ASSORE

Integrated annual report 2013

Assore integrated annual report 2013 (IAR)

Contents

www.assore.com

Profile

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 alloys. The group is also responsible for marketing all products produced by the group, 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 Johannesburg Stock Exchange (JSE) under "Assore" in the general mining sector.

26,07% of the company's shares are controlled by two broad-based black economic empowerment community trusts: the Boleng Trust* (14,28%), and the Fricker Road Trust (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.

**Previously the Bokamoso Trust*

Joint-venture entity (Assmang)

IRON ORE DIVISION	MANGANESE DIVISION	CHROME DIVISION
Iron ore (see page 44)	**Manganese ore and alloys** (see page 45)	**Chrome ore** (see page 46)
Type of operation		
→ Mining, crushing, screening and dense medium jigging of ore	→ Mining, crushing, washing and screening of ore → Smelting of ferromanganese → Production of refined ferromanganese	→ Mining, crushing and concentrating of ore
Description		
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 ore produced is sold both on the export market and locally.	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 and at the Machadodorp Works in Mpumalanga. 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 mainly from Assmang's manganese mines. The ore and alloy produced are both sold on the export market and locally.	Chrome ore is mined at the Dwarsrivier Mine near Lydenburg in the Mpumalanga province. The ore produced is sold both on the export market and locally.
Attributable profit/(loss) *R million*		
2013	**2013**	**2013**
R2 578,6 million	R413,6 million	(R67,2) million
2012: R2 917,8 million	2012: R611,6 million	2012: (R87,4) million
Contribution to group revenue		
2013	**2013**	**2013**
R7 981,5 million	R3 725,1 million	R938,3 million
2012: R7 661,8 million	2012: R3 214,5 million	2012: R1 186,9 million

Subsidiary companies

RUSTENBURG MINERALS DEVELOPMENT COMPANY

Chrome ore

(see page 46)

Type of operation

- Mining and concentrating of ore, open cast and underground

Description

Chrome ore is mined near Rustenburg in open-cast and underground operations and production is supplied mainly to the local market. The company has recently commenced commercial production from one of two planned decline shafts, with the other shaft expected to be commissioned in the 2015 financial year. The underground operations will replace the existing open-cast operations.

Attributable profit/(loss) *R million*

2013

R(3,6) million

2012: R17,5 million

Contribution to group revenue

2013

R173,9 million

2012: R203,3 million

ZEERUST CHROME MINES

Chrome ore

(see page 46)

Type of operation

- Concentrating of chrome ore tailings

Description

Chrome ore tailings are processed at the Zeerust Chrome Ore Mine, located in the vicinity of Zeerust in the North West province.

Attributable profit/(loss) *R million*

2013

R(3,2) million

2012: (R53,4) million

Contribution to group revenue

2013

R33,3 million

2012: R54,4 million

WONDERSTONE

Wonderstone

(see page 47)

Type of operation

- Mining and beneficiation of Wonderstone, and manufacture and installation of ceramic and filtration products

Description

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 and are exported to the United States of America, the United Kingdom and the Far East. 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. These tiles are also installed on a project basis in certain cases. Wonderstone is also being used in industrial filtration solutions.

Attributable profit/(loss) *R million*

2013

R(12,3) million

2012: (R8,9) million

Contribution to group revenue

2013

R71,2 million

2012: R74,3 million

Subsidiary companies continued

ORE & METAL COMPANY	MINERAIS U.S. LLC	AFRICAN MINING AND TRUST COMPANY
Type of operation		
→ Marketing, sales and shipping of ores and alloys *(see page 48)*	→ Marketing of minerals and alloys in USA *(see page 48)*	→ Operational management, exploration and technical adviser *(see page 48)*
Description		
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.	Minerais U.S. LLC is responsible for marketing and sales administration of the group's products in the USA, in particular manganese alloys, and trades in various related commodities.	African Mining and Trust Company Limited is technical adviser to Assmang and other group companies and provides operational management to group mines and plants.
Attributable profit/(loss) *R million*		
2013	2013	2013
R275,9 million	R5,6 million	R139,1 million
2012: R254,6 million	2012: R5,9 million	2012: R147,6 million
Contribution to group revenue		
2013	2013	2013
R481,0 million	R725,7 million	R401,3 million
2012: R458,5 million	2012: R777,1 million	2012: R377,2 million

Highlights

Iron ore volumes

up 9%

to a record 16,1 million tons

Headline earnings

recover significantly

in second half to 95% of the record 2012 level

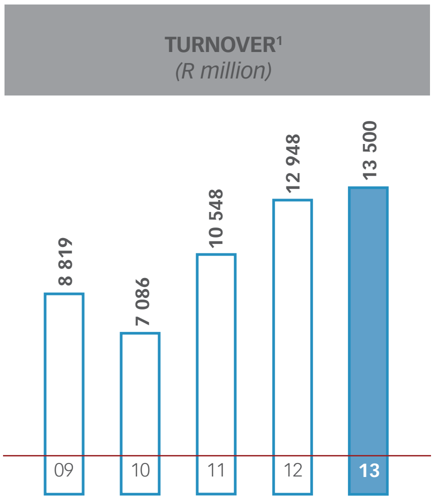
Dividends per share

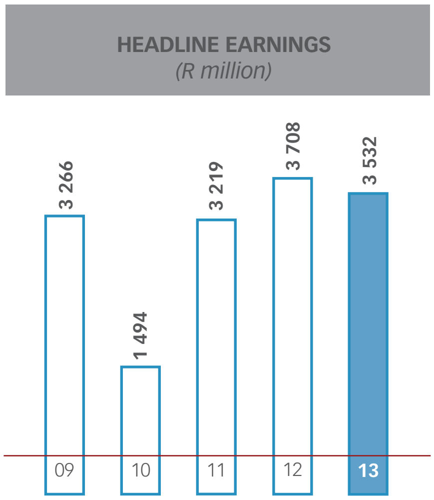
up 9%

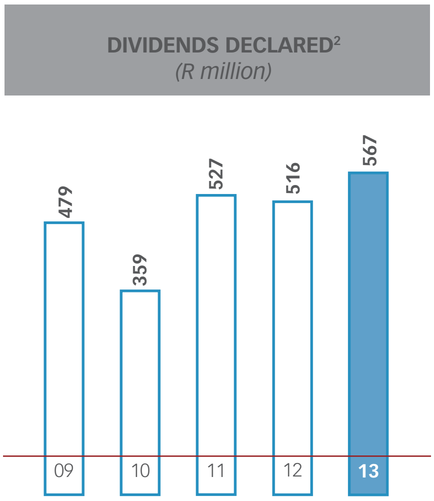
to R6,00 for the 2013 financial year

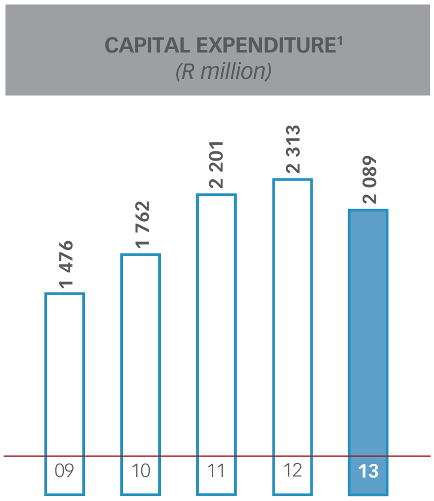
Khumani Iron Ore Mine achieves

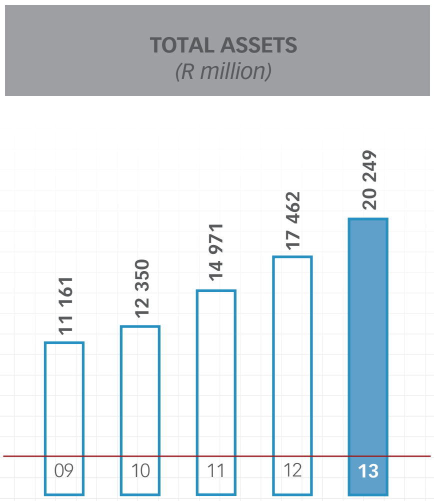
3 million fatality-free shifts







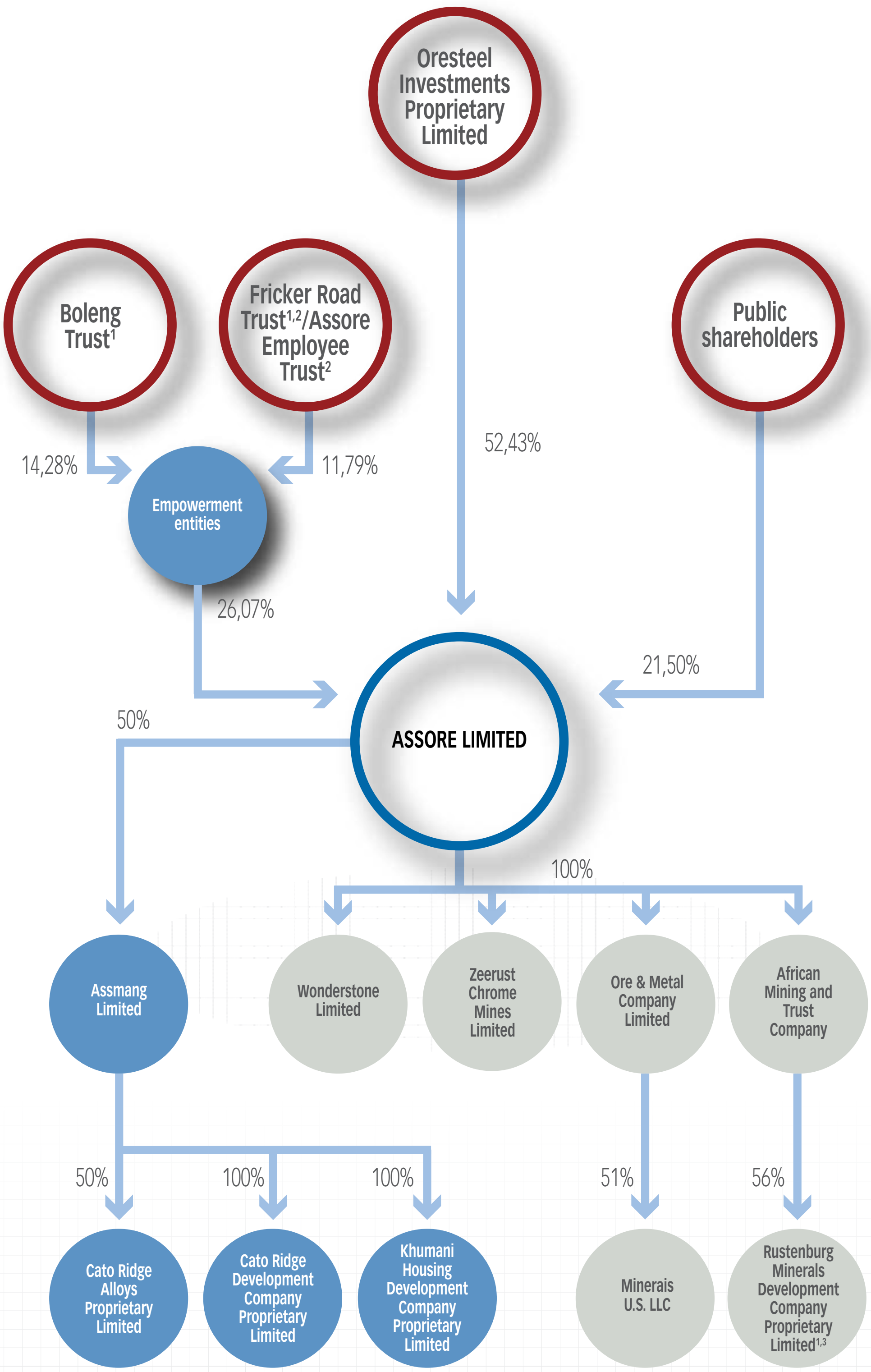




Notes

1. *Turnover and capital expenditure exclude the 50% portion of sales and expenditure respectively, attributable to the joint-venture partner.*
2. *Dividends declared exclude dividends on treasury shares.*

