company by shareholders or their duly authorised agents.		
	There is no depreciation charge for the year as the residual values are either equal to, or exceed, the carrying amounts.		
4.	**INTANGIBLE ASSETS**		
	Licences		
	Carrying amount at beginning of year	1 509	1 690
	Disposals at carrying value	–	(1)
	Amortisation for the year	(180)	(180)
	Carrying amount at end of year	1 329	1 509
	Goodwill		
	Carrying amount at beginning and end of year	1 418	1 418
		2 747	2 927
	Goodwill represents the excess attributable on the acquisition of a majority stake in an offshore entity (transacted in rands), which has been assessed for impairment at the statement of financial position date. The directors are of the opinion that the goodwill recognised will be recovered in the form of anticipated cash flows from the entity.		
5.	**INVESTMENTS**		
	Available-for-sale investments		
	Listed – at market value		
	Balance at beginning of year	415 066	590 066
	Purchases at cost	20 690	117 813
	Disposals at carrying value	–	(3 584)
	Fair value adjustment at year-end	167 095	(289 229)
	Balance at end of year (refer below)	602 851	415 066
	Other investments		
	Unlisted – at portfolio value	73 142	42 134
	Unlisted – at cost and directors' valuation	125	125
		73 267	42 259
	Listed investments – at cost	316 355	295 665
	Cumulative fair value adjustment transferred to other reserves (refer note 12)	286 496	119 401
	As above	602 851	415 066

		2010 R'000	2009 R'000
6.	**OTHER NON-CURRENT FINANCIAL ASSETS**		
	Loans and long-term receivables		
	Loans advanced to employees during the year	31 906	–
	Balance at end of year	31 906	–
	Loans granted to Assmang employees during 2010, the repayment terms of which vary between 5 and 20 years. The loans bear interest at the prime lending rate, less 2%.		
7.	**INVENTORIES**		
	Raw materials	757 843	835 319
	Consumable stores	222 466	150 723
	Work in progress	69	165 147
	Finished goods	791 875	653 172
	Less: Provision for obsolete inventory	(276)	(351)
		1 771 977	1 804 010
	Cost of inventory recognised as an expense included in cost of sales	3 277 300	2 765 073
	Cost of inventory written down during the year recognised in other expenses (refer note 21)	4 148	131 383
8.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	1 460 915	585 129
	Other receivables	20 131	7 958
		1 481 046	593 087
	Trade and other receivables are non-interest bearing, the terms of which are between 60 to 120 days.		
9.	**SHARE CAPITAL**		
	Authorised		
	40 000 000 (2009: 40 000 000) ordinary shares of 2,5 cents each	1 000	1 000
	Issued		
	Balance at beginning of year (27 571 653 (2009: 28 000 000) ordinary shares of 2,5 cents each)	689	700
	Shares issued during the year (349 747 ordinary shares of 2,5 cents each) at a premium of R668,30 per share in terms of the authority granted at a general meeting held on 19 January 2010	9	–
	Shares repurchased and cancelled during the year (428 347 ordinary shares of 2,5 cents each) in terms of the authority granted by shareholders at a general meeting held on 4 September 2008	–	(11)
	Balance at end of year (27 921 400 (2009: 27 571 653) ordinary shares of 2,5 cents each)	698	689
	Subsequent to the year-end, the share capital was subdivided on a five-for-one basis (refer directors' report for more detail).		
10.	**SHARE PREMIUM**		
	Balance at beginning of year	30 358	30 358
	Arising on shares issued during the year (refer note 9)	233 734	–
	Balance at end of year	264 092	30 358

		2010 R'000	2009 R'000
11.	**TREASURY SHARES**		
	Balance at beginning of year	(2 125 285)	(2 341 725)
	349 747 (2009: 72 000) Assore shares, being 1,25% (2009: 0,26%) of issued share capital at the time, acquired by Main Street 460 (Proprietary) Limited, a wholly owned subsidiary of Assore at R668,32 per share (2009: average price of R367,57 per share) in terms of the authority granted by shareholders at the Annual General Meetings held on 27 November 2009 and 30 November 2007 respectively	(233 743)	(26 465)
	Cancellation of 428 347 shares acquired at an average cost of R580,65 per share in terms of the authority granted by shareholders at a general meeting held on 4 September 2008	–	248 718
	Costs of cancellation of shares written off	–	(775)
	Warehouse transaction costs for shares bought by wholly owned subsidiary companies during 2008 written off	–	(5 038)
	Balance at end of year	(2 359 028)	(2 125 285)
12.	**OTHER RESERVES**		
	Foreign currency translation reserve arising on consolidation	17 817	17 814
	After-tax fair value adjustment arising on the revaluation of available-for-sale investments	246 603	102 901
	Gross fair value adjustment at year-end (refer note 5)	286 496	119 401
	Less: Deferred capital gains taxation	(39 893)	(16 500)
		264 420	120 715
13.	**LONG-TERM BORROWINGS**		
	Preference shares		
	Balance at beginning of year:		
	452 (2009: 536) "A" cumulative, redeemable, variable rate preference shares of 1 cent each issued by Main Street 350 (Proprietary) Limited on 6 February 2006 to Standard Bank of South Africa Limited (SBSA) to finance the acquisition of Assore shares by the Bokamoso Trust, issued at a premium of R99 999,99 per share	45 200	58 987
	Redemption(s) during the year:		
	452 shares (2009: 84 shares)	(45 200)	(13 787)
	Balance at end of year (2009: 452 shares)	–	45 200
	Long-term portion of finance lease liabilities		
	Finance lease liabilities over vehicles with a carrying amount of R5,7 million (2009: R11,1 million) repayable in varying monthly instalments over 24 months (2009: 36 months) which bear interest at 1,28% (2009: 1,28%) below the prime overdraft rate	6 345	13 759
	Less: Repayable within one year included in short-term borrowings (refer note 18)	(3 612)	(7 403)
		2 733	6 356
		2 733	51 556

The finance leases relate to mining vehicles and there are no terms of renewal or purchase options included in the agreements concerned.

13. LONG-TERM BORROWINGS
(continued)

	Balance at year-end	Repayable during the years ending 30 June			
	2010 R'000	**2011 R'000**	**2012 R'000**	**2013 R'000**	**2014 R'000**
2010					
Secured					
– finance lease liabilities	**6 345**	**3 612**	**2 733**	**–**	**–**
	2009 R'000	2010 R'000	2011 R'000	2012 R'000	2013 R'000
2009					
Secured					
– finance lease liabilities	13 759	7 403	3 989	2 367	–

Interest payable and repayment terms

	2010		2009	
	Minimum payments R'000	**Present value of payments R'000**	Minimum payments R'000	Present value of payments R'000
Repayable – within one year	**3 612**	**3 612**	7 403	7 403
– after one year but not more than five years	**4 282**	**2 733**	7 894	6 356
Total minimum lease payments	**7 894**	**6 345**	15 297	13 759
Less: Finance charges	**1 549**	**–**	1 538	–
Present value of minimum lease payments (as above)	**6 345**	**6 345**	13 759	13 759

		2010 R'000	2009 R'000
14.	**DEFERRED TAXATION**		
	At year-end		
	Raised on the following:		
	Accelerated capital allowances	1 747 504	1 412 877
	Provisions raised	(70 925)	(73 883)
	Valuation of inventories	(907)	(16 091)
	Income received in advance	(5 217)	–
	Revaluation of available-for-sale investments	39 893	16 500
	Other	3 381	2 433
		1 713 729	1 341 836
	Movements		
	Balance at beginning of year	1 341 836	899 701
	– deferred tax assets	74 309	61 977
	– deferred tax liabilities	1 416 145	961 678
		371 893	442 135
	Accelerated capital allowances	334 627	513 962
	Provisions reversed	2 958	(21 566)
	Valuation of inventories	15 184	(11 577)
	Income received in advance	(5 217)	–
	Revaluation of available-for-sale investments	23 393	(40 492)
	Other	948	1 808
	Balance at end of year	1 713 729	1 341 836
	– deferred tax assets	71 572	74 309
	– deferred tax liabilities	1 785 301	1 416 145
15.	**LONG-TERM PROVISIONS**		
	Environmental obligations		
	Provision against cost of decommissioning assets	116 659	119 366
	Balance at beginning of year	119 366	101 895
	Provisions (reversed)/raised during the year	(3 355)	12 934
	Provision discount adjustment	648	4 537
	Provision for cost of environmental restoration	54 586	61 161
	Balance at beginning of year	61 161	39 373
	Provisions (reversed)/raised during the year	(10 649)	21 327
	Payments made for restoration	–	(411)
	Provision discount adjustment	4 074	872
	Carried forward	171 245	180 527

		2010 R'000	2009 R'000
15.	**LONG-TERM PROVISIONS** (continued)		
	Brought forward	171 245	180 527
	Post-retirement healthcare benefits (refer note 33)		
	Balance at beginning of year	10 648	9 260
	Movement for the year	(51)	1 388
		10 597	10 648
	Deferred bonus scheme		
	Balance at beginning of year	14 782	–
	Provision raised during the year	17 469	14 782
	Balance at end of year	32 251	14 782
	Per statement of financial position	214 093	205 957
	Environmental obligations before funding (as above)	171 245	180 527
	Less: Cash deposits held by environmental trusts (per statement of financial position)	57 927	47 739
	Obligation provided, but not yet funded	113 318	132 788
	The inflation rates applied to estimated costs used in the discounted cash flow calculation to determine the provision for environmental rehabilitation vary between 4% and 9,5% (2009: 6% and 10,5%) and the nominal discount rates vary between 7,5% and 13% (2009: 8% and 13%).		
16.	**TRADE AND OTHER PAYABLES**		
	Trade payables	950 017	573 709
	Other payables	56 061	74 781
		1 006 078	648 490
	Trade and other payables are non-interest bearing, the terms of payment vary between 30 and 60 days.		
17.	**SHORT-TERM PROVISIONS**		
	Bonuses		
	Balance at beginning of year	2 810	2 401
	Provisions raised during the year	2 976	2 810
	Payments made during the year	(2 810)	(2 401)
	Balance at end of year	2 976	2 810
	Leave pay		
	Balance at beginning of year	29 939	25 534
	Provisions raised during the year	5 869	4 469
	Payments made during the year	(21)	(64)
	Balance at end of year	35 787	29 939
	Environmental compliance		
	Balance at beginning of year	76 091	54 870
	Provisions (reversed)/raised during the year	(22 634)	21 221
	Payments made during the year	(7 684)	–
	Balance at end of year	45 773	76 091
	Other		
	Balance at beginning of year	2 076	2 079
	Provisions raised during the year	164	–
	Payments made during the year	–	(3)
	Balance at end of year	2 240	2 076
	Per statement of financial position	86 776	110 916