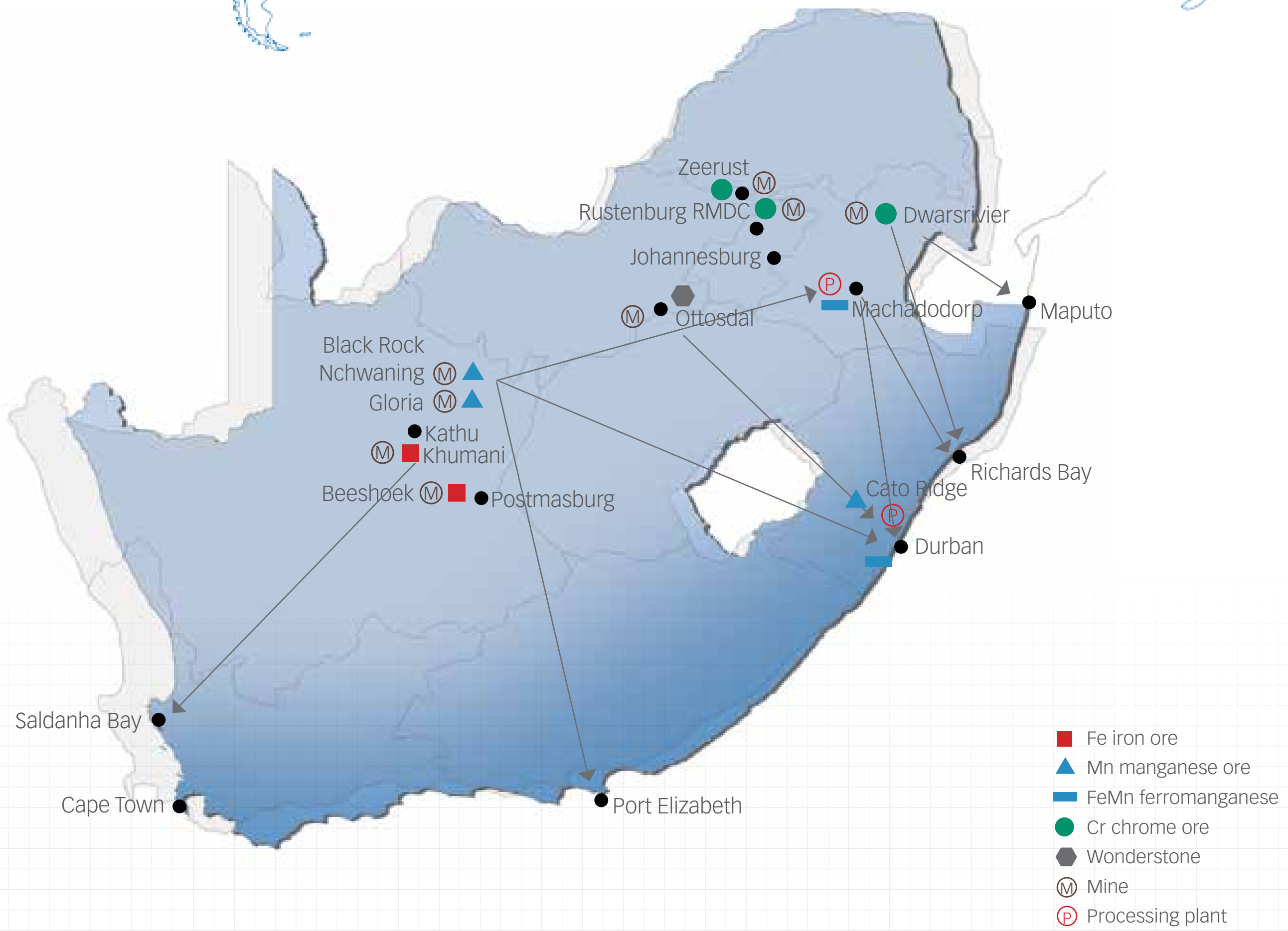
Group structure



1 *Black economic empowered entity.*
2 *The Fricker Road Trust is a black economic empowered entity which controls the majority of the voting rights in a special-purpose vehicle that owns 11,79% of Assore's issued ordinary shares. The Assore Employee Trust controls the remainder of the voting rights.*
3 *A black economic empowerment entity, Mampa Investment Holdings Proprietary Limited has a 44% equity interest in Rustenburg Minerals Development Company Proprietary Limited (refer "Black economic empowerment status report").*

Location of markets and operations

Overview



Group timeline

1928
Gloucester Manganese Mines (Postmasburg) Limited established by Guido Sacco

1930
Formation of Ore & Metal Company Limited

1931
Formation of African Mining and Trust Company Limited (AMT)

1935
AMT partnered with Anglo Transvaal Consolidated Investment Company Limited (Anglovaal) now African Rainbow Minerals (ARM) to form The Associated Manganese Mines of South Africa Limited (Assmang)

1950
The listing of ASSORE on the JSE as The Associated Ore & Metal Corporation Limited

1957
Alloy producer, Ferralloys Limited, incorporated by Assmang

1959
First production of ferromanganese at the Cato Ridge Works by Assmang

1960
First mining of iron ore by Assmang at Beeshoek, and exported through Durban

1975
Mining of chrome deposit at Zeerust (Zeerust Chrome Mines Limited)

1979
Gloria Manganese Ore Mine commissioned

1981
Nchwaning II Mine came into production

1996
Cato Ridge Alloys (CRA), a joint venture to produce refined ferromanganese for export at Cato Ridge, between Assmang's Ferroalloys Limited and Japanese partners

2002
First mining of manganese ore from Nchwaning III

2004
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

2005
First empowerment transaction, whereby 11,76% and 3,26% of Assore's shares respectively were sold to Shanduka Resources and the Boleng Trust (refer "Black economic empowerment status report")

2006
Acquisition of minorities in, and delisting of, Assmang and 50/50 joint-venture agreement with African Rainbow Minerals Limited (ARM) finalised in relation to Assmang's operations

1936
Acquisition of the Wonderstone Mine

1937
Various prospecting activities and mining manganese deposit on farm Gloucester and adjoining farms

1939
First export of manganese through Durban

1940
Obtaining of mining lease at Black Rock where the first manganese ore was mined

1961
Agency relationship established with Sumitomo Corporation of Japan

1971
First production of charge chrome at Machadodorp by Assmang

1972
Mining of chrome deposit by Rustenburg Minerals Development Company Proprietary Limited

1973
Commissioning of the Nchwaning Manganese Ore Mine

1997
Beeshoek South Mine expansion commissioned

1999
Mining of chrome deposit by Assmang at Dwarsrivier

2000
Change of name to Assore Limited, and 20-for-1-subdivision of ordinary shares

2001
Commissioning of Nchwaning III Manganese Ore Mine

2009
Approval of the Khumani Expansion Project (KEP) to increase design capacity of iron ore output to 14 million tons per annum, completed in 2012, on time and within budget

2010
5-for-1 subdivision of ordinary shares
Conclusion of second empowerment transaction, whereby a further effective 11,05% of Assore's shares were acquired by the Boleng Trust

2012
Conclusion of third empowerment transaction, whereby 11,79% of Assore shares were bought back from Shanduka Resources and applied in broad-based trusts being the Fricker Road Trust and the Assore Employee Trust

2013
First distributions from empowerment and employee trusts, amounting to R20,4 million

Scope and boundary

The IAR of Assore Limited (Assore or group) covers the period 1 July 2012 to 30 June 2013. The group's financial year ends on 30 June, and unless otherwise indicated or described, the information included in this report refers to the years ended 30 June 2013 and 30 June 2012. The previous IAR covered the period 1 July 2011 to 30 June 2012. Where any restatements have been made to any disclosures in the previous IAR, these are explained within the relevant sections.

The entities reported on include the following:

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

In addition to determining the strategy and monitoring of the overall management of Assmang in terms of the joint-venture agreement with ARM, Assore has the sole marketing and distribution agency for Assmang's products and the emphasis on Assmang in this report relates primarily to this role (refer "Business model", page 15).

- AMT operations, being the subsidiary companies of Assore, which include:
  - Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals);
  - Zeerust Chrome Mines Limited (Zeerust);
  - Wonderstone Limited (Wonderstone); and
  - Head Office operations (Head Office), combining African Mining and Trust Company Limited (AMT) and Ore & Metal Company Limited (Ore & Metal), where relevant.

Report feedback

Feedback on this report can be made directly to Mr RA Davies at rossdavies@assore.com.

The IAR has been prepared on the basis of the group's consolidated financial statements, prepared in accordance with IFRS and relevant facts, issues and risks that are pertinent to the group's operations. Guidelines used in compiling the separate elements of the IAR include:

REPORT ELEMENT	GUIDELINES	REFERENCE
Mineral resources and reserves report	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)	*Pages 22 to 35*
Corporate governance and risk management report	King Code on Corporate Governance, issued in September 2009 (King III)	*Pages 49 to 54 and throughout*
Black economic empowerment status report	Mineral and Petroleum Resources Development Act and the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry issued thereunder (the Mining Charter) Codes of Good Practice, issued by the Department of Trade and Industry (DTI)	*Pages 55 to 57 and throughout*
Sustainability report	Various relevant guidelines, as well as those contained in the global reporting initiative (GRI) G3 indicators	*Pages 60 to 75 and throughout*
Annual financial statements	International Financial Reporting Standards (IFRS), Financial Reporting Guides, issued by the South African Institute of Chartered Accountants, South African Companies Act and JSE Listings Requirements	*Pages 79 to 147*

Assurance

The Assore group subscribes to a combined assurance model, which is intended to limit or control risks inherent in the business of the group by making use of assurance providers, both third party and in-house, in conjunction with Assmang's Risk Management department (referred to as internal management). Assurance is addressed across the areas of Safety, Health, Risk, Environment, Quality (collectively referred to as SHREQ) and Corporate Governance.

Assurance providers are as follows:

AREA	PROVIDER		STANDARD(S) AND COMMENT
	Assore	**Assmang**	
Safety and health	Various professional consultants	Internal management and Sustainability Services CC (Sustainability Services)	Per provider and the Department of Mineral Resources (DMR). Limited assurance for Assore is provided in the form of bi-annual audits on legal compliance. Assmang has received assurance on specified elements of safety and health from Sustainability Services
Risk	Sizwe Ntsaluba Gobodo	KPMG	COSO framework
Environment	ERM and TUV Rheinland Inspection Services Proprietary Limited (TUV Rheinland)	Internal management	ISO 14001 (2004). Limited assurance for Assore is provided in the form of bi-annual audits on legal compliance by various professional consultants and certification by TUV Rheinland. Assmang has received assurance on specified elements of Safety and Health from Sustainability Services
Quality	TUV Rheinland	Internal management	ISO 9001 (2008). Limited assurance for Assore is provided in the form of certification by TUV Rheinland
Corporate governance	Institute of Directors (IoD)		The Governance Assessment Instrument (GAI) is independently maintained by the IoD and measures the extent of compliance with the King Code on Corporate Governance, based on the relevant information submitted by its subscribers

Assurance pertaining to financial controls and reporting is achieved by conducting extensive internal auditing across the Assore group by Sizwe Ntsaluba Gobodo, who report to Assore's Audit and Risk Committee on their findings, while in Assmang, KPMG report related findings to Assmang's Audit Committee. These audit and risk committees (in Assmang, the Audit Committee), supported by their respective social and ethics committees, ensure close working relationships between external audit and internal audit, to ensure that the assurance provided by Ernst & Young Inc., for both Assmang and the Assore group, on their respective financial statements provides reasonable assurance for the relevant external audit opinions.


PMG 2010-03-01
NLD 2015-03
2010-02

Strategic objectives

Strategy

The strategy of the Assore group is to anticipate and react to changes in the markets in which it operates, to align existing and available minerals and production with international market expectations and to optimise logistical capacities, both local and globally, in a manner that is consistent with production by group operations, and to do so on a sustainable basis. Key performance indicators (KPIs) for the group include the following elements, as more fully set out and measured below.

Key performance indicators

In order to achieve the KPIs, the following requirements are essential to optimise the group's performance and results:

- Management's understanding of the characteristics of the orebodies.
- The logistical arrangements across the range of the group's commodities.
- The configuration of the works in combination with customer requirements.

Recorded net profit for the year

Highlights and Chairman's statement (refer pages 5 and 38 to 39 respectively)

Tonnages sold (per segment) and regional concentration of customers

Operational review and commentary (refer pages 44 to 48)

Sustainable exploitation of mineral deposits

Risks and opportunities and Mineral Resources and Reserves (refer pages 16 to 18 and 22 to 35 respectively)

Compliance with the requirements of the Mining charter, specifically those pertaining to black economic empowerment (BEE)

Black economic empowerment status report (refer pages 55 to 57)

Ongoing improvement in the group's safety record

Sustainability report (refer pages 60 to 75 respectively)

Business model

Assore is a mining holding company engaged principally in ventures involving base minerals and metals to take advantage of opportunities, either on its own or in joint ventures, in a profitable, responsible and sustainable manner. Assore, including its subsidiary companies and joint-venture entities (the group) is strongly committed to the requirements of black economic empowerment (BEE) as contemplated by the Mining Charter.

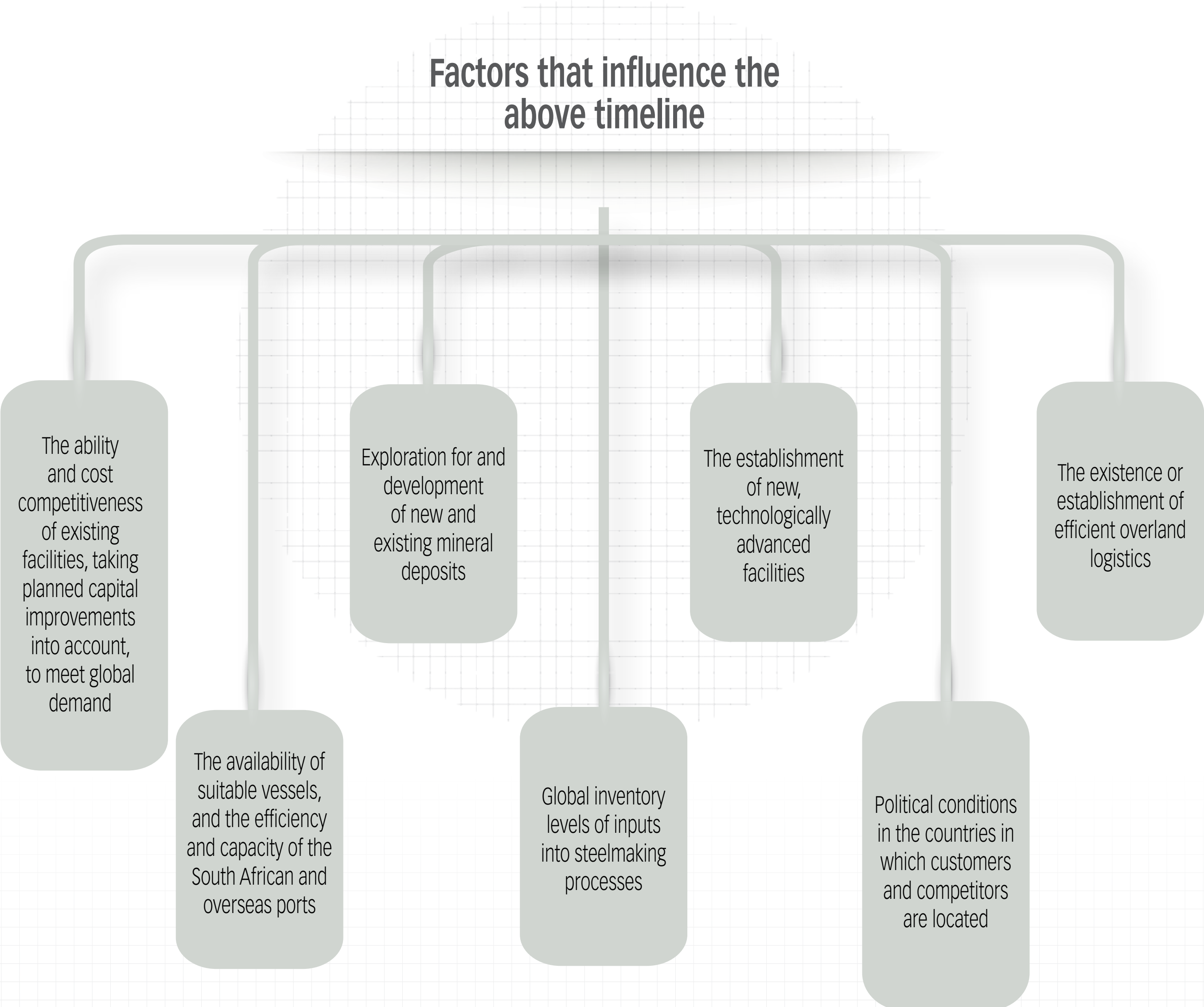
The group seeks to align the exploitation of its mineral deposits and alloy production capacity with customer requirements, in accordance with its programme of capital expenditure. The sections "Group at a glance", "Group structure of operating companies" and "Location of markets and operations" and provide more detail of the group's holdings and its operations.

The group's principal investment is a 50% interest in Assmang which it controls jointly with ARM through an operations committee. Assmang's operations encompass the mining, distribution and sale of iron, manganese and chrome ores, and the distribution and sale of its produced manganese alloys. In terms of the joint-venture agreement with ARM, Assore, through its wholly owned subsidiary, Ore & Metal, is the sole marketing and distribution agent for Assmang. In this capacity Ore & Metal, a wholly owned subsidiary of Assore, through its global network of agents and customers, provides essential input into the strategy of Assmang, which is based on market research and understanding of customers' needs. In terms of IFRS, the financial results of Assmang are proportionately consolidated in the group's results covered in this report. Summarised financial information for Assmang on a stand-alone basis is contained in the "Directors' report" (refer page 83 and note 30 to the consolidated financial statements).

Besides the Assmang operations, the group also has interests in other chrome deposits and industrial minerals and maintains a portfolio of investments in other mining companies listed on the JSE.

Operating context

The performance of the Assore group is largely dependent on global economic growth and the state of the global economy as a whole, as almost all its commodities are used in the production of crude and stainless steel, the consumption of which is intimately related to the incidence of global capital spend. Global economic growth, in turn, together with demand and supply dynamics, drives, *inter alia*, US dollar prices for commodities and exchange rates, which are the two most important factors underlying the group's performance. In assessing the group's risks and analysing its performance, it is essential to understand that changes to global supply and demand occur over long periods.



While ensuring that every reasonable opportunity is pursued to add value to shareholders' returns, management is aware of the impact of the group's activities on other stakeholders as well as on the environment. The manner in which the group interacts with its stakeholders and its impact on the environment is addressed in the "Sustainability report" on pages 60 to 75.

The table on page 18 sets out the most significant material risks to which the group is exposed and describes the mitigation measures adopted.