		2010 R'000	2009 R'000
18.	**SHORT-TERM BORROWINGS AND OVERDRAFTS**		
	Preference shares		
	220 cumulative, redeemable, variable rate preference shares issued to Standard Bank of South Africa Limited (SBSA) on 15 September 2008, which are required to be redeemed in tranches of at least R500 million annually, commencing on the last day of February in 2010. At 30 June 2010, 127 shares (2009: 77 shares) had been redeemed in the amount of R1 252 million (2009: R752 million), of which 77 shares were voluntarily redeemed in the amount of R752 million, in terms of authority granted by shareholders in a general meeting on 3 February 2009. The shares have a par value of 1 cent each, and were issued and are redeemable at a premium of R9 999 999,99 each. The preference dividends accrue at a rate linked to the prime lending rate applied by SBSA	930 000	1 430 000
	Current portion of long-term borrowings (refer note 13)	3 612	7 403
	Overdrafts (unsecured)	98 033	186 440
		1 031 645	1 623 843
	Overdrafts and short-term borrowings are repayable on demand and interest rates are linked to the prime overdraft rate.		
19.	**REVENUE**		
	Revenue comprises:		
	Sales of mining and beneficiated products	7 085 669	8 818 655
	Interest received	190 827	366 720
	Commissions on sales and technical fees	229 382	278 832
	Gross receipts	439 907	531 742
	Eliminated on proportionate consolidation of Assmang	(210 525)	(252 910)
	Dividends received from available-for-sale investments	17 770	20 030
	Sale of by-products	12 821	15 450
	Other	29 113	27 982
		7 565 582	9 527 669
20.	**FINANCE COSTS**		
	Paid on:		
	Preference shares (refer notes 13 and 18)	114 080	175 615
	Share warehousing facility	–	80 810
	Finance leases, general banking facilities and rehabilitation provisions	9 553	47 638
		123 633	304 063
	Less: Amounts capitalised (refer note 2)	–	(5 915)
		123 633	298 148

	2010 R'000	2009 R'000
21. PROFIT BEFORE TAXATION AND STATE'S SHARE OF PROFITS		
Profit before taxation and State's share of profits are stated after taking into account the following items of income and expenditure:		
Income		
Foreign exchange gains	140 513	566 220
– realised	89 506	556 709
– unrealised	51 007	9 511
Profit on disposal of property, plant and equipment	8 631	38 450
Expenditure		
Amortisation of intangible assets	180	180
Auditors' remuneration		
– audit fees	5 443	5 148
– other services	390	–
Cost of inventories written down (refer note 7)	4 148	131 383
Depreciation of mining assets (refer note 2)	491 781	406 052
– Land, buildings and mining properties	25 480	21 248
– Leased assets capitalised	4 211	6 946
– Mineral and prospecting rights	19 380	19 813
– Plant and equipment	273 082	227 672
– Prospecting, exploration, mine development and decommissioning	30 276	31 545
– Vehicles, furniture and office equipment	139 352	98 828
Depreciation of other assets (refer note 2)	8 924	8 569
– Land and buildings	387	124
– Plant and equipment	3 724	4 780
– Township and industrial property	113	1 068
– Vehicles, furniture and office equipment	4 700	2 597
Exploration expenditure	480	660
Foreign exchange losses	19 723	101 614
– realised	17 419	69 817
– unrealised	2 304	31 797
Impairment of non-financial assets (refer note 2)	16 664	59 114
Loss on disposal and scrapping of property, plant and equipment	5 858	14 251
Mining royalty taxation	15 211	–
Operating lease expenses	658	694
Professional fees	3 393	2 486
Provision for impairment of receivables and bad debts written off	414	126
Staff costs, including executive directors' emoluments (refer note 33)		
– healthcare costs	28 007	23 455
– pension fund contributions	48 074	39 821
– salaries and wages	848 271	743 300
Transfer secretaries' fees	210	242

	2010 R'000	2009 R'000
22. TAXATION AND STATE'S SHARE OF PROFITS		
South African normal taxation		
– current year	**329 644**	1 028 723
– under/(over)provisions relating to prior years	**5 730**	(193)
Capital gains tax	**–**	2 672
State's share of profits	**80 442**	234 352
Deferred taxation on temporary differences arising in current year	**348 500**	482 627
Secondary tax on companies	**51 269**	216 332
Securities transfer taxation	**157**	–
Foreign normal taxation	**7 221**	16 980
	822 963	1 981 493
The current tax charge is affected by non-taxable investment income, capital redemption allowances and assessed tax losses in certain subsidiary companies and trading losses in other subsidiary companies for which there was no tax relief in the current year.		
Estimated losses available for the reduction of future taxable income arising in certain subsidiary companies at year-end, for which no deferred tax assets have been raised	**203 522**	236 789
Estimated unredeemed capital expenditure available for reduction of future taxable income on mining operations in certain joint-venture and subsidiary companies.	**22 365**	26 036
The group has unused credits in respect of secondary tax on companies of R176,1 million (2009: R689,6 million). A deferred tax asset has not been raised on these amounts as there is no certainty that the credits will be utilised in the foreseeable future.		
Reconciliation of tax charge as a percentage of profit before taxation and State's share of profits		
Statutory tax rate	**28,00**	28,00
Adjusted for:		
State's share of profits	**3,45**	4,46
Secondary tax on companies	**2,20**	4,12
Disallowable expenditure	**1,81**	1,52
Impact of calculated tax losses	**(0,57)**	0,49
Foreign tax rate differential	**(0,27)**	0,32
Capital gains tax	**–**	0,05
Dividend and other exempt income	**(0,29)**	(0,15)
Underprovisions relating to prior years	**0,25**	–
Other	**0,67**	(1,06)
Effective tax rate	**35,25**	37,75

		2010 R'000	2009 R'000
23.	**EARNINGS AND HEADLINE EARNINGS PER SHARE**		
	Earnings per share (cents) (basic and diluted)	**6 181**	13 669
	Headline earnings per share (cents) (basic and diluted)	**6 243**	13 772
	The above calculations were determined using the following information:		
	Earnings		
	Profit attributable to shareholders of the holding company per consolidated income statement	**1 479 524**	3 241 452
	Headline earnings		
	Earnings as above	**1 479 524**	3 241 452
	Adjusted for:		
	Profit before taxation on disposal of:		
	– property, plant and equipment	**(8 631)**	(38 450)
	– available-for-sale investments	**–**	(19 086)
	Loss on disposal and scrapping of property, plant and equipment	**5 858**	14 251
	Impairment of non-financial assets	**16 664**	59 114
	Net taxation effect on the above items	**790**	8 512
	Headline earnings	**1 494 205**	3 265 793
	Weighted number of ordinary shares in issue for the year ('000), calculated as follows:		
	Ordinary shares in issue	**27 687**	27 658
	Treasury shares (refer note 11)	**(3 751)**	(3 944)
		23 936	23 714
24.	**DIVIDENDS**		
	Dividends declared during the year		
	Final dividend No 105 of 1 000 cents (2009: 1 000 cents) per share – declared on 26 August 2009	**275 717**	280 000
	Interim dividend No 106 of 500 cents (2009: 1 000 cents) per share – declared on 27 March 2010	**139 607**	275 717
	Less: Dividends attributable to treasury shares	**(56 309)**	(76 311)
		359 015	479 406
	Per share (cents)	**1 500**	2 022
	Dividends relating to the activities of the group for the year under review		
	Interim dividend No 106 of 500 cents (2009: 1 000 cents) per share – declared on 27 March 2010	**139 607**	275 717
	Final dividend No 107 of 1 200 cents (2009: 1 000 cents) per share – declared on 1 September 2010	**335 057**	275 717
	Less: Dividends attributable to treasury shares	**(67 781)**	(72 747)
		406 883	478 687
	Per share (cents)	**1 700**	2 019

		2010 R'000	2009 R'000
25.	**NOTES TO THE STATEMENT OF CASH FLOW**		
25.1	**Cash generated by operations**		
	Profit before taxation and State's share of profits	2 334 460	5 248 880
	Adjusted for:	378 894	586 466
	– Dividends received	(17 770)	(20 030)
	– Interest received	(190 827)	(366 720)
	– Profit on disposal of property, plant and equipment	(8 631)	(38 450)
	– Profit on disposal of available-for-sale investments	–	(19 086)
	– Discount on redemption of preference shares	–	(18 000)
	– Net unrealised foreign exchange losses/(gains)	(57 620)	22 286
	– Amortisation of intangibles	180	180
	– Cost of inventories written down	4 148	131 383
	– Depreciation and impairment of property, plant and equipment	517 369	473 735
	– Finance costs	123 633	304 063
	– Environmental provision discount adjustment	4 722	5 409
	– Borrowing costs capitalised	–	(5 915)
	– Movement in foreign currency translation reserve	7	22 231
	– Loss on disposal of property, plant and equipment	5 858	14 251
	– Movements in long-term provisions	3 674	53 692
	– Movements in short-term provisions	(13 625)	28 500
	– Provision for impairment of receivables and bad debts written off	414	126
	– Other non-cash flow items	7 432	(1 189)
		2 713 424	5 835 346
25.2	**Dividend income**		
	Credited to the income statement	17 770	20 030
25.3	**Movements in working capital**		
	Decrease/(increase) in inventories	27 885	(647 663)
	(Increase)/decrease in trade and other receivables	(830 753)	1 383 043
	Increase/(decrease) in trade and other payables	357 438	(395 054)
	Payments against short-term provisions	(10 515)	(2 467)
		(455 945)	337 859
25.4	**Taxation paid**		
	Unpaid at beginning of year	(429 293)	(966 127)
	Charged to the income statement	(822 963)	(1 981 493)
	Movement in deferred taxation	348 500	482 627
	Unpaid at end of year	253 895	429 293
		(649 861)	(2 035 700)
25.5	**Dividends paid**		
	Unpaid at beginning of year	(95)	(68)
	Declared during the year	(415 324)	(555 717)
	Dividends attributable to treasury shares	56 309	76 311
	Unpaid at end of year	245	95
		(358 865)	(479 379)

25.6 Cash resources

The cash resources disclosed in the cash flow statement comprise cash on hand, deposits held on call with banks and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value over time. Bank overdrafts have been separately disclosed in the notes to the financial statements (refer note 18).