Risk description	Impact	Mitigating measures
Financial risks		
Fluctuations in exchange rates	Since most sales are denominated in foreign currency, fluctuations in exchange rates (the level of the rand against the US dollar and the euro) can have a significant impact on the group's earnings	Assore has an established Treasury Committee, whose purpose is to limit exposure to exchange rate fluctuations. A limited degree of hedging occurs, given that some capital expenditure occurs in foreign currency as well
Changes in international commodity prices	Most iron ore sales are priced on a quarterly basis, while manganese ore is priced quarterly, monthly or on a shipment-by-shipment basis. Most other commodities are priced quarterly in advance. Fluctuations in these prices have a significant impact on the profitability of the group	Market prices of commodities are continually monitored by Ore & Metal, and the diversified portfolio of commodities does provide a degree of hedging against variable commodity prices
Operational risks		
World economic growth	Since most of the group's commodities are used as inputs in the steel industry, the group's ability to continue to distribute and sell its commodities is largely dependent on the level of demand for steel, which in turn is generated by economic growth	Management continually monitors developments in the steel industry, and ensures that ore reserves are exploited in a manner that ensures suitable sustainable supply of material to our customers
South African logistical infrastructure	The available channels for the export of commodities from the mines to the ports, and the facilities in South Africa's ports, are both dependent on the level of infrastructural investment by the State. The level of maintenance and quality of management of the logistical facilities has a direct bearing on the group's sales volumes	Assmang management and representatives of Ore & Metal meet regularly with all levels of Transnet's port and rail management to ensure optimum use of the existing channels and to explore expansion of these channels
Reserves and Resources	The quality of orebodies can vary over the course of the life of the mine and, depending on commodity prices, their lives can either increase or decrease, given that mining deeper becomes increasingly more costly. Customer choices and preferences, therefore, have a direct bearing on the economic lives of the deposits	Orebodies are continually monitored, and are exploited in conjunction with market demand. Customer relationships are carefully managed in order to ensure that customer requirements are met within physical, chemical and economic constraints. For a detailed analysis of the group's orebodies, refer "Mineral Resources and Reserves report" on pages 22 to 35
Mining Charter	The Mining Charter places onerous requirements on the operations in order to meet its requirements. Changes to the Charter can significantly impact the ability of the operations to continue to operate in compliance with the Charter	Management of the compliance aspects of the Charter is undertaken at all operations and every attempt is made to ensure compliance, both at the operations and at a corporate level (refer "Black economic empowerment status report"on pages 55 to 57

Future performance objectives

Taking into account management's assessment of the risks and opportunities identified under "Risks and opportunities" (refer pages 16 to 18), the specific Key Performance Objectives (KPIs) for the short and medium term include:

- The commissioning and ramp up to full production of the Wet High Intensity Magnetic Separation (WHIMS) project at Assmang's Khumani Iron Ore Mine (refer "Operational review and commentary", page 45), which aims to achieve consistently high yields of iron content per ton of ore mined
- Commencing with the construction of the Sakura ferromanganese smelting facility in Sarawak, Malaysia (refer "Operational review and commentary", page 46)
- Proceeding with the preparation for the development of the village pit at Beeshoek Iron Ore Mine which will significantly expand the life of mine (LOM) of the operation
- Increasing the capacity of Assmang's Gloria and Nchwaning manganese mines and processing plants, improving ore load-out capabilities and with a view to optimally utilise the manganese resources
- Finalising capacity allocation for manganese ores railed from the Northern Cape
- The continued optimisation of alloy production across the group's ferromanganese and ferrochrome facilities.

Remuneration

The group's remuneration policy is structured to ensure that all staff are remunerated fairly for the level of responsibility assumed in performing their roles. The policy also takes into account that mining is a long-term business, and that certain essential skills are required to ensure the sustainability of its operations throughout the various commodity and economic cycles to which the group is exposed. Management is therefore wary of making direct links between the achievement of short-term KPIs and levels of remuneration. Remuneration of the group executive directors is determined by the Remuneration Committee (refer page 49), and the executive directors in turn determine the remuneration of the employees in conjunction with the human resources department and the relevant departmental heads. The levels of remuneration are benchmarked annually within the mining industry and, where appropriate, within the relevant professions of the employees. Bonus awards are made to all staff, based on the financial performance of the group and the successful achievement of its long-term strategic objectives.

In order to create value for all of Assore's employees, the group has, pursuant to the third empowerment transaction, introduced a dividend and equity participation scheme (refer "The Assore Employee Trust" on page 56), whereby non-managerial staff participate in the dividends declared by the group, as well as in the growth in Assore's share price over a predetermined vesting period. Directors and senior staff do not participate in this scheme.


HD0025

Underground blasthole drilling activities at Nchwaning 3

Mineral resources and reserves report

Summary of group resources and reserves

Assmang (jointly held)

	Measured and Indicated Mineral Resources		Proved and Probable Mineral Reserves	
	Mt	Fe %	Mt	Fe %
Iron ore				
Beeshoek Mine	110,04	65,53	47,75	63,91
Dumps	–	–	7,04	55,08
Khumani				
Bruce	211,11	64,36	173,05	64,31
King	470,61	64,17	315,68	64,64
Dumps	–	–	4,94	55,75

	Measured and Indicated Mineral Resources			Proved and Probable Mineral Reserves		
	Mt	Mn %	Fe %	Mt	Mn %	Fe %
Manganese						
Nchwaning						
Seam 1	136,76	43,7	9,1	104,1	43,7	9,1
Seam 2	180,71	42,4	15,5	3,85	44,5	15,6
Black Rock						
Seam 1	43,60	40,6	18,1	–	–	–
Seam 2	26,81	38,6	19,8	–	–	–
Gloria						
Seam 1	128,35	37,8	4,7	102,64	37,7	4,7
Seam 2	29,40	29,9	10,1	–	–	–

	Measured and Indicated Mineral Resources		Proved and Probable Mineral Reserves	
	Mt	Cr_2O_3%	Mt	Cr_2O_3%
Chromite				
Dwarsrivier	53,14	38,10	37,31	34,04

Subsidiary companies

	Mineral Resources				Mineral Reserves		
	Measured	Indicated	Inferred	Total	Proved	Probable	Total
	Mt	Mt	Mt	Resource	Mt	Mt	Reserve
Rustenburg Minerals	4,0	1,3	6,6	**11,9**	2,3	0,8	**3,1**
Zeerust Chrome	1,5	1,5	8,6	**11,6**	1,7	0,3	**2,0**
Wonderstone	4,7	0,0	107,2	**111,9**	4,5		**4,5**

Competent person's report on Assmang's mineral resources and mineral reserves

The report is issued as the annual update of the mineral resources and reserves to inform shareholders of the mineral assets held by Assmang.

Salient features

Khumani
Infill drilling at King and Bruce confirmed the continuation of the orebodies towards the west and north respectively.

Nchwaning
Mineral Reserves of 3,85 million tons have been declared for Manganese Seam 2 where mining has commenced.

Gloria
Measured Mineral Resources increased by 4% to 35,44 million tons due to additional geological data and remodelling of Gloria Manganese Seam 1.

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).

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 2013.

External consulting firms audit the resources and reserves of the Assmang operations on a three to four-year cycle basis.

Underground 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/stockpiles) 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 using the CAE Studio 3 software package.

The classification into Measured, Indicated and Inferred Mineral Resources is done by means of geostatistical parameters such as kriging efficiency, kriging variance, slope of regression and a combination of the number of samples used and the dynamic search volume. The spacing of boreholes as well as the geological structures are also considered in the classification.

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 interest 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-order mining rights for all properties required to support the planned operations over the next 30 years. The Act was effective from 1 May 2004. Certain operations have already had their conversions approved while some are still in various stages of application.

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

Competence

The Competent Person with overall responsibility for the compilation of the Mineral Resources and Reserves report is Shepherd Kadzviti, Pri.Sci.Nat, an African Rainbow Minerals (ARM) employee.

Shepherd Kadzviti graduated with a BSc and MSc in Geology from the University of Zimbabwe. He later completed a Graduate Diploma in Mining Engineering (GDE) at the University of Witwatersrand. He worked at RioZim's Renco Gold Mine for 14 years in various capacities of Geologist, Technical Services Superintendent and Mine Manager. In 2005 he joined Anglo American Platinum as an Evaluation Geologist with responsibilities for geological database management and mineral resource estimation. After two years at Union Mine he was transferred to Anglo American Platinum corporate office where he was appointed Resource Geologist. He then joined African Rainbow Minerals (ARM) as Mineral Resource Specialist in 2008 where he was involved in the evaluation of the various mineral deposits. In 2012 he was appointed Group Mineral Resources Manager for ARM. He is registered with the South African Council for Natural Scientific Professions (SACNASP) as a Professional Natural Scientist in the field of practice of geological science, registration number 400164/05, 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:

PJ van der Merwe
Pr.Sci.Nat
(SACNASP) Iron/Manganese/Chrome
M Burger
Pr.Sci.Nat
(SACNASP) Iron
S van Niekerk
Pr.Sci.Nat
(SACNASP) Iron
B Ruzive
Pr.Sci.Nat
(SACNASP) Manganese
A Pretorius*
Pr.Sci.Nat
(SACNASP) Chrome

** External consultant*

S Kadzviti
24 Impala Road, Chislehurston, Sandton

2 September 2013

Definitions

The definitions of Mineral Resources and Reserves, quoted from the SAMREC Code (2009), 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.

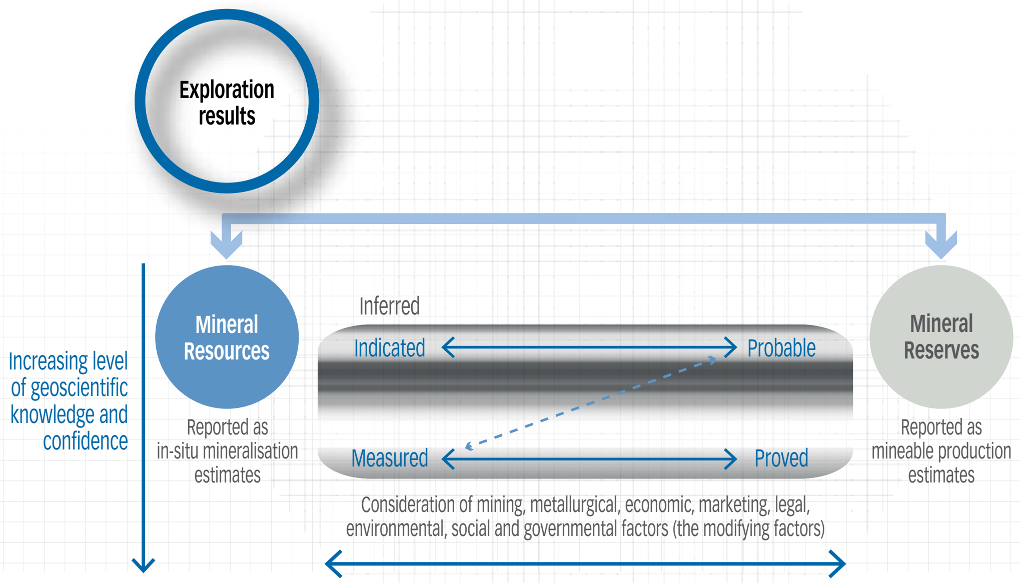
A "**Measured Mineral Resource**" is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable information from exploration, sampling and testing of material 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.

Relationship between exploration results, Mineral Resources and Mineral Reserves



Iron ore mines

Beeshoek Mine
Khumani Mine

Historical production at Beeshoek and Khumani mines (saleable product)

	Beeshoek	Khumani	Total
	Mt	Mt	**Mt**
2008/2009	2,66	6,65	**9,31**
2009/2010	0,52	8,77	**9,29**
2010/2011	0,96	8,73	**9,69**
2011/2012	2,10	11,60	**13,80**
2012/2013	**2,94**	**13,17**	**16,11**

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 Khumani open pits are adjacent to, and south-east of, the Sishen mine, which is operated by Kumba Iron Ore Limited. Beeshoek and Khumani are 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 ore is mainly supplied to local customers, with some exported via Khumani.

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. The Khumani Iron Ore Mine was commissioned in 2007.

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. The converted mining right was executed on 16 March 2012 and was registered on 29 May 2013.

The Khumani new-order mining right comprises an area of 7 388 hectares and is located on the farms Bruce 544, King 56 and Mokaning 560. The mining right was executed on 25 January 2007 and was registered on 5 March 2007.