26. FINANCIAL RISK MANAGEMENT

The group is exposed to various financial risks due to the nature and diversity of its activities and the use of various financial instruments. These risks include:
– credit risk;
– liquidity risk; and
– market risk.

Details of the group's exposure to each of the above risks and its objectives, policies and processes for measuring and managing these risks are included specifically in this note and more generally throughout the consolidated financial statements together with information regarding management of capital.

The boards of directors of all group companies (the boards) have overall responsibility for the establishment and oversight of the group's risk management framework. These boards have delegated these responsibilities to executive committees, which are responsible for the development and monitoring of risk management policies within the group. These committees meet on an *ad hoc* basis and regularly report to the respective boards on their activities. The risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the activities of the group.

The roles and responsibilities of the committees include:
– approval of all counterparties;
– approval of new instruments;
– approval of the group's foreign exchange transaction policy;
– approval of the investment policy;
– approval of the treasury policy; and
– approval of long-term funding requirements.

The internal auditors undertake regular and *ad hoc* reviews of risk management, controls and procedures, the results of which are monitored by the Assore Audit and Risk Committee.

26.1 Credit risk

Credit risk arises from possible defaults on payments by customers or, where letters of credit have been issued, by bank counterparties. The group minimises credit risk by the careful evaluation of the ongoing creditworthiness of customers and bank counterparties before transactions are concluded. Customers are generally required to raise letters of credit with banking institutions that have acceptable credit ratings, however, certain customers who have well-established payment histories are allowed to transact on open accounts.

Overdue amounts are individually assessed and if it is evident that an amount will not be recovered, it is impaired and legal action is instituted to recover the amounts involved.

26. FINANCIAL RISK MANAGEMENT (continued)

26.1 Credit risk (continued)

Credit exposure and concentrations of credit risk

The carrying amount of financial assets represents the maximum credit exposure at the reporting date, and the following table indicates various concentrations of credit risk for all non-derivative financial assets held:

	2010 R'000	2009 R'000
Loans and long-term receivables (refer note 6)	31 906	–
Trade receivables (refer note 8)	1 460 915	585 129
Local	85 128	32 808
Foreign	1 375 787	552 321
Other receivables – local (refer note 8)	20 131	7 958
Total carrying amount per statement of financial position	1 512 952	593 087

	2010				2009			
	Receivables not impaired R'000	Receivables impaired R'000	Impairment amount R'000	Carrying value R'000	Receivables not impaired R'000	Receivables impaired R'000	Impairment amount R'000	Carrying value R'000
Loans and long-term receivables	31 906	–	–	31 906	–	–	–	–
Aged as follows:								
Trade receivables	1 460 915	–	–	1 460 915	585 129	–	–	585 129
Not past due, not impaired	1 459 873	–	–	1 459 873	582 252	–	–	582 252
Not past due, but impaired	–	–	–	–	–	–	–	–
Past due	1 042	–	–	1 042	2 877	–	–	2 877
Other receivables	20 131	–	–	20 131	7 958	–	–	7 958
Not past due, not impaired	20 131	–	–	20 131	7 958	–	–	7 958
Not past due, but impaired	–	–	–	–	–	–	–	–
Past due	–	–	–	–	–	–	–	–
As above	1 512 952	–	–	1 512 952	593 087	–	–	593 087

	2010 R'000	2009 R'000
Security held over non-derivative financial assets		
Irrevocable letters of credit – issued by foreign banks	758 341	214 126

26.2 Liquidity risk

The executive committees manage the liquidity structure of the group's assets, liabilities and commitments so as to ensure that cash flows are sufficiently balanced within the group as a whole. Updated cash flow information and projections of future cash flows are tabled at Executive Committee meetings from the group companies on a regular basis (depending on the type of funding required).

Surplus funds are deposited in liquid assets (eg liquid money market accounts) (refer note 25.6).

26. FINANCIAL RISK MANAGEMENT (continued)

26.2 Liquidity risk (continued)

Undrawn credit facilities

In terms of the Articles of Association of the holding company, the borrowing powers are unlimited. However, based on their respective Articles of Association, restrictions on the following joint-venture and subsidiary companies are in place. External borrowings at year-end amounted to R1 034,4 million (2009: R1 675,4 million):

	2010 R'000	2009 R'000
Assmang Limited (joint venture)		
Authorised in terms of the Articles of Association	6 860 259	5 994 297
Less: External borrowings at year-end		
– Overdrafts and short-term borrowings	(3 612)	(7 404)
Unutilised borrowing capacity	6 856 647	5 986 893
Subsidiary companies		
Minerais U.S. LLC		
Authorised in terms of the Articles of Association	382 940	386 000
External borrowings at year-end	(98 032)	(186 438)
Unutilised borrowing capacity	284 908	199 562

With the exception of the preference share debt referred to in note 18, the group is cash positive.

The general banking facilities made available to group companies are unsecured, bear interest at rates linked to prime, have no specific maturity date and are subject to annual review by the banks concerned. The facilities are in place to issue letters of credit, bank guarantees and ensure liquidity.

Exposure to liquidity risk

The following are the cash flows of the group's financial assets and liabilities at year-end as determined by contractual maturity date including interest receipts and payments but excluding the impact of any netting agreements with the third parties concerned.

	Total cash flows R'000	Less than 4 months R'000	Between 4 and 12 months R'000	Between 1 and 5 years R'000	More than 5 years R'000
2010					
Financial assets					
Available-for-sale investments	602 851	–	–	–	602 851
Other investments	73 267	–	–	73 142	125
Other non-current financial assets	31 906	–	–	–	31 906
Trade and other receivables	1 481 046	1 481 046	–	–	–
Cash deposits held by environmental trusts	57 927	57 927	–	–	–
Cash resources	1 849 982	1 849 982	–	–	–
	4 096 979	3 388 955	–	73 142	634 882
Financial liabilities					
Interest-bearing borrowings	6 345	–	3 612	2 733	–
Trade and other payables	1 006 078	1 006 078	–	–	–
Short-term borrowings and overdrafts	1 028 032	1 028 032	–	–	–
	2 040 455	2 034 110	3 612	2 733	–

26. FINANCIAL RISK MANAGEMENT (continued)

26.2 Liquidity risk (continued)

Exposure to liquidity risk (continued)

	Total cash flows R'000	Less than 4 months R'000	Between 4 and 12 months R'000	Between 1 and 5 years R'000	More than 5 years R'000
2009					
Financial assets					
Available-for-sale investments	415 066	–	–	–	415 066
Other investments	42 259	–	–	42 134	125
Trade and other receivables	593 087	593 087	–	–	–
Cash deposits held by environmental trusts	47 739	47 739	–	–	–
Cash resources	3 001 328	3 001 328	–	–	–
	4 099 479	3 642 154	–	42 134	415 191
Financial liabilities					
Interest-bearing borrowings	13 759	–	7 403	6 356	–
Preference shares issued	45 200	45 200	–	–	–
Trade and other payables	648 490	648 490	–	–	–
Short-term borrowings and overdrafts	1 616 440	1 616 440	–	–	–
	2 323 889	2 310 130	7 403	6 356	–

26.3 Market risk

Market risk is defined as the risk that movements in market risk factors, in particular US dollar commodity prices and the US dollar/SA rand exchange rate, will affect the group's revenue and operational costs as well as the value of its holdings of financial instruments. The objective of the group's market risk management policy is to manage and control market risk exposures to minimise the impact of adverse market movements with respect to revenue protection and to optimise the funding of the business operations.

Group companies are responsible for the preparation and presentation of market risk information as it affects the relevant entity. Information is submitted to the executive committees where it is monitored and further analysed to be used in the decision-making process. The information submitted includes information on currency, interest rate and commodities and is used by the committee to determine the market risk strategy going forward. In addition, key market risk information is reported to management on a weekly basis and forecasts against budget are prepared for the entire group on a monthly basis.

Interest rate risk

Interest rate risk arises due to adverse movements in domestic and foreign interest rates. The group is primarily exposed to downward interest rate movements on floating investments purchased and to upward movements on overdrafts and other banking facilities. There is no other exposure to fair value interest rate risk as all fixed rate financial instruments are measured at amortised cost.

The boards determine the interest rate risk strategy based on economic expectations and recommendations received from the executive committees. Interest rates are monitored on an ongoing basis and the policy is to maintain short-term cash surpluses adequate to meet the group's ongoing cash flow requirements at floating rates of interest.

26. FINANCIAL RISK MANAGEMENT (continued)

26.3 Market risk (continued)

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was as follows:

	2010 R'000	2009 R'000
Variable rate instruments		
Liabilities		
Preference shares (included in long-term borrowings; refer note 13)	–	45 200
Finance leases (refer note 13)	6 345	13 759
Preference shares (included in short-term borrowings; refer note 18)	930 000	1 430 000
Overdrafts (refer note 18)	98 032	186 440
Assets		
Other non-current financial assets (refer note 6)	31 906	–
Cash deposits held by environmental trusts per statement of financial position	57 927	47 739
Cash resources per statement of financial position	1 849 982	3 001 328

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

As the group is a net investor, an increase of 50 basis points in interest rates at the reporting date would have decreased profit after tax by the amounts shown below. This assumes that all other variables remain constant. There is no impact on the group's equity.

	2010 R'000	2009 R'000
Variable-rate instruments	6 663	10 275

Net effect on profit or loss is equal but opposite for a 50 basis points decrease on the financial instruments listed above.

Commodity price and currency risk

Commodity price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in metal and mineral prices. The group also has transactional foreign exchange exposures, which arise from sales or purchases by the group in currencies other than the group's functional currency. The market is predominantly priced in US dollars and to a lesser extent in euros, which exposes the group to the risk that fluctuations in the SA rand exchange rates may have an adverse effect on current or future earnings.

The group manages its commodity price risk where possible by entering into supply contracts with customers covering periods of between three months and a year, depending on the commodity traded. With respect to its exposure to foreign currency fluctuations, the group constantly reviews the extent to which its foreign currency receivables and payables are covered by forward exchange contracts taking into account changes in operational forecasts and market conditions and the group's hedging policy. Foreign currency transactions of a speculative nature are not undertaken within the group.

26. FINANCIAL RISK MANAGEMENT (continued)

26.3 Market risk (continued)

The group's exposure to currency risk at year-end was as follows:

	30 June 2010 US dollar 000	30 June 2010 Euro 000	30 June 2009 US dollar 000	30 June 2009 Euro 000
Assets	16 088	658	67 026	3 920
Trade receivables	16 088	658	67 026	3 920
Liabilities	–	–	–	(63)
Trade payables	–	–	–	(63)
Gross financial position exposure	16 088	658	67 026	3 857
Estimated forecast sales	408 009	1 021	192 627	173
Gross exposure	424 097	1 679	259 653	4 030
Less: Export sales covered by forward exchange contracts	–	–	(631)	–
Net exposure	424 097	1 679	259 022	4 030
A 5% strengthening of the rand against the following currencies at 30 June would have decreased profit by the following amounts upon revaluation of these assets and liabilities:	R'000	R'000	R'000	R'000
	6 161	377	25 872	2 081

A 5% weakening of the rand against the above currencies at 30 June would have had an equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Forward exchange contracts

At year-end, the group did not have any open forward exchange contracts (2009: R4,9 million). A foreign subsidiary had forward commitments with regard to its inventory of ores, alloys and metals, which for accounting purposes are regarded as executory contracts and are therefore not included in the statement of financial position, but can be summarised as follows:

	2010 Foreign currency notional amount USD'000	2010 Functional currency notional amount R'000	2010 Fair value R'000	2009 Foreign currency notional amount USD'000	2009 Functional currency notional amount R'000	2009 Fair value R'000
Purchase contracts						
US dollar	4 300	32 933	32 933	1 500	11 580	11 580
Sales contracts						
US dollar	25 600	196 065	196 065	19 700	152 084	152 084

26. FINANCIAL RISK MANAGEMENT (continued)

26.4 Fair value of financial assets and liabilities

The categorisation of each class of financial asset and liability, including their fair values, is included below:

	Note	Available-for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Other assets and liabilities R'000	Total carrying value R'000	Fair value R'000
2010							
Financial assets							
Available-for-sale investments	5	602 851			–	602 851	602 851
Other investments	5				73 267	73 267	73 267
Other non-current financial assets	6		31 906		–	31 906	31 906
Trade and other receivables	8		1 481 046		–	1 481 046	1 481 046
Cash deposits held by environmental trusts			57 927		–	57 927	57 927
Cash resources	25.6		1 849 982		–	1 849 982	1 849 982
		602 851	3 420 861		73 267	4 096 979	4 096 979
Financial liabilities							
Interest-bearing borrowings	13			2 733	–	2 733	2 733
Trade and other payables	16			1 006 078	–	1 006 078	1 006 078
Short-term borrowings and overdrafts	18			1 031 644	–	1 031 644	1 031 644
				2 040 455	–	2 040 455	2 040 455
2009							
Financial assets							
Available-for-sale investments	5	415 066			–	415 066	415 066
Other investments	5				42 259	42 259	42 259
Trade and other receivables	8		593 087		–	593 087	593 087
Cash deposits held by environmental trusts			47 739		–	47 739	47 739
Cash resources	25.6		3 001 328		–	3 001 328	3 001 328
		415 066	3 642 154		42 259	4 099 479	4 099 479
Financial liabilities							
Interest-bearing borrowings	13			51 556	–	51 556	51 556
Trade and other payables	16			648 490	–	648 490	648 490
Short-term borrowings and overdrafts	18			1 623 843	–	1 623 843	1 623 843
				2 323 889	–	2 323 889	2 323 889

Determination of fair values

Quoted market prices at reporting date have been used to determine the fair value of available-for-sale investments. Where quoted market prices were not available, a valuation technique, most commonly discounted cash flows, was used. For trade receivables and payables, the fair value was determined using the discounted cash flow method at market-related interest rate. Carrying amounts approximate fair value for all other financial assets and liabilities.

26. FINANCIAL RISK MANAGEMENT (continued)

26.4 Fair value of financial assets and liabilities (continued)

Fair value hierarchy

The group uses the following hierarchy of valuation techniques for determining the fair value of financial instruments measured at fair value:

Level 1: quoted prices in active markets for identical assets or liabilities when available.

Level 2: other techniques using inputs that are observable, either directly or indirectly.

Level 3: techniques using inputs that are not based on observable market data.

	2010 R'000	2009 R'000
Available-for-sale investments, measured at Level 1	**602 851**	415 066

27. CAPITAL MANAGEMENT

As the bulk of the group's sales are for export, the principal risks to which the group is exposed are movements in exchange rates and US dollar prices for the commodities in which it deals, being mainly iron, manganese and chrome ores and to a lesser extent manganese and chrome alloys. All of these markets are priced principally in US dollars and these risks are to a large extent not controllable by the group other than by the use of hedging instruments, which are not utilised.

The group holds mineral rights over Resources with remaining lives which fluctuate in accordance with current commodity prices and estimated cost of exploitation (refer "Mineral Resources and Reserves"). Decisions to exploit resources would be made at board level and only following the completion of a bankable feasibility study based on the current life of mine and estimated capital cost, operating cost and cost of finance, where required, to ensure that, as far as possible, the deposit can be mined on a sustainable basis to the end of its estimated life.

The board's policy is therefore to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The group considers its capital to comprise total equity. The group may adjust its capital structure by way of issuing new shares and is dependent on its shareholders for additional capital as required. The group manages its capital structure in light of changes in economic conditions and the board of directors monitors the capital adequacy, solvency and liquidity of the group on a continuous basis.

There were no changes in the group's approach to capital management during the year.

	2010 R'000	2009 R'000
28. COMMITMENTS		
Capital		
Expenditure authorised and contracted for	2 678 910	3 346 060
Expenditure authorised but not contracted for	334 671	310 841
	3 013 581	3 656 901
Commitments extend over a three-year period and will be financed from operating cash flows, undrawn committed borrowing facilities and project funding. The anticipated cash outflows with regard to the above commitments are as follows:		
2010		1 586 695
2011	1 594 224	2 070 206
2012	1 419 357	–
	3 013 581	3 656 901
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:		
Within one year	664	669
After one year but not more than five years	885	1 561
	1 549	2 230
29. CONTINGENT LIABILITIES		
Holding company		
Holding company guarantee of US dollar 50 million (2009: US dollar 50 million) issued to bankers as security for banking facilities provided to a foreign subsidiary company	382 940	386 000
Performance guarantees issued to customers by subsidiary companies and joint-venture entity	85 178	85 185
	468 118	471 185

Guarantee issued to bankers

The holding company has also issued guarantees to bankers to secure a short-term export finance agreement facility of R180 million (2009: R180 million) provided to a subsidiary company. The facility is primarily utilised for and on behalf of Assmang in which the group holds a 50% interest and which in turn has provided a back-to-back guarantee to the holding company against any claims made by bankers in terms of this facility. The facility was unused at year-end.

BEE transactions

Certain preference shares were issued as part of the BEE transaction entered into in 2006 (refer "Black economic empowerment" report). If an event of default, as defined in the contract, is triggered in relation to the preference shares, the provisions of the relevant put option and call agreements entered into will become operative.

The group has also provided a guarantee to secure the banking facility extended to Mampa (refer "Black economic empowerment" report) which at year-end amounted to R3,5 million (2009: R5,6 million). The group in turn holds a back-to-back pledge over Mampa's interest in RMDC in the event that the guarantee is called up.

	2010 R'000	2009 R'000
30. INVESTMENT IN JOINT-VENTURE ENTITY		
50% (2009: 50%) interest in Assmang Limited (Assmang), which is controlled jointly in terms of a shareholders' agreement with African Rainbow Minerals Limited (ARM).		
The group financial statements include the following amounts relating to Assmang, which were proportionately consolidated:		
Income statement		
Turnover	6 434 857	7 631 802
Cost of sales	(4 177 798)	(2 893 166)
Gross profit	2 257 059	4 738 636
Other operating income	170 057	441 098
Other operating expenses	(227 907)	(419 523)
Income from investments	86 249	219 999
Finance costs	(7 175)	(35 944)
Profit before taxation and State's share of profits	2 278 283	4 944 266
Statement of financial position		
Property, plant, equipment and intangibles	6 035 177	4 866 388
Other investments	45 107	42 135
Other non-current financial assets	31 906	—
Current assets	3 828 680	3 774 192
Elimination of investment in joint-venture entity	(468 153)	(468 153)
Current liabilities – interest bearing	3 612	7 404
– non-interest bearing	1 048 138	996 839
Long-term borrowings – interest bearing	2 733	6 356
Deferred taxation	1 648 598	1 299 498
Long-term provisions	194 534	182 853
Distributable reserves	6 575 100	5 721 612
Cash flows		
Cash retained from operating activities	763 043	1 882 817
Cash utilised in investing activities	(1 443 045)	(1 387 748)
Cash generated by/(utilised in) financing activities	1 444	(262 872)
Cash resources	943 933	1 654 398
Commitments		
Future capital expenditure:		
– contracted for	2 602 186	3 276 865
– not contracted for	334 671	310 841
	2 936 857	3 587 706

Contingent liabilities

Contingent liabilities relating to the group's interest in the joint venture are referred to in note 29.

31. SEGMENTAL INFORMATION

The following segments are separately monitored by management and form the group's reportable segments:

Joint-venture mining and beneficiation

Assore's principal investment is its 50% share in Assmang Limited (Assmang).

Assmang's operations are managed by commodity mined, and, where applicable, beneficiated at various works operations. Accordingly, this segment is further analysed as follows:

- Iron ore (Iron Ore Division).
- Manganese ore and alloys (Manganese Division).
- Chrome and charge chrome (Chrome Division).

For purposes of presenting segmental information, disclosure is made of the entire value of the information pertaining to Assmang, with the portion attributable to the other joint-venture partner (50%) shown as part of the consolidation adjustments.

31. SEGMENTAL INFORMATION (continued)

Marketing and shipping

In terms of the joint-venture arrangement with African Rainbow Minerals Limited, Assore and certain of its subsidiaries are responsible for the marketing and shipping of Assmang's product. In addition, another subsidiary provides consulting and engineering expertise to Assmang and other group companies.

Other mining and beneficiation

This segment contains the chrome operations managed by Rustenburg Minerals Development Company (Proprietary) Limited and Zeerust Chrome Mines Limited, as well as the pyrophyllite and ceramic operations by Wonderstone Limited.