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

Iron ore mines continued

karst development. A prominent north-south strike of the orebodies is notable. The southern Beeshoek orebodies were exposed to more erosion and are hence 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 northsouth 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 on or off grade on blending stockpiles. Ore from the stockpiles is either sent to the wash-and-screen plants or, if off grade, to the beneficiation plants. The washing and screening 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 and fines product stockpiles; and a rapid load-out facility. No chemicals are being used in any of the treatment plants.

Mineral Resources and Reserves

Only Measured and Indicated Resources are converted to Proved and Probable Reserves respectively. Modifying factors were applied to these resources and financially optimised. The optimised financial parameters are used to define the optimal pit. The Resources within this mining constraint are defined as Reserves. These are categorised into different product types, destined for the different plant processes and then scheduled for mining.

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 orebodies. Diamond drilling is the next phase, which is usually on a 200 x 200 metre grid. Further infill drilling is carried out at spacing ranging from 100 x 100 metres to 25 x 25 metres, depending on the complexity of the geological structures. Numerous exploration programmes have been completed in the last 40 years. 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 wire framed to get a three-dimensional (3D) model. Ordinary Kriging interpolation within Studio 3 is used to estimate the grade of each 25 x 25 x 10 metre block generated within the geological model. Densities in the resource model are 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 t/m^3 (68% Fe). All blast holes are sampled on a metre basis, 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 Mine

Beeshoek year-on-year change

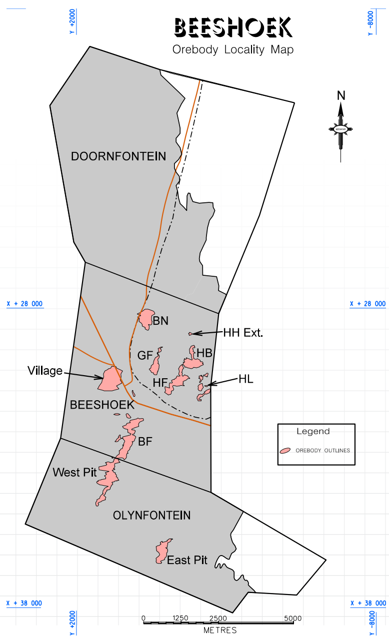
Measured and Indicated Resources for Beeshoek Mine decreased by 6% to 110,04 million tons, mainly due remodelling of the Village orebody and mining of East and BN pits. Mineral Reserves consequently reduced from 54,00 to 47,75 million tons.

A total of 7,04 million tons of ore dumps have been declared as Probable Reserves. The dumps are beneficiated to produce a saleable product. Village Pit Feasibility Study was completed and capital application is awaited.

Beeshoek Resources and Reserves

	Measured Resources		Indicated Resources		Inferred Resources		Total Resources Measured and Indicated		Proved Reserves		Probable Reserves		Total Reserves	
Pit/area	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %
BN	20,38	63,39	–	–	–	–	20,38	63,39	11,41	63,55	–	–	11,41	63,55
HF/HB	16,00	64,10	–	–	–	–	16,00	64,10	6,87	64,27	–	–	6,87	64,27
BF	8,45	63,51	0,23	63,54	0,001	65,24	8,68	63,51	1,02	61,59	–	–	1,02	61,59
East Pit	8,71	64,83	0,04	64,23			8,75	64,83	5,86	64,79	0,01	63,64	5,87	64,79
Village	39,90	63,10	0,64	61,40	0,180	61,40	40,54	63,07	22,50	63,86	0,08	64,56	22,58	63,86
GF	3,13	63,81	0,09	61,80	–	–	3,22	63,75	–	–	–	–	–	–
HH Ext	0,28	62,63	–	–	–	–	0,28	62,63	–	–	–	–	–	–
HL	2,69	64,93	0,05	65,03	–	–	2,74	64,93	–	–	–	–	–	–
West Pit	9,45	63,19	–	–	0,050	61,88	9,45	63,19	–	–	–	–	–	–
Detrital*	–	–	–	–	2,500	60,00	–	–	–	–	–	–	–	–
Total 2013	**108,99**	**63,54**	**1,05**	**62,18**	**2,731**	**60,13**	**110,04**	**63,53**	**47,66**	**63,91**	**0,09**	**64,46**	**47,75**	**63,91**
Total 2012	114,06	63,73	3,39	63,55	2,553	60,04	117,45	63,73	53,99	64,05	0,01	63,64	54,00	64,05

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: Economic pit design, fines generated and customer product specifications.
** Detrital is loose and fragmented material occurring in various areas at Beeshoek*



Beeshoek Dumps

	Proved Reserves		Probable Reserves		Total Reserves	
Area	Mt	Fe %	Mt	Fe %	Mt	Fe %
North Mine (ROM on grade)	–	–	0,06	64,00	0,06	64,00
North Mine (B Dump off grade)	–	–	0,22	55,00	0,22	55,00
South Mine (B Dump off grade)	–	–	0,01	55,00	0,01	55,00
South Mine (C Dump)	–	–	6,75	55,00	6,75	55,00
Total 2013 Dumps*	**–**	**–**	**7,04**	**55,08**	**7,04**	**55,08**
Total 2012 Dumps*	–	–	12,50	55,44	12,50	55,44

Totals are rounded off.
** Dumps are beneficiated to produce a saleable product*

Iron ore mines continued

Khumani Mine

Khumani year-on-year change

Measured and Indicated Resources decreased by 4% to 681,72 million tons mainly due to remodelling of King and Bruce orebodies. Total Reserves decreased to 488,73 from 512,86 million tons due to remodelling of orebodies and depletion by mining. Ore dumps amounting to R4,94 million tons at 55,75% Fe have been reported as Probable Reserves.

Khumani Resources and Reserves

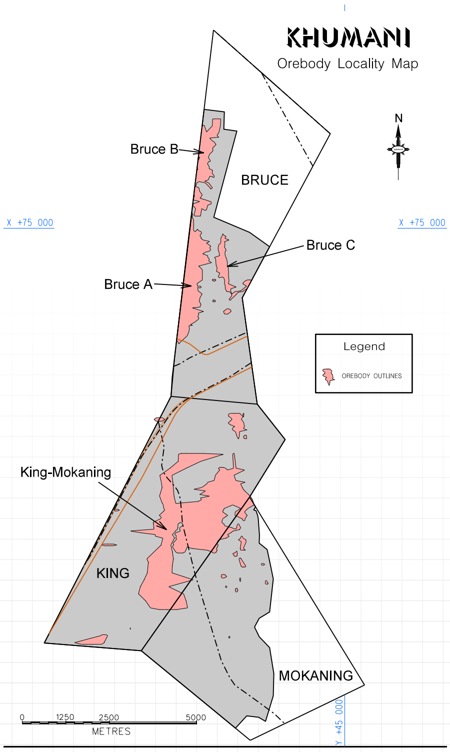
	Measured Resources		Indicated Resources		Inferred Resources		Total Resources Measured and Indicated		Proved Reserves		Probable Reserves		Total Reserves	
Pit/area	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %	Mt	Fe %
Bruce A	19,29	64,53	86,87	64,41			106,16	64,43	16,84	64,46	75,94	64,43	92,78	64,44
Bruce B	70,16	64,43	20,16	63,81	6,52	63,88	90,32	64,29	60,03	64,31	11,45	63,63	71,48	64,20
Bruce C	14,63	64,29	–	–	–	–	14,63	64,29	8,79	63,96	–	–	8,79	63,96
King/ Mokaning	285,47	64,52	185,14	63,64	16,28	63,14	470,61	64,17	254,95	64,66	60,73	64,57	315,68	64,64
Total 2013	**389,55**	**64,50**	**292,17**	**63,88**	**22,80**	**63,35**	**681,72**	**64,23**	**340,61**	**64,57**	**148,12**	**64,43**	**488,73**	**64,53**
Total 2012	476,90	64,48	232,07	63,82	23,86	62,73	708,97	64,26	334,50	64,55	178,36	64,27	512,86	64,46

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: economic pit design, fines generated and customer product specifications.

Khumani Dumps

	Proved Reserves		Probable Reserves		Total Reserves	
Area	Mt	Fe %	Mt	Fe %	Mt	Fe %
Bruce (ROM on grade)	–	–	0,18	64,00	0,18	64,00
Bruce (B Dump off grade)	–	–	3,56	55,00	3,56	55,00
King (ROM on grade)	–	–	0,06	64,00	0,06	64,00
King (B Dump off grade)	–	–	0,83	55,00	0,83	55,00
King (Detrital)	–	–	0,31	60,00	0,31	60,00
Total 2013 Dumps*	**–**	**–**	**4,94**	**55,75**	**4,94**	**55,75**
Total 2012 Dumps*	–	–	1,76	56,22	1,76	56,22

Totals are rounded off.
** Dumps are beneficiated to produce a saleable product*



Manganese mines

Historical production at Nchwaning and Gloria mines (saleable product)

	Nchwaning	Gloria	Total
	Mt	Mt	**Mt**
2008/2009	2,63	0,51	**3,14**
2009/2010	1,30	0,67	**1,97**
2010/2011	2,35	0,70	**3,05**
2011/2012	2,46	0,84	**3,30**
2012/2013	**2,40**	**0,75**	**3,15**

Nchwaning Mine
Gloria Mine

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 N14 route between Johannesburg and Kuruman, and the 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 one of the largest and richest manganese deposits 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 as well as Durban and Richards Bay.

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. The new-order mining right for Nchwaning and Gloria was executed on 13 July 2011. Registration of the right is in process.

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 thrusted orebodies comprising Black Rock (Koppie), Belgravia 1 and Belgravia 2 are collectively known as Black Rock orebodies. 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 rich 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 to 4,5 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. Seam 1 is up to 6 metres in thickness, of which up to 4,5 metres are mined, using a manganese marker zone for control. There is, therefore, minimum dilution. Limited mining of Nchwaning Seam 2 has been done, while no mining has been undertaken to date on Gloria Seam 2.

Manganese mines continued

Nchwaning Mine

Nchwaning Mine year-on-year change

The Mineral Resources for Seam 1 decreased from 142,38 to 136,76 million tons mainly due to the Nchwaning 3 North West section being excluded from the Mineral Resource as Seam 1 is poorly developed due to intense thrusting in the area as well as mining depletion. Nchwaning Seam 2 Mineral Resources marginally reduced to 180,71 from 180,8 million tons due to mining which was undertaken during the year.

Mineral Reserves for Nchwaning Seam 1 decreased by 6% to 104,10 million tons mainly due to the exclusion of the Nchwaning III North West block as well as mining depletion.

Nchwaning Mineral Resources and Reserves

Mineral Resource classification at Nchwaning Mine is based on consideration of a number of parameters: kriging variance, kriging efficiency, regression slope, geological structures and quality of assay data. Each of these parameters contributes to the overall classification depending on weighting assigned to each of the parameters. Measured and Indicated Resources have been defined for Nchwaning. Geological losses are incorporated into the grade models.