	Joint-venture mining and beneficiation							
R'000	Iron Ore Division	Manganese Division	Chrome Division	Subtotal	Marketing and shipping	Other mining and beneficiation	Adjustments arising on consolidation*	Total
Year to 30 June 2010								
Revenues								
Third party	5 002 654	6 253 174	1 789 643	13 045 471	642 336	189 986	(6 312 211)	7 565 582
Intersegment	–	–	–	–	422 223	2 240	(424 463)	–
Total revenues	5 002 654	6 253 174	1 789 643	13 045 471	1 064 559	192 226	(6 736 674)	7 565 582
Contribution to profit	1 436 649	1 480 222	(184 650)	2 732 221	163 318	(37 431)	(1 378 584)	1 479 524
Contribution to headline earnings	1 435 759	1 477 505	(184 649)	2 728 615	162 596	(20 225)	(1 376 781)	1 494 205
Statement of financial position								
Consolidated total assets	8 729 631	8 921 510	1 920 523	19 571 664	5 623 226	5 245 084	(18 089 975)	12 349 999
Other information								
Finance income	8 425	163 057	1 016	172 498	100 863	3 715	(86 249)	190 827
Finance costs	461	7 782	6 107	14 350	107 567	8 891	(7 175)	123 633
Depreciation, amortisation and impairment charges	544 301	250 073	142 071	936 445	2 876	28 946	(450 898)	517 369
Taxation	575 229	914 259	(59 962)	1 429 526	106 316	1 884	(714 763)	822 963
Capital expenditure	2 304 067	743 498	288 571	3 336 136	33 596	59 425	(1 668 068)	1 761 089
Year to 30 June 2009								
Revenues								
Third party	5 026 714	8 897 515	1 812 333	15 736 562	1 120 715	305 623	(7 635 231)	9 527 669
Intersegment	–	–	–	–	513 336	4 592	(517 928)	–
Total revenues	5 026 714	8 897 515	1 812 333	15 736 562	1 634 051	310 215	(8 153 159)	9 527 669
Contribution to profit	2 170 428	3 955 584	193 146	6 319 158	193 942	(73 660)	(3 172 053)	3 267 387
Contribution to headline earnings	2 159 878	3 926 926	213 344	6 300 148	183 645	(55 452)	(3 162 548)	3 265 793
Statement of financial position								
Consolidated total assets	6 504 050	8 348 952	2 038 210	16 891 212	4 660 165	2 184 242	(12 574 371)	11 161 248
Other information								
Finance income	6 440	432 360	1 200	440 000	135 065	11 655	(220 000)	366 720
Finance costs	54 200	13 059	4 629	71 888	255 118	7 086	(35 944)	298 148
Depreciation, amortisation and impairment charges	408 878	235 242	127 314	771 434	2 176	68 697	(368 392)	473 915
Taxation	781 509	2 662 848	159 667	3 604 024	153 599	33 432	(1 809 562)	1 981 493
Capital expenditure	1 529 176	853 983	396 616	2 779 775	2 491	83 590	(1 389 888)	1 475 968

Adjustments arising on consolidation mainly represent the 50% share in Assmang attributable to the other joint-venture party

31. SEGMENTAL INFORMATION (continued)

Geographical information

Revenues are derived from the following geographical regions:

	2010 R'000	2009 R'000
Far East	**8 147 495**	8 820 502
Europe	**2 649 638**	3 596 742
USA	**1 169 836**	1 829 060
South Africa	**903 112**	1 572 285
Other – foreign	**1 322 247**	1 577 361
Subtotal[1]	**14 192 328**	17 395 950
Eliminated on proportionate consolidation[2]	**(6 535 796)**	(7 868 281)
	7 565 532	9 527 669

Notes

1. Only revenue received from one customer of R2 304 million (2009: R2 551 million) amounted to more than 10% of gross revenue received for the year.
2. The revenue of Assmang, which is proportionately consolidated (refer note 30), is reflected at 100%, with 50% eliminated upon its proportionate consolidation.

Geographical segmental analysis has not been provided with regard to capital expenditure as 99,99% of the carrying amount of the group's property, plant and equipment is located in the Republic of South Africa.

32. RELATED-PARTY TRANSACTIONS

Transactions with related parties are concluded at arm's length and under terms and conditions that are no less favourable than those arranged with third parties.

The following significant related-party transactions occurred during the year:

	2010 R'000	2009 R'000
Joint-venture partner		
African Rainbow Minerals Limited		
– commissions paid by subsidiary company	**73 139**	121 429
Joint-venture company		
Assmang Limited (refer note 30)		
– gross commissions received	**439 907**	531 742
– amounts payable to related parties at year-end	**61 088**	33 277
– amounts receivable from related parties at year-end	**42 347**	6 412
Subsidiary companies		
Key management personnel of the group	**107 147**	112 012
Foreign subsidiary		
Minerais U.S. LLC		
– commissions received	**17 683**	24 518
– amounts receivable from related-party transactions at year-end	**46 359**	5 997

The group holds a 51% share in Minerais U.S. LLC (Minerais) which is a limited-liability company registered in the state of New Jersey in the United States of America (USA). Minerais is responsible for marketing and sales administration of the group's products in the USA, and trades in various commodities related to the steelmaking industry.

Refer note 29 for details of security and guarantees provided on behalf of related parties.

33. RETIREMENT BENEFIT INFORMATION

33.1 Pensions

All subsidiary companies provide retirement benefits through either a defined benefit pension fund or a defined contribution pension fund and Assmang has made provision for pension plans covering all employees which comprise a defined contribution pension fund and two defined contribution provident funds administered by employee organisations within the industries in which members are employed.

Defined benefit – Assore Pension Fund

In terms of the Pension Funds Act, the Assore Pension Fund is actuarially valued every three years. The most recently completed statutory actuarial valuation of the fund was performed as at 1 July 2008 and revealed a 100,3% funding level. The next actuarial valuation will be completed, effective 1 July 2011. An interim funding check was performed for funding purposes as at 30 June 2010 which revealed a 93,9% funding level (2009: 89,2%). The financial positions at the various dates are set out below.

	2010 R'000	2009 R'000
Change in defined benefit obligation		
Benefit obligation at beginning of year	249 886	224 319
Current service cost	13 643	13 307
Interest cost on obligation for the year	23 239	23 919
Actuarial loss due to experience	2 432	6 104
Actuarial gain due to assumptions	(10 042)	(5 575)
Benefits paid	(10 184)	(12 188)
Benefit obligation at end of year	268 974	249 886
Change in plan assets		
Fair value of plan assets at beginning of year	222 851	234 495
Expected return on plan assets	20 430	26 146
Actuarial gain/(loss) on plan assets	5 104	(37 285)
Employer contributions received	9 664	7 803
Employees' contributions received	4 832	3 880
Benefits paid	(10 184)	(12 188)
Fair value of plan assets at end of year	252 697	222 851
Net unfunded position	(16 277)	(27 035)
Unrecognised actuarial losses	24 447	37 814
Net pension fund asset – no asset recognised	8 170	10 779
Components of periodic expense		
Current service cost	13 643	13 307
Interest cost	23 239	23 919
Expected return on plan assets	(20 430)	(26 146)
Amortisation of actuarial loss	653	–
Net pension cost	17 105	11 080

33. RETIREMENT BENEFIT INFORMATION (continued)

33.1 Pensions (continued)

The allocation of plan assets is as follows:

	2010 %	2009 %
Equity securities	63	69
Debt securities	32	27
Other (cash, cash awaiting investment, bank account)	5	4
Total	**100**	100

	R'000	R'000
Expected benefit payment next year	11 000	13 000
Experience adjustments gain/(loss) on plan assets and liabilities		
– plan assets	25 804	(11 139)
– plan liabilities	(2 432)	(6 104)

	%	%
The principal actuarial assumption for the valuations includes:		
Expected return on assets	9,50	9,40
Post-retirement interest rate	4,60	4,40
Price inflation rate	6,50	6,58
Salary inflation rate	7,50	7,70
Pension increases	4,85	4,94

Other assumptions

Active mortality – Nil.

Pensioner mortality PA (90) – Ultimate table, adjusted for two years' additional longevity since the previous year-end.

Merit salary increases as per sliding scale depending on age starting at 5% per annum below age 25, and reducing to zero above age 50.

Spouse's benefits for active members – on average, husbands are assumed to be two years older than their wives, and married at date of retirement.

For current pensioners, their actual marital status and, where applicable, the exact age of their spouse have been taken into account.

Defined contribution funds – subsidiary companies

Certain employees are members of a defined contribution fund, and funds are contributed on an agreed basis between the employer and employees at a rate of 15% of payroll. Contributions expensed in the year amounted to R1,4 million (2009: R1,0 million).

Assmang pension and provident funds

Assmang has made provision for pension plans covering all employees which comprise a defined contribution pension fund and two defined contribution provident funds administered by employee organisations within the industries in which members are employed.

Reviews of the plans are carried out by independent actuaries at regular intervals. Contributions to the funds are 15,0% of payroll, split on an agreed basis between members and the employer.

The amount expensed in this regard in the current year was R34,8 million (2009: R28,2 million).

33. RETIREMENT BENEFIT INFORMATION (continued)

33.2 Medical aid

Subsidiary companies

Subsidiary companies within the group had obligations to fund the medical aid costs of certain employees and pensioners. Agreement has been reached with the pensioners and applicable members of staff in terms of which these obligations have been converted to either purchased annuities or a series of lump sum payments or the payment of periodic actuarially determined benefit amounts into the defined benefit pension fund on their behalf. The payments or premiums concerned were calculated by an independent actuary and have resulted in the liabilities arising from these obligations being settled.

Medical aid contributions paid on behalf of current members of staff and pensioners by subsidiary companies amounted to R3,8 million (2009: R3,4 million).

Joint-venture entity

The joint-venture entity, Assmang, has obligations to fund a portion of certain retiring employees' medical aid contributions based on the cost of benefits. The anticipated liabilities arising from these obligations have been actuarially determined using the projected unit credit method, and a corresponding liability has been raised.

The following table summarises the components of the net benefit expense recognised in the income statement of the joint-venture entity:

	2010 R'000	2009 R'000
Current service cost	**498**	737
Interest cost on benefit obligation	**1 886**	1 638
Benefits paid	**(709)**	(664)
Net actuarial (gain)/loss recognised during the year	**(1 776)**	1 064
Net (decrease)/increase in benefit movement for the year	**(101)**	2 775

The liability is assessed periodically by independent actuarial survey based on the following principal actuarial assumptions, which are consistent with the previous year:

– A net discount rate of 1,00% per annum.

– An increase in healthcare costs at a rate of 7,90% per annum.

The liabilities raised are based on the present value of the post-retirement benefits. The most recent actuarial valuation was conducted at 30 June 2007 for the year ended 30 June 2007.

The provisions raised in respect of post-retirement healthcare benefits amounted to R21,2 million (2009: R21,3 million) at the end of the year. The decrease of R0,1 million was credited in the income statement in the current year (2009: R2,8 million charged against income).

Medical aid contributions paid on behalf of current members of staff and pensioners by the joint-venture entity during the year amounted to R48,5 million (2009: R40,1 million).

COMPANY FINANCIAL STATEMENTS

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COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	2010 R'000	2009 R'000
ASSETS			
Non-current assets			
Investment in group companies	1	**1 982 799**	495 593
Available-for-sale investments	2	**602 976**	415 191
Loans to group companies	1	**635 932**	1 349 368
		3 221 707	2 260 152
Current assets			
Other receivables		**2 883**	133
Cash resources		**495 493**	932 727
		498 376	932 860
Total assets		**3 720 083**	3 193 012
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	3	**698**	689
Share premium	4	**264 092**	30 358
Retained earnings		**1 582 091**	1 014 529
Other reserves	5	**246 603**	102 901
Total equity		**2 093 484**	1 148 477
Non-current liabilities			
Loans from group companies	1	**628 039**	558 041
Deferred taxation	6	**39 893**	16 500
		667 932	574 541
Current liabilities			
Other payables		**17 784**	34 853
Taxation		**7 361**	4 952
Amounts due to group companies	1	**3 522**	189
Short-term borrowings	7	**930 000**	1 430 000
		958 667	1 469 994
Total equity and liabilities		**3 720 083**	3 193 012

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R'000	2009 R'000
Revenue	8	**584 614**	2 244 469
Profit on disposal of available-for-sale investments		–	19 086
Income from investments		**584 614**	2 244 469
Discount on redemption of preference shares		–	18 000
Administrative expenses		**(11 334)**	(6 491)
Reversal of impairment/(impairment) of loan made to wholly owned subsidiary		**539 718**	(680 066)
Finance costs		**(106 201)**	(250 782)
Profit before taxation	9	**1 006 896**	1 344 216
Taxation	10	**24 010**	23 116
Profit for the year		**982 886**	1 321 100

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	2010 R'000	2009 R'000
Profit for the year (as above)	**982 886**	1 321 100
Other comprehensive income/(loss) for the year, net of tax	**143 702**	(248 737)
Net gain/(loss) on revaluation of available-for-sale investments to market value	**167 095**	(270 143)
Profit on disposal of available-for-sale investments recognised in profit for the year	–	(19 086)
Deferred capital gains tax	**(23 393)**	40 492
Total comprehensive income for the year	**1 126 588**	1 072 363

COMPANY STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R'000	2009 R'000
Cash retained from operating activities		**13 767**	1 416 928
Cash generated by operating activities		**490 048**	2 171 608
Cash utilised in operations	12.1	**(11 235)**	(6 491)
Investment income	12.2	**517 919**	2 171 396
Movements in working capital	12.3	**(16 636)**	6 703
Interest income		**66 695**	73 073
Finance costs		**(106 201)**	(250 782)
Taxation paid	12.4	**(21 601)**	(21 281)
Dividends paid	12.5	**(415 174)**	(555 690)
Cash utilised in investing activities		**(1 507 895)**	(95 143)
Investment in group companies		**(1 512 206)**	–
Redemption of shares by group companies		**25 000**	–
Acquisition of available-for-sale investments		**(20 690)**	(117 813)
Proceeds on disposal of available-for-sale investments		**–**	22 670
Cash generated by/(utilised by) financing activities		**1 056 895**	(389 129)
Shares issued during the year		**233 743**	–
Acquisition of own shares		**–**	(248 729)
Short-term finance raised		**–**	2 200 000
Short-term finance repaid		**(500 000)**	(752 000)
Movement in group company balances		**1 323 152**	(1 588 400)
Cash resources			
– (decrease)/increase for the year		**(437 234)**	932 656
– at beginning of year		**932 727**	71
– at end of year		**495 493**	932 727

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	2010 R'000	2009 R'000
Share capital		
Balance at beginning of year	689	700
Shares issued/(repurchased and cancelled) during the year at par value	9	(11)
Balance at end of year	698	689
Share premium		
Balance at beginning of year	30 358	30 358
Arising on issue of shares during the year	233 734	–
Balance at end of year	264 092	30 358
Retained earnings		
Balance at beginning of year	1 014 529	497 864
Profit for the year	982 886	1 321 100
Ordinary dividends declared during the year		
Final dividend No 105 of 1 000 cents (2009: 1 000 cents) per share		
– declared on 26 August 2009	(275 717)	(280 000)
Interim dividend No 106 of 500 cents (2009: 1 000 cents) per share		
– declared on 27 March 2010	(139 607)	(275 717)
Shares repurchased and cancelled during the year	–	(248 718)
Balance at end of year	1 582 091	1 014 529
Other reserves		
Balance at beginning of year	102 901	351 638
Other comprehensive income/(loss) per statement of other comprehensive income	143 702	(248 737)
Balance at end of year	246 603	102 901
Share capital and reserves at year-end per statement of financial position	2 093 484	1 148 477

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

		2010 R'000	2009 R'000
1.	**INVESTMENT IN GROUP COMPANIES**		
	Joint-venture entity (refer detail below)	468 153	468 153
	Subsidiary companies (refer below)	1 514 646	27 440
		1 982 799	495 593
	Investment in joint-venture entity		
	Assmang Limited		
	1 774 103 (2009: 1 774 103) ordinary shares at cost	468 153	468 153
	Directors' valuation	19 265 766	13 238 529
	Investment in subsidiary companies (refer note 13)		
	Shares at cost	1 514 646	27 440
	Amounts due by/(to) subsidiary companies		
	Loan accounts receivable	635 932	1 349 368
	Loan accounts payable	(628 039)	(558 041)
	Current accounts payable	(3 522)	(189)
	Refer note 13	4 371	791 138
2.	**AVAILABLE-FOR-SALE INVESTMENTS**		
	Listed – at market value		
	Balance at beginning of year	415 066	590 066
	Purchases at cost	20 690	117 813
	Disposals at carrying value	–	(3 584)
	Fair value adjustment	167 095	(289 229)
	Balance at end of year (below)	602 851	415 066
	Unlisted – at cost and directors' valuation	125	125
		602 976	415 191
	Listed – at cost	316 355	295 665
	Cumulative fair value adjustment transferred to other reserves (refer note 5)	286 496	119 401
	As above	602 851	415 066
3.	**SHARE CAPITAL**		
	Authorised		
	40 000 000 (2009: 40 000 000) ordinary shares of 2,5 cents each	1 000	1 000
	Issued		
	Balance at beginning of year (27 571 653 (2009: 28 000 000) ordinary shares of 2,5 cents each)	689	700
	Shares issued during the year (349 747 ordinary shares of 2,5 cents each) at a premium of R668,30 each in terms of the authority granted at a general meeting held on 19 January 2010	9	–
	Shares repurchased and cancelled during the year (428 347 ordinary shares of 2,5 cents each) in terms of the authority granted by shareholders at a general meeting held on 4 September 2008	–	(11)
	Balance at end of year (27 921 400 (2009: 27 571 653) ordinary shares of 2,5 cents each)	698	689
	Subsequent to the year-end, the share capital was subdivided on a five-for-one basis (refer directors' report for more detail).		

		2010 R'000	2009 R'000
4.	**SHARE PREMIUM**		
	Balance at beginning of year	**30 358**	30 358
	Arising on shares issued during the year (refer note 3)	**233 734**	–
	Balance at end of year	**264 092**	30 358
5.	**OTHER RESERVES**		
	Surplus on the revaluation to fair value (after tax) of available-for-sale investments per note 2	**286 496**	119 401
	Less: Deferred capital gains taxation	**(39 893)**	(16 500)
		246 603	102 901
6.	**DEFERRED TAXATION**		
	Balance at beginning of year	**16 500**	56 992
	Revaluation of available-for-sale investments at year-end (refer note 5)	**23 393**	(40 492)
	Balance at end of year	**39 893**	16 500
7.	**SHORT-TERM BORROWINGS**		
	220 cumulative, redeemable, variable rate preference shares issued to Standard Bank of South Africa Limited (SBSA) on 15 September 2008, which are required to be redeemed in tranches of at least R500 million annually, commencing on the last day of February in 2010. At 30 June 2010, 127 shares (2009: 77 shares) were redeemed in the amount of R1 252 million (2009: R752 million) of which 77 shares were voluntarily redeemed in the amount of R752 million, in terms of authority granted by shareholders in a general meeting on 3 February 2009. The shares have a par value of 1 cent each, and were issued and are redeemable at a premium of R9 999 999,99 each. The preference dividends accrue at a rate linked to the prime lending rate applied by SBSA.	**930 000**	1 430 000
8.	**REVENUE**		
	Revenue comprises:		
	Dividends received	**517 919**	2 171 396
	Interest received	**66 695**	73 073
		584 614	2 244 469

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010 continued

		2010 R'000	2009 R'000
9.	**PROFIT BEFORE TAXATION**		
	Profit before taxation is stated after taking into account the following items of income and expenditure:		
	Income		
	Dividends received	517 919	2 171 669
	– joint-venture entity	500 149	2 151 366
	– available-for-sale investments	17 770	20 303
	Interest received	66 695	73 073
	Preference dividend accrual adjustment	2 955	–
	Expenditure		
	Auditors' remuneration	101	92
	Directors' remuneration – paid by subsidiary company	54 785	62 406
	– directors' fees	1 059	944
	– other services	53 726	61 462
10.	**TAXATION**		
	South African normal tax		
	– current year	18 970	20 445
	– under/(over)provision relating to prior years	5 040	(1)
	Capital gains tax	–	2 672
		24 010	23 116
	The company has unused credits in respect of secondary tax on companies of R176,1 million (2009: R689,6 million). Deferred tax asset has not been raised on these amounts as there is no certainty that the credits will be utilised in the foreseeable future.		
	Reconciliation of tax charge as a percentage of profit before taxation		
	Statutory tax rate	28,00	28,00
	Adjusted for:		
	Dividend income	(14,29)	(45,23)
	Exempt income	(11,63)	(0,40)
	Capital gains tax on disposal of available-for-sale investments	–	0,20
	Disallowable expenditure	–	19,52
	Other	0,30	(0,37)
	Effective tax rate	2,38	1,72
11.	**DIVIDENDS**		
	Dividends declared during the year		
	Final dividend No 105 of 1 000 cents (2009: 1 000 cents) per share – declared on 26 August 2009	275 717	280 000
	Interim dividend No 106 of 500 cents (2009: 1 000 cents) per share – declared on 27 March 2010	139 607	275 717
		415 324	555 717
	Per share (cents)	1 500	2 000
	Dividends relating to the activities of the company for the year under review		
	Interim dividend No 106 of 500 cents (2009: 1 000 cents) per share – declared on 27 March 2010	139 607	275 717
	Final dividend No 107 of 1 200 cents (2009: 1 000 cents) per share – declared on 1 September 2010	335 057	275 717
		474 664	551 434
	Per share (cents)	1 700	2 000