The Nchwaning Mine was diamond drilled from surface at 330 metre centres and the data is captured in a Geological Database Management System (GDMS) developed by CAE Mining. 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 the XRF equipment, and results are compared with other laboratories on a regular basis.

At Nchwaning a total of 322 boreholes and 24 085 underground sample sections were considered in the grade estimation for Nchwaning Seam 1. The data was optimised over a thickness of 4,5 metres (Nchwaning III) and 3,5 metres for the rest of Nchwaning, and exported into data files for computerised statistical and geostatistical manipulation to determine the grades of Mn, Fe, silica (SiO_2), calcium (CaO) and magnesium (MgO). Ordinary Kriging interpolation within Studio 3 was used to estimate the grade of each 50 x 50 x 3,5/4,5 metre block generated within the geological model. Sub-cell splitting of the 50 x 50 metre blocks was allowed to follow the geological boundaries accurately.

The relative density of the Nchwaning manganese ore was determined as 4,3 tm^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. Ore from Nchwaning II Mine is crushed underground before being hoisted to a surface stockpile via a vertical shaft. Similarly, ore from the Nchwaning III 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 plant 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 Mine: Seam 1 Manganese Resources and Reserves

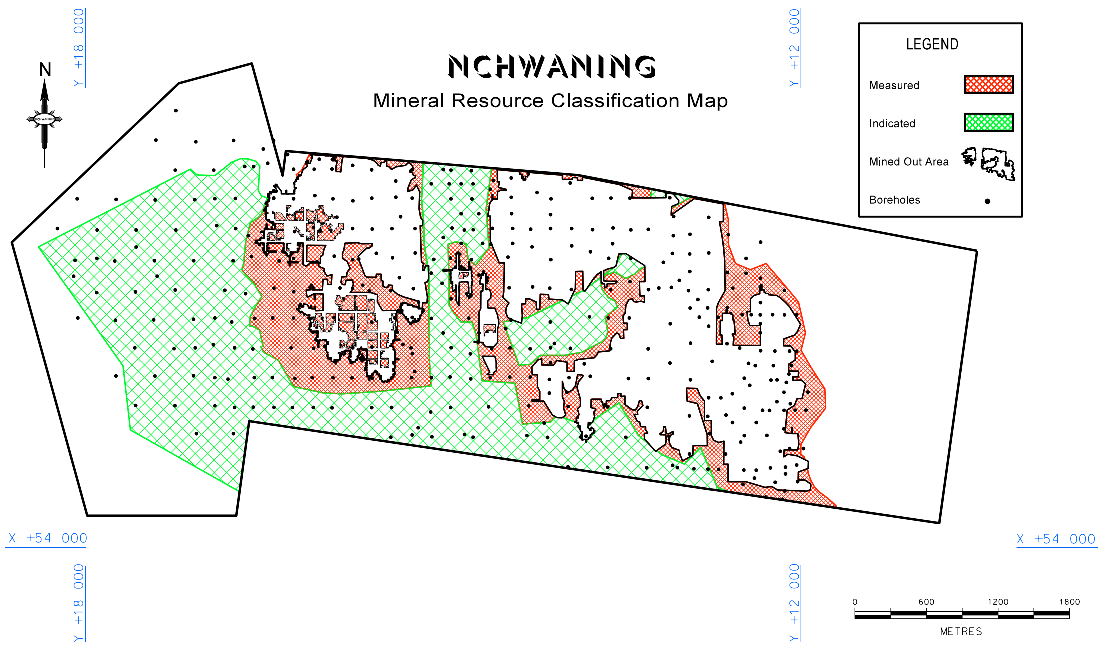
	Mineral Resources				Mineral Reserves		
	Mt	Mn %	Fe %		Mt	Mn %	Fe %
Measured	41,10	45,6	9,5	Proved	31,35	63,30	12,79
Indicated	95,66	42,9	8,9	Probable	72,75	42,9	8,9
Total Resources (Seam 1) 2013	**136,76**	**43,7**	**9,1**	**Total Reserves (Seam 1) 2013**	**104,10**	**43,7**	**9,1**
Total Resources (Seam 1) 2012	142,38	43,9	9,0	Total Reserves (Seam 1) 2012	110,34	43,9	9,0

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: pillar losses.

Nchwaning Mine: Seam 2 Manganese Resources and Reserves

	Mineral Resources				Mineral Reserves		
	Mt	Mn %	Fe %		Mt	Mn %	Fe %
Measured	53,28	42,0	16,3	Proved	1,04	44,3	15,7
Indicated	127,43	42,6	15,2	Probable	2,81	44,6	15,6
Total Resources (Seam 2) 2013	**180,71**	**42,4**	**15,5**	**Total Reserves (Seam 2) 2013***	**3,85**	**44,5**	**15,6**
Total Resources (Seam 2) 2012	180,80	42,4	15,5				

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: pillar losses.
** Seem 2 Mineral Reserves were confined to 150 metres around existing mining area*



Black Rock Mineral Resources

The Black Rock orebodies occur in the Black Rock (Koppie), Belgravia 1 and Belgravia 2 areas. They are all part of a large thrust complex. Modelling of these orebodies was undertaken using 151 Nchwaning boreholes that intersected the thrust complex and 174 Black Rock infill boreholes. A 38% manganese cut-off was used in the modelling. Seam 1 and 2 were modelled at variable thicknesses.

Black Rock: Seam 1 Manganese Mineral Resources

Mineral Resources	Mt	Mn %	Fe %
Measured	90,3	40,3	18,1
Indicated	34,57	40,7	18,1
Total Resources (Seam 1) 2013	**43,60**	**40,6**	**18,1**
Total Resources (Seam 1) 2012	43,60	40,6	18,1

Totals are rounded off.

Black Rock: Seam 2 Manganese Mineral Resources

Mineral Resources	Mt	Mn %	Fe %
Measured	8,23	37,4	19,8
Indicated	18,58	39,2	19,8
Total Resources (Seam 1) 2013	**26,81**	**38,6**	**19,8**
Total Resources (Seam 1) 2012	26,81	38,6	19,8

Totals are rounded off.

Manganese mines continued

Gloria Mine

Gloria year-on-year change

Gloria Measured and Indicated Mineral Resources for Seam 1 increased by 1% to 128,35 million tons. Inferred Resources decreased from 48,49 to 46,99 million tons due to upgrade to Indicated Mineral Resources. Mineral Reserves increased from 93,82 to 102,64 million tons due to changes in the mining extraction factors. The Mineral Resources for Gloria Seam 2 remained the same. There are no markets for Gloria Seam 2 ore at this time.

Gloria Mineral Resources and Reserves

Procedures for drilling and assaying at Gloria Mine are the same as at Nchwaning. A total of 172 boreholes and 6 628 underground samples were considered in the evaluation of the Gloria Seam 1. The underground sampling values were used in evaluating areas close to current mining. The boreholes were optimised over an evaluation width of 3,5 metres and the relative density was determined as 3,8 t/m^3. The seams were evaluated by means of statistical and geostatistical methods to determine the grades of Mn, Fe, SiO_2, CaO and MgO. Ordinary Kriging interpolation within CAE Studio 3 was used to estimate the grade of each 50 x 50 x 3,5 metre block generated within the geological model. Sub-cell splitting of the 50 x 50 metre blocks was allowed to follow the geological boundaries. Mineral Resource classification techniques are the same as for Nchwaning. Gloria Mine is extracting manganese at depths that vary between 180 to 250 metres. Ore is crushed underground before being conveyed to surface stockpile via a decline shaft. 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 plant the ore is processed in a similar way as at Nchwaning.

Gloria Mine: Seam 1 Manganese Resources and Reserves

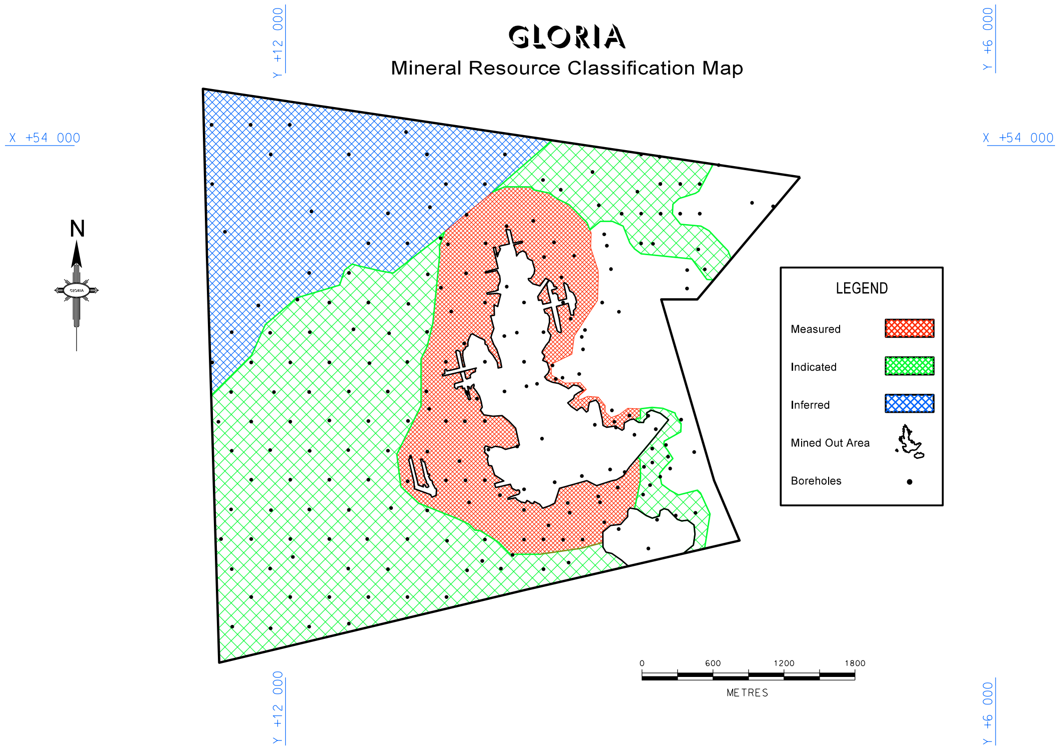
	Mineral Resources				Mineral Reserves		
	Mt	Mn %	Fe %		Mt	Mn %	Fe %
Measured	35,44	37,7	4,9	Proved	28,34	37,7	4,9
Indicated	92,91	37,8	4,6	Probable	74,30	37,7	4,6
Total Resources (Seam 1) 2013	**128,35**	**37,8**	**4,7**	**Total Reserves (Seam 1) 2013**	**102,64**	**37,7**	**4,7**
Total Resources (Seam 1) 2012	126,79	37,6	4,7	Total Reserves (Seam 1) 2012	93,82	37,6	4,7
Inferred 2013	**46,99**	**36,8**	**5,0**				

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: pillar losses and mining losses.