		2010 R'000	2009 R'000
12.	**NOTES TO THE STATEMENT OF CASH FLOW**		
12.1	**Cash utilised in operations**		
	Profit before taxation	1 006 896	1 344 216
	Adjusted for:		
		(1 018 131)	(1 350 707)
	– Dividends received	(517 919)	(2 171 396)
	– Interest received	(66 695)	(73 073)
	– Profit on disposal of available-for-sale investments	–	(19 086)
	– Discount on redemption of preference shares	–	(18 000)
	– (Reversal of impairment)/impairment of loan made to wholly owned subsidiary	(539 718)	680 066
	– Finance costs	106 201	250 782
		(11 235)	(6 491)
12.2	**Investment income**		
	Credited to the income statements	517 919	2 171 669
12.3	**Movements in working capital**		
	(Increase)/decrease in other receivables	(2 750)	1
	Increase in amounts due to group companies	3 333	254
	(Decrease)/increase in other payables	(17 219)	6 448
		(16 636)	6 703
12.4	**Taxation paid**		
	Unpaid at beginning of year	(4 952)	(3 117)
	Charged to the income statement	(24 010)	(23 116)
	Unpaid at end of year	7 361	4 952
		(21 601)	(21 281)
12.5	**Dividends paid**		
	Unpaid at beginning of year	(95)	(68)
	Declared during the year	(415 324)	(555 717)
	Unpaid at end of year	245	95
		(415 174)	(555 690)

	Issued share capital	Direct interest in share capital	Shares at cost	Shares at cost	Amounts due from/(to) subsidiary companies	
	2010 and 2009 R	2010 and 2009 %	2010 R'000	2009 R'000	2010 R'000	2009 R'000
13. INTEREST OF COMPANY IN ITS SUBSIDIARY COMPANIES						
Incorporated in South Africa						
Ordinary shares						
African Mining and Trust Company Limited	1 000 000	100	1 200	1 200	38 080	41 411
Ceramox (Proprietary) Limited	100	100	1 124	1 124	–	–
Erven 40 and 41 Illovo (Proprietary) Limited	100	100	–	–	–	–
Erven 27 and 28 Illovo (Proprietary) Limited	100	100	–	–	–	–
Erf 1263 Parkview Extension 1 (Proprietary) Limited	1	100	–	–	–	–
General Nominees (Proprietary) Limited^	4	100	–	–	–	–
Main Street 460 (Proprietary) Limited	100	100	–	–	–	1 987 828
Ore & Metal Company Limited	100 000	–	105	105	(628 039)	(558 041)
Rustenburg Minerals Development Company (Proprietary) Limited	232 143	56	–	–	–	–
Wonderstone Limited	10 000	100	10	10	–	–
Wonderstone 1937 Limited^	45 940	100	35	35	–	–
Xertech (Proprietary) Limited	100	100	–	–	–	–
Zeerust Chrome Mines Limited	1 300 000	100	1 114	1 114	–	–
Preference shares						
Main Street 350 (Proprietary) Limited*	99	–	1 512 206	25 000	594 330	6
Incorporated in Namibia						
Krantzberg Mines Limited^	500 000	100	–	–	–	–
Incorporated in Mozambique						
Amhold Limitada^	2	100	–	–	–	–
Incorporated in United States of America						
Minerais U.S. LLC	17 756 100	51	11 418	11 418	–	–
			1 527 212	40 006	4 371	1 471 204
Less: – held indirectly			(11 452)	(11 452)		
– provided against			(1 114)	(1 114)	–	(680 066)
Per note 1			1 514 646	27 440	4 371	791 138

^ *Dormant companies*

* *2009: R5 000*

14. FINANCIAL RISK MANAGEMENT

The company is exposed to various financial risks due to the nature and diversity of its activities and the use of various financial instruments. These risks include:
– credit risk;
– liquidity risk; and
– market risk.

Details of the company's exposure to each of the above risks and its objectives, policies and processes for measuring and managing these risks are included specifically in this note and more generally throughout the company's financial statements together with information regarding management of capital.

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The board is responsible for the development and monitoring of risk management policies within the company. The committee meets on an *ad hoc* basis and regularly reports to the board on its activities. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The roles and responsibilities of the committee include:
– approval of new instruments;
– approval of the group's foreign exchange transaction policy;
– approval of the investment policy;
– approval of treasury policy; and
– approval of long-term funding requirements.

The company also has an internal audit function, which undertakes regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

14.1 Credit risk

Credit exposure and concentrations of credit risk

The carrying amount of financial assets represents the maximum credit exposure at the reporting date and the following table indicates various concentrations of credit risk for all non-derivative financial assets held:

	2010 R'000	2009 R'000
Amounts due from group companies (refer note 1)	635 932	1 349 368
Other receivables – local	2 883	133
	638 815	1 349 501

Amounts receivable by the company comprise loans to subsidiary companies and interest receivable. Loans to group companies have no fixed terms of repayment, and interest is receivable from a reputable financial institution. These amounts are unsecured, and are not overdue, and therefore are not impaired. In addition, the loans to group companies are interest free and have no fixed terms of repayment.

14. FINANCIAL RISK MANAGEMENT (continued)

14.2 Liquidity risk

The Executive Committee manages the liquidity structure of the company's assets, liabilities and commitments so as to ensure that cash flows are sufficiently balanced within the company as a whole.

Surplus funds are deposited in liquid assets (ie negotiable certificates of deposits and call deposits)

Undrawn credit facilities

In terms of its Articles of Association, the company has unlimited borrowing capacity. At year-end, external borrowings amounted to R930,0 million (2009: R1 430,0 million).

Exposure to liquidity risk

The following are the cash flows of the group's financial assets and liabilities at year-end as determined by the contractual maturity date including interest receipts and payments but excluding the impact of any netting agreements with the third parties concerned.

	Total cash flows R'000	Less than 4 months R'000	Between 4 and 12 months R'000	Between 1 and 5 years R'000	More than 5 years R'000
2010					
Financial assets					
Investment in group companies	**1 982 799**	**–**	**–**	**–**	**1 982 799**
Available-for-sale investments	**602 976**	**–**	**–**	**–**	**602 976**
Loans to group companies	**635 932**	**–**	**–**	**–**	**635 932**
Other receivables	**2 883**	**2 883**	**–**	**–**	**–**
Cash resources	**495 493**	**495 493**	**–**	**–**	**–**
	3 720 083	**498 376**	**–**	**–**	**3 221 707**
Financial liabilities					
Loans from group companies	**628 039**	**–**	**–**	**628 039**	**–**
Other payables	**17 784**	**17 784**	**–**	**–**	**–**
Amounts due to group companies	**3 522**	**3 522**	**–**	**–**	**–**
Short-term borrowings	**930 000**	**930 000**	**–**	**–**	**–**
	1 579 345	**951 306**	**–**	**628 039**	**–**
2009					
Financial assets					
Investment in group companies	495 593	–	–	–	495 593
Available-for-sale investments	415 191	–	–	–	415 191
Loans to group companies	1 349 368	–	–	–	1 349 368
Other receivables	133	133	–	–	–
Cash resources	932 727	932 727	–	–	–
	3 193 012	932 860	–	–	2 260 152
Financial liabilities					
Loans from group companies	558 041	–	–	558 041	–
Other payables	34 853	34 853	–	–	–
Amounts due to group companies	189	189	–	–	–
Short-term borrowings	1 430 000	1 430 000	–	–	–
	2 023 083	1 465 042	–	558 041	–

14. FINANCIAL RISK MANAGEMENT (continued)

14.3 Market risk

Market risk is defined as the risk that movements in market risk factors will affect the company's revenue and operational costs as well as the value of its holdings of financial instruments. The objective of the company's market risk management policy is to manage and control market risk exposures to minimise the impact of adverse market movements with respect to revenue protection and to optimise the funding of the business operations.

Market risk information is prepared and submitted to the Executive Committee where it is monitored and further analysed to be used in the decision-making process. The information submitted includes information on currency and interest rates and is used by the committee to determine the market risk strategy going forward. In addition, key market risk information is reported to the Executive Committee on a weekly basis and forecasts against budget are prepared on a monthly basis.

Interest rate risk

Interest rate risk arises due to adverse movements in domestic and foreign interest rates. The company is primarily exposed to downward interest rate movements on floating investments purchased and to upward movements on overdrafts and other borrowings. There is no other exposure to fair value interest rate risk as all fixed rate financial instruments are measured at amortised cost.

The board determines the interest rate risk strategy based on economic expectations and recommendations received from the Executive Committee. Interest rates are monitored on a regular basis and the policy is to maintain short-term cash surpluses at floating rates of interest.

At the reporting date, the interest rate profile of the company's interest-bearing financial instruments was as follows:

	2010 R'000	2009 R'000
Variable rate instruments		
Liabilities		
Short-term borrowings	**930 000**	1 430 000
Assets		
Cash and cash equivalents	**495 493**	932 727

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

An increase of 50 basis points in interest rates at the reporting date would have decreased profit after tax by the amounts shown below. This assumes that all other variables remain constant. There is no impact on the company's equity.

	2010 R'000	2009 R'000
Variable-rate instruments	**1 890**	2 291

Net effect on profit or loss is equal but opposite for a 50 basis points decrease on the financial instruments listed above.