Gloria Mine: Seam 2 Manganese Mineral Resources

Mineral Resources	Mt	Mn %	Fe %
Measured	–	–	–
Indicated	29,40	29,9	10,1
Total Resources (Seam 2) 2013	**29,40**	**29,9**	**10,1**
Total Resources (Seam 2) 2012	29,40	29,9	10,1
Inferred 2013	**128,24**		

Totals are rounded off.



Chromite mine

Dwarsrivier Mine

Dwarsrivier Mine year-on-year change

Measured Mineral Resources decreased by 9% to 18,56 million tons due to depletion related to mining. A reinterpretation of a 40 metre thick dyke on the southern portion of the mine marginally reduced Indicated and Inferred Mineral Resources by less than 1%.

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 pit 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-pit 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 tons ROM a year. Dwarsrivier Mine was 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 for export.

Mining authorisation

An old-order Mining Licence 21/99 was granted in October 1999. The new mining right was executed on 15 May 2013. Registration of the right is in process.

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. Pipelike dunite intrusions are evident in the area, as well as dolerite dykes that normally strike north-east south-west. No significant grade variation is evident, especially not vertically in the ore seam in the Dwarsrivier Resource.

Mineral Resources and Reserves

Mineral Resources were estimated from boreholes on 150 to 300 metre grid spacing. All possible resources down to a mineable depth of 350 metres below surface have been considered. Vertical diamond drill holes are used for geological and grade modelling. The Mineral Resources at Dwarsrivier Mine are based on a total of 284 diamond boreholes, 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 positions of the drill holes are 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 and 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 using 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. 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" hanging wall 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 for metallurgical grade fines and chemical grade fines to 44% Cr_2O_3, and 46% Cr_2O_3 respectively. A 67% yield is achieved in the spiral circuit.

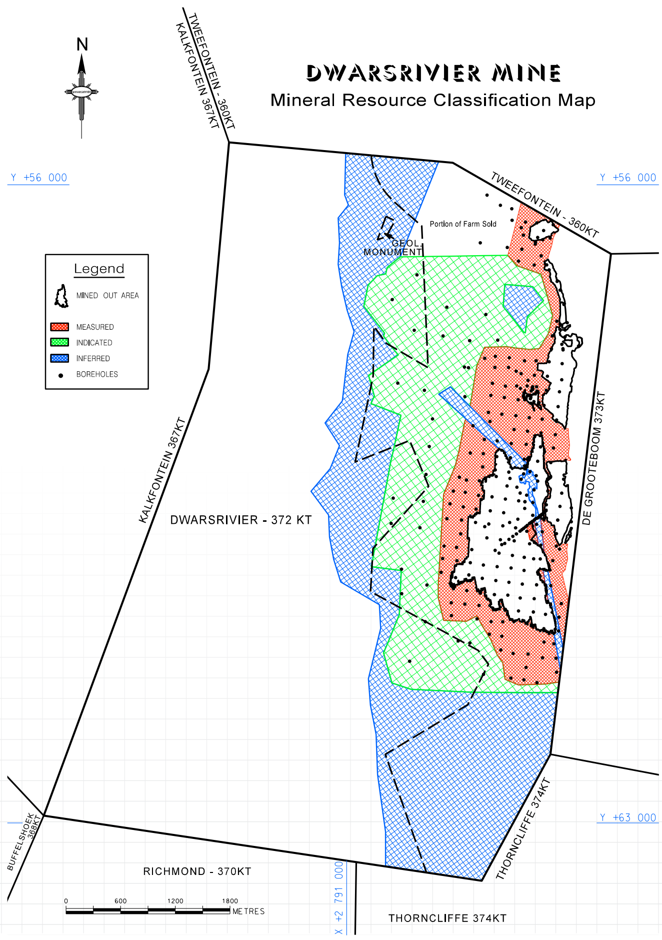
Dwarsrivier: Chrome Resources and Reserves

	Mineral Resources				Mineral Reserves		
	Mt	Cr_2O_3	FeO %		Mt	Cr_2O_3	FeO %
Measured	18,56	38,48	22,62	Proved	11,9	33,80	31,13
Indicated	34,58	37,90	22,50	Probable	26,12	34,14	21,33
Total 2013	**53,14**	**38,10**	**22,54**	**Total Reserves 2013**	**37,31**	**34,04**	**21,27**
Total 2012	55,03	38,11	22,54	Total Reserves 2012	39,15	34,01	21,07
Inferred 2013	**48,07**	**38,35**	**22,96**				

Mineral Resources are inclusive of Mineral Reserves.
Totals are rounded off.
Modifying factors: pillar losses and mining losses.

Historical production at Dwarsrivier (ROM)

Financial year	Mt
2008/2009	1,03
2009/2010	0,78
2010/2011	1,25
2011/2012	1,50
2012/2013	**1,60**



Primary thickener at Khumani Iron Ore Mine

Chairman's statement

The results for the second half, which accounted for about two thirds of headline earnings, were significantly improved due to higher prices and sales volumes for iron ore as well as a weaker rand/US dollar exchange rate, resulting in a better-than-expected performance of the group for the year.

Despite interim results which reflected headline earnings of only R1,1 billion, headline earnings for the year amounted to R3,5 billion and were only marginally lower than the previous year of R3,7 billion, a decrease of 4,7%. The results for the second half, which accounted for about two thirds of headline earnings, were significantly improved due to higher prices and sales volumes for iron ore as well as a weaker rand/US dollar exchange rate, resulting in a better-than-expected performance of the group for the year.

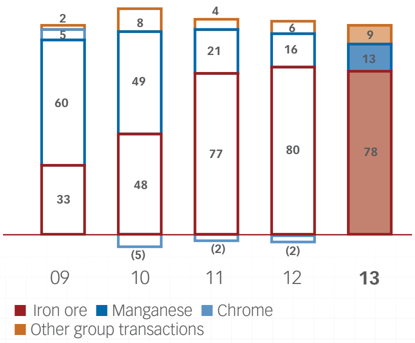
Uncertainty in world markets remains, largely due to poor economic growth rates in Europe and to a lesser extent in the United States. With the exception of iron ore, this has resulted in continued downward pressure on the markets for the group's products. Increased demand for iron ore was mainly out of China where economic growth rates remain at significantly high levels although they too are starting to slow. China continues to produce more than half the world's crude steel and production in the year ended 30 June increased by 7,5% from 690 million tons in the previous year to 742 million tons. By succeeding in railing record levels of iron ore during the year, the group was well placed to take advantage of this increased demand.

The year under review

The highlights for the group this year include the sales of record volumes for iron and chrome ores. Sales of iron ore amounted to over 16 million tons (2012: 14,8 million tons), which included sales in excess of 2 million tons in the local market. Sales prices fell below US\$90 per ton, in the first quarter of the year and increased to US\$160 per ton, before declining to about US\$120 per ton by the end of the year. The group also achieved record sales volumes of chrome ore, due mostly to higher availability of ore from the Dwarsrivier Chrome Mine, following the suspension of ferrochrome production at Machadodorp Works. The continued increases in the cost of electricity led to the group reviewing the viability of all of its smelting operations. This resulted in the closure of the remaining ferrochrome furnace at Machadodorp, with five ferromanganese furnaces remaining operational, four of which are at Cato Ridge Works and the fifth one at Machadodorp Works.

As has been the case in the past two years, iron ore remains the biggest contributor to group earnings, which is a significant shift from the historic position where the bulk of earnings was generated from the sale of manganese ores and alloys. The relative contribution to earnings by each of the divisions is set out in the table below:

CONTRIBUTION TO GROUP EARNINGS
(%)

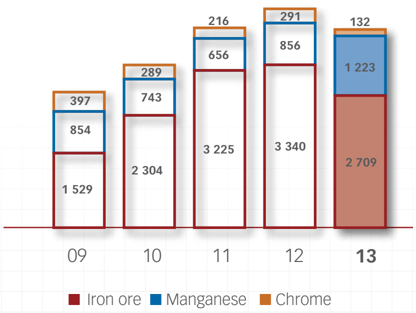


While the Manganese division is now the second-largest contributor to profits, the manganese business remains profitable and capital projects are under way to expand production capacity of both manganese ore and alloy which are set out in more detail under "Capital expenditure" below.

Capital expenditure

The bulk of the capital expenditure occurs in Assmang and amounted to R4,1 billion (2012: R4,5 billion) for the year under review and is detailed on a per-division basis as follows:

ASSMANG'S CAPITAL EXPENDITURE
(R million)



R2,7 billion (2012: R3,3 billion) was spent in the Iron Ore division, with R2,2 billion (2012: R2,5 billion) being spent at Khumani Iron Ore Mine and R362 million on waste-stripping at Beeshoek Iron Ore Mine. Expenditure at Khumani included R553 million being spent on the Wet High Intensity Magnetic Separation (WHIMS) plant, which is designed to increase yields on iron ore production and R223 million on production efficiencies. The group continues to review the capacity of its manganese operations and spent R339 million on feasibility studies involving various expansion scenarios for its operations in the Northern Cape and on projects to maintain existing production levels.

The cost of alloy production in South Africa has become relatively expensive compared to that of its global competitors, mostly due to recent substantial increases in the cost of electricity. As part of the group's strategy to remain competitive in the production of ferromanganese, Assmang has, subject to certain regulatory approvals, entered into a joint venture, to be known as "Sakura Ferroalloys", in terms of which it has the majority shareholding (54,36%), with Sumitomo Corporation (Japan) (26,64%) and China Steel Corporation (Taiwan) (19,00%), to produce ferromanganese in the Sarawak State in Malaysia. This greenfields project is expected to cost approximately US$328 million and construction is scheduled to commence in February 2014.

Dividends

Based on the current strong cash-generating ability of the group and its current net cash position, the board declared an increased final dividend of R3,50 (2012: R3,00) per share, bringing the total dividend for the year to R6,00 (2012: R5,50) per share.

Outlook

The group's products are used in the production of crude and stainless steels and it is expected that these markets will grow by approximately 2,5% from 2013 into 2014. Over the medium term the group remains confident that the demand for commodities will continue to strengthen, but for most commodities, supply has caught up with demand, putting pressure on prices. Iron ore prices are expected to decline, with additional capacity from Brazil and Australia coming into production over the next two years. Prices for manganese ore are also expected to remain under pressure, with increased quantities of ores of various grades being exported from Australia and Gabon and with the production of additional volumes by new mines in South Africa. Both ferromanganese and chrome ore are likely to remain in oversupply, the former due to the weak steel production in Europe and North America and the latter due to increased quantities of lower grades of material becoming available as platinum production recovers. It is unlikely that the prices of either of these commodities will increase in the short term. Cost management is the largest single challenge facing the group and the resources industry in South Africa, particularly in the face of above-inflation increases in costs of electricity and logistics as well as the current unpredictable labour market. As more than 80% of the group's sales are for export, and the commodities concerned are priced predominantly in US dollars, the group remains significantly exposed to exchange rate fluctuations. With the slow economic recovery in the USA and Europe and the current economic uncertainty in South Africa, exchange rates are expected to remain relatively volatile.