14. FINANCIAL RISK MANAGEMENT (continued)

14.4 Fair value of financial assets and liabilities

The categorisation of each class of financial asset and liability, including their fair values, is included below:

	Note	Available-for-sale investments R'000	Loans and receivables R'000	Liabilities at amortised cost R'000	Other assets and liabilities R'000	Total carrying value R'000	Fair value R'000
2010							
Financial assets							
Investment in group companies	1				1 982 799	1 982 799	1 982 799
Available-for-sale investments	2	602 851			125	602 976	602 976
Loans to group companies	1		635 932			635 932	635 932
Other receivables			2 883			2 883	2 883
Cash resources			495 493			495 493	495 493
		602 851	1 134 308		1 982 924	3 720 083	3 720 083
Financial liabilities							
Loans from group companies				628 039		628 039	628 039
Other payables				17 784		17 784	17 784
Amounts due to group companies				3 522		3 522	3 522
Short-term borrowings	7			930 000		930 000	930 000
				1 579 345		1 579 345	1 579 345
2009							
Financial assets							
Investment in group companies	1				495 593	495 593	495 593
Available-for-sale investments	2	415 066			125	415 191	415 191
Loans to group companies	1		1 349 368			1 349 368	1 349 368
Other receivables			133			133	133
Cash resources			932 727			932 727	932 727
		415 066	2 282 228		495 718	3 193 012	3 193 012
Financial liabilities							
Loans from group companies				558 041		558 041	558 041
Other payables				34 853		34 853	34 853
Amounts due from group companies				189		189	189
Short-term borrowings				1 430 000		1 430 000	1 430 000
				2 023 083		2 023 083	2 023 083

14. FINANCIAL RISK MANAGEMENT (continued)

14.4 Fair value of financial assets and liabilities (continued)

Determination of fair values

Quoted market prices at reporting date have been used to determine the fair value of available-for-sale investments. Where quoted market prices are not available, a valuation technique, most commonly discounted cash flows, was used. For other receivables and payables, the fair value was determined using the discounted cash flow method at market-related interest rate. Carrying amounts approximate fair value for all other financial assets and liabilities.

Fair value hierarchy

The company uses the following hierarchy for determining the fair value of financial instruments measured at fair value:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: other techniques using inputs that are observable, either directly or indirectly; and

Level 3: techniques using inputs that are not based on observable market data.

	2010 R'000	2009 R'000
Available-for-sale investments, measured at Level 1	**602 851**	415 066

15. CAPITAL MANAGEMENT

The company holds interests in companies that own mineral rights over resources with remaining lines which vary in accordance with current prices (refer "Mineral Resources and Reserves"). Decisions to exploit resources would be made at board level and only following the completion of a bankable study based on the current life of mine and estimated capital cost, operating cost and cost of finance, where required, so that the deposit can be mined on a sustainable basis to the end of its estimated life.

The board's policy is therefore to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of the business. The company considers its capital to comprise of total equity. The company may adjust its capital structure by way of issuing new shares and is dependent on its shareholders for additional capital as required. The company manages its capital structure in light of changes in economic conditions and the board of directors monitors the capital adequacy, solvency and liquidity of the company on a continuous basis.

There were no changes in the company's approach to capital management during the year.

	2010 R'000	2009 R'000
16. CONTINGENT LIABILITIES		
Guarantees		
Guarantees of US dollars 50 million (2009: US dollars 50 million) issued to bankers as security for facilities provided to foreign subsidiary company	**382 940**	386 000

Joint-venture entity

The company has issued guarantees to bankers to secure a short-term export finance agreement facility of R180 million (2009: R180 million) provided to a subsidiary company. The facility is primarily utilised for and on behalf of Assmang in which the company holds a 50% interest and which in turn has provided a back-to-back guarantee to the company against any claims made by bankers in terms of this facility.

BEE transactions

Certain preference shares were issued as part of the BEE transaction entered into in 2006 (refer "Black economic empowerment" report). If an event of default, as defined in the contract, is triggered in relation to the preference shares, the provisions of the relevant put option and call agreements entered into will apply.

The company has also provided a guarantee to secure the banking facility extended to Mampa (refer "Black economic empowerment" report) which at year-end amounted to R3,5 million (2009: R5,6 million). The company in turn holds a back-to-back pledge over Mampa's interest in RMDC in the event that the guarantee is called up.

NOTICE TO MEMBERS

Notice is hereby given that the sixtieth Annual General Meeting of members of Assore Limited ("Assore" or "the company") will be held at 15 Fricker Road, Illovo Boulevard, Johannesburg, on Friday, 26 November 2010 at 10:30 for the following purposes:

1. To receive and consider the annual financial statements of Assore and its group for the year ended 30 June 2010.

2. To elect directors in place of Messrs R J Carpenter, C J Cory and W F Urmson, who retire in accordance with the provisions of Assore's Articles of Association but offer themselves for re-election. (Refer page 142 for a short *curriculum vitae* of each of the directors concerned.)

3. To transact any other business which may be transacted at an Annual General Meeting.

Voting and proxies

Members holding certificated shares and members who have dematerialised their shares and have elected "own name" registration in the subregister maintained by their Central Securities Depository Participant (CSDP), may attend, speak and vote at the Annual General Meeting or may appoint one or more proxies (who need not be members of the company) to attend, speak and vote at the Annual General Meeting on behalf of such shareholder. A proxy form is attached to this notice of Annual General Meeting. Duly completed proxy forms must be returned to the transfer secretaries of Assore or the registered office of Assore, to be received by no later than 10:30 on Wednesday, 24 November 2010.

Members who have dematerialised their shares through a CSDP or broker and who have not elected "own name" registration in the subregister maintained by a CSDP and who wish to attend the Annual General Meeting, should instruct their CSDP or broker to issue them with the necessary authority to attend. If such shareholders do not wish to attend the Annual 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.

By order of the board

African Mining and Trust Company Limited
Secretaries

Johannesburg
22 October 2010

DIRECTORS RETIRING BY ROTATION AND AVAILABLE FOR RE-ELECTION

R J Carpenter

Deputy Chairman

BA, ACIS

Bob joined the Ore & Metal Company Limited in 1964 and was appointed Managing Director in 1991. Ore & Metal is a wholly owned subsidiary of the Assore group and acts as selling and shipping agent for all products produced by Assore and Assmang group companies. He was appointed to the Assore board in 1987, to the Assmang board in 1989 and was made Deputy Chairman of Assore in 1993.

C J Cory

Chief Executive Officer

BA, CA(SA), MBA (Wits)

Chris completed articles with Alex, Aiken & Carter (now KPMG) and qualified as a chartered accountant in 1982. In 1989, he joined the Assore group as Group Accountant. In 1992, he was appointed Group Financial Director and made Chief Executive Officer in June 2004 when the roles of Chairman and Managing Director were split. He was appointed to the Assmang board as a non-executive director in 1993 and currently chairs the Assmang Audit Committee. He is a member of the South African Institute of Chartered Accountants (SAICA).

W F Urmson

Independent non-executive director

CA(SA)

Bill was appointed as an independent non-executive director of Assore in October 2010 and will also serve on the group's Audit and Risk, and Remuneration committees. He is a former Deputy Chairman of Ernst & Young and has served the accounting profession as Chairman of the Accounting Practices and Ethics committees of the South African Institute of Chartered Accountants. He is a former Director: Surveillance of the JSE Limited and remains as a part-time consultant to the exchange with responsibility for internal audit.

FORM OF PROXY

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

For use only by members holding certificated shares and members who have dematerialised their share certificates and have elected "own name" registration in the subregister maintained by the Central Securities Depository Participant (CSDP), at the Annual General Meeting to be held at 10:30 on Friday, 26 November 2010.

Shareholders who have dematerialised their share certificates through a CSDP or broker and who have not elected "own name" registration in the subregister maintained by a CSDP who wish to attend the Annual General Meeting, should not complete this form of proxy, but should instruct their CSDP or broker to issue them with the necessary authority to attend. If such shareholders do not wish to attend the Annual 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 __________
(Name in block letters)
of __________
(Address)
being the holder/s of __________ ordinary shares
in the company, hereby appoint (see note 1)

1. __________

of __________ or failing him/her

2. __________

of __________ or failing him/her

3. the Chairman of the company, or failing him, the Chairman of the Annual General Meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the company to be held at 15 Fricker Road, Illovo Boulevard, Johannesburg, on Friday, 26 November 2010 at 10:30 or at any adjournment thereof.

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

	For	Against	Abstain
Adoption of annual financial statements			
Election of retiring directors:			
– R J Carpenter			
– C J Cory			
– W F Urmson			

Signed at __________ on __________ 2010

Signature __________

Assisted by me (where applicable) __________

Please see notes overleaf

NOTES TO THE FORM OF PROXY

1 A member is entitled to appoint one or more proxies (none of whom need be a member of the company) to attend, speak and vote in the place of that member at the Annual General Meeting. A member may therefore insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the Chairman of the company, or failing him, the Chairman of the Annual General Meeting". The person whose name stands first on the proxy form and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2 A member'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 Annual General Meeting, if he is the authorised proxy, to vote in favour of the resolutions at the Annual General Meeting, or any other proxy to vote or abstain from voting at the Annual General Meeting as he/she 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 member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

4 Every member 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 member 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 holding.

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 the company's transfer secretaries or waived by the Chairman of the Annual General Meeting.

7 Forms of proxy must be lodged at, or posted to, the registered office of the company or the transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg (PO Box 61051, Marshalltown, 2107), to be received by no later than 10:30 on Wednesday, 24 November 2010.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Desmond Sacco (Chairman)#
R J Carpenter (Deputy Chairman)
C J Cory (Chief Executive Officer)
P C Crous (Group Technical Director)

NON-EXECUTIVE DIRECTORS

M C Ramaphosa
E M Southey†*#
W F Urmson†#
Dr J C van der Horst†*#

ALTERNATE DIRECTORS

N G Sacco (Alternate to C J Cory)
P E Sacco (Alternate to Desmond Sacco)
R M Smith (Alternate to M C Ramaphosa)

† *Independent*
* *Member of the Audit and Risk Committee*
\# *Member of the Remuneration Committee*

SECRETARY AND REGISTERED OFFICE

African Mining and Trust Company Limited
Assore House
15 Fricker Road
Illovo Boulevard
Johannesburg, 2196

POSTAL ADDRESS

Private Bag X03
Northlands, 2116
Email: info@assore.com

www.assore.com

TRANSFER SECRETARIES AND SHARE TRANSFER OFFICE

Computershare Investor
Services (Proprietary) Limited
70 Marshall Street
Johannesburg, 2001

AUDITORS

Ernst & Young Inc.
Wanderers Office Park
52 Corlett Drive
Illovo
Johannesburg, 2196

ATTORNEYS

Webber Wentzel
10 Fricker Road
Illovo Boulevard
Johannesburg, 2196
Deneys Reitz
82 Maude Street
Sandton, 2196

BANKERS

The Standard Bank of South Africa Limited
88 Commissioner Street
Johannesburg, 2001

CORPORATE INFORMATION

Assore Limited
Incorporated in the Republic of South Africa
Company registration number: 1950/037394/06
Share code: ASR
ISIN: ZAE000146932

BASTION GRAPHICS

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