Appreciation

Considering the economic and labour market conditions in which the group has had to operate, this year has proved to be a very successful year and I thank my fellow directors, the management and staff for their ongoing support and commitment during the year. Additionally, I am very appreciative of the roles played by our customers, agents, suppliers and bankers who continue to contribute greatly to the group's achievements.

D. Sacco

Desmond Sacco
Chairman

15 October 2013

Board of directors





Executive directors

Desmond Sacco

Chairman

BSc (Hons) (Geology)

Des qualified as a geologist and joined the Assore group in 1968. He was appointed to the Assore board in 1974 and, on the retirement of his father, Guido, in 1992, 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).

Christopher 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).

Alastair D Stalker

Group Marketing Director

BSc Hons (Geology) (Aberdeen), GDE

Alastair, after working as an exploration geologist, and later in strategic planning and marketing for various companies, joined Ore & Metal Company Limited in 1994 and was appointed as Managing Director in 2011. He was appointed as a director of Assmang in 2011 and as Group Marketing Director of Assore in September 2012. He has been on the board of The International Manganese Institute (IMnI) for many years and was Chairman from 2007 to 2010 and is a Fellow of the Geological Society of South Africa.

Bastiaan H van Aswegen

Group Technical and Operations Director

BEng (Metallurgy), BCom, MEng

Tiaan obtained a BEng (Metallurgy) from the University of Pretoria (UP) in 1982 and later obtained BCom (Unisa) and MEng (UP) degrees. After working for Iscor and Samancor in production and on projects, he was appointed by Samancor as General Manager of the Palmiet Ferrochrome Operation (Mogale) in 1999. He joined Assore in 2003 as Consulting Metallurgist and is a member of the Assmang Operations Committee. In September 2012 he was appointed Group Technical and Operations Director of Assore and a director of Assmang.

Alternate director

Patrick E Sacco

Deputy managing director, Ore & Metal

BA (Indus. Psych), MA (Marketing)

Pat joined the Assore group in 2003 after completing a masters' degree at the University of Colorado (USA). He was appointed a director of Ore & Metal, the selling and marketing agent for all the group's products, in 2007, and is currently its Deputy Managing Director. Pat was appointed as a director of Assmang in 2008, and is on the board of Oresteel Investments Proprietary Limited, the ultimate holding company of Assore. With effect from 1 July 2007, he was appointed as alternate to Mr Desmond Sacco on the Assore board. He is also an alternate director to Alastair Stalker on the board of the International Manganese Institute (IMnI).

Non-executive directors

Edward M Southey

Deputy Chairman and lead independent non-executive director

BA, LLB

Ed was admitted as an attorney, notary and conveyancer in 1967 and practiced 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 was appointed as Deputy Chairman and Lead Independent Director in November 2010. He is the chairman of the group's Audit and Risk, and Remuneration committees.

Robert J Carpenter

Non-executive director

BA, ACIS

Bob joined the Ore & Metal Company Limited in 1964 and was appointed as its Managing Director in 1991. Ore & Metal is a wholly owned subsidiary of the Assore group and acts as selling and shipping agent for products produced by all the Assmang and Assore group companies. He was appointed to the Assore board in 1987 and to the Assmang board in 1989. He served as Deputy Chairman of Assore from 1993 until November 2010, when he stood down in this capacity, in anticipation of his retirement as executive director on 28 February 2011, on which date he accepted an appointment as a non-executive director.

Sydney Mhlarhi

Independent non-executive director

BCom, BAcc, CA(SA)

Sydney qualified as a chartered accountant in 1998 following the completion of his articles at Ernst & Young in 1997. He co-founded Tamela Holdings Proprietary Limited (Tamela) in 2008, which holds investments in various industries. Sydney has held various senior positions in the investment banking sector, including those of divisional director at Standard Bank and chief investment officer of Makalani Holdings Limited, a mezzanine financier which listed on the JSE in 2005. Sydney was appointed to the board on 15 October 2012 and serves on the group's Audit and Risk Committee.

William F Urmson

Independent non-executive director

CA(SA)

Bill was appointed as an independent non-executive director of Assore in October 2010 and serves on the group's Audit and Risk and Remuneration committees, and chairs the group's Social and Ethics Committee. 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 and remains as a part-time consultant to the exchange with responsibility for internal audit.

Executive committee

Desmond Sacco
Chairman
BSc (Hons) (Geology)
46 years' service

CJ Cory
Chief Executive Officer
BA, CA(SA), MBA
24 years' service

AD Stalker
Group Marketing Director
BSc (Hons) (Geology), GDE
19 years' service

BH van Aswegen
Group Technical and Operations Director
BEng (Metallurgy), BCom, MEng
10 years' service

RP Burnand
Group General Manager: Wonderstone
BTech (MatSci), PhD (Eng Science)
13 years' service

C Claassen
Senior Sales Manager: Chrome
BCom (Marketing and Communication)
11 years' service

RA Davies
Group Accountant
BCompt (Hons), CA(SA)
5 years' service

C Els
Senior Sales Manager: Iron Ore
BEng (Industrial)
7 years' service

HH Gouws
Senior Project Manager
BEng (Mechanical), PrEng
4 years' service

FH Kalp

Group General Manager: Chrome

BSc (Hons) (Geology)

18 years' service

CA Magalhaes

Manager: Technical Services

GDE (Mining Engineering), GCC (Mining Survey), Pc.Ms

7 years' service

A McAdam

Group Manager: New Business

BSc (Hons) (Metallurgy), MBA

14 years' service

FT Olivier

Group Consulting Mining Engineer

BEng (Mining), MCom, GDE

13 years' service

PE Sacco

Deputy Managing Director: Ore & Metal

BA (Indus Psych), MA (Marketing)

10 years' service

HL Smith

Group Consulting Metallurgist

BEng (Metallurgy)

2 years' service

JC Venter

Senior Sales Manager: Manganese

BEng (Industrial)

13 years' service

Operational review and commentary

The performance of the Assore group is largely dependent on global economic growth and the state of the global economy as a whole, as almost all its commodities are used in the production of crude and stainless steel, the consumption of which is intimately related to the incidence of global capital spend. Group results are largely determined by US dollar commodity price exchange rates and world economic growth, all of which are risks that cannot be controlled. Refer "Risks and opportunities" on pages 16 to 18 for further details on risks and opportunities.

The group

The group's markets are located predominantly outside of southern Africa. In protecting the interests of all the group's stakeholders, management strives to ensure that the customer base is developed in a manner that does not expose it to levels of unacceptable risk, principally in its activities to collect cash from the sales it has concluded. Due to the recent economic slowdowns experienced in Europe and to a lesser extent in the United States, the performance of the group has become far more dependent on Chinese demand for the sale of its products. The impact of the factors that influence the volumes of product sold, and the performance of the group on a per-commodity basis, is more fully set out below. The contribution to the group's headline earnings of its commodities and other transactions is as follows:

	R million	
	2013	2012
Iron ore	**2 766**	2 968
Manganese	**470**	611
Chrome	**(6)**	(95)
Other group transactions	**302**	224
Total headline earnings	**3 532**	3 708

The group, through its wholly owned subsidiary, Ore & Metal, is the sole marketing and distribution agent for all the group's products, including those of Assmang.

The sales volumes for Assmang for the current and previous year are as follows:

	2013 metric tons '000	2012 metric tons '000	Increase/ (decrease) %
Iron ore	**16 070**	14 753	9
Manganese ore*	**2 856**	2 905	(2)
Manganese alloys*	**260**	270	(4)
Charge chrome	**77**	174	(56)
Chrome ore*	**1 054**	521	102

** Excludes intra-group sales to alloy plants*

Iron ore

Iron ore is mined in the Northern Cape in open-cast operations at the Khumani Iron Ore Mine which is located near Kathu and at the Beeshoek Iron Ore Mine which is located outside Postmasburg. Assmang's iron ore export sales for the year were 5% higher at 14 million tons and local sales increased by 50% to approximately 2 million tons with total sales amounting to a record of 16,1 million tons (2012: 14,8 million tons), an increase of 9% over the previous year.

The majority (68% (2012: 70%)) of sales were made into Asia. However, with sales into India increasing by 61% over the previous financial year, due to regulatory issues in its iron ore mining industry. The sales strategy of the group remains to expand into new markets to ensure as much regional diversification as possible, to ensure effective risk management and to deliver optimal returns.

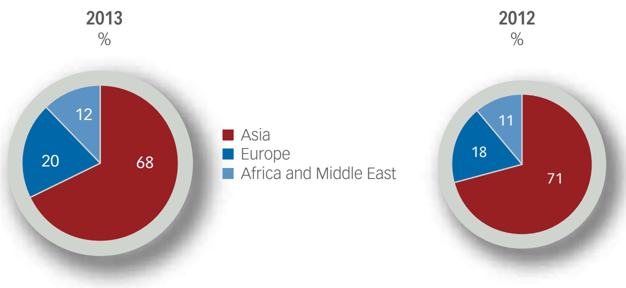
The iron ore price has seen considerable volatility over the year, driven mostly by stock cycles, sentiment and speculation, as well as the emerging trend of trading in the iron ore market by means of financial instruments. For the year under review, index prices for iron ore with 62% iron content averaged US$127 per ton on a delivered basis to China, down 16% on the previous year's average of US$151 per ton. For the first quarter of the financial year, the index price declined to below US$90 per ton, as a result of weaker demand from Chinese steel mills. However, a lack of supply and weather disruptions during the second and third quarters, resulted in prices recovering to US$160 per ton in February 2013, before dropping to US$116 per ton by year-end, fuelled by a negative view of Chinese growth prospects and subsequent destocking by Chinese steel mills. The outlook for the next year remains mixed. However, support based on the local Chinese production cost remains for iron ore in the range of US$110 to 115 per ton for the medium term until new lower cost capacity comes into production.

Pricing models for iron ore continue to evolve. For more established and long-term customers, pricing is generally calculated on a synchronised quarterly average, based on an average of iron ore indices, while in China, prices are determined on the average index in the month of delivery.

During the course of the last financial year, the group has strategically placed more shipments on the spot market than in the previous financial year. The pricing models for these shipments have varied between floating and fixed prices. As the market matures, so have the pricing models, with customers continuously looking for shorter pricing periods based around port of discharge arrival dates.

Improvement in the global economic forecast in the short term is expected to have a positive impact on steel, and consequently iron ore demand going forward. However, seaborne iron ore supply growth, particularly from new and established Australian producers, may lead to prices softening in the next financial year. Sales volumes for the next financial year are expected to remain at similar levels in line with the group's current allocation on the dedicated iron ore rail line to Saldanha Bay.

The contribution to Assore's headline earnings by Assmang's Iron Ore division decreased by 7% to R2 766 million (2012: R2 968 million). The distribution of iron ore sales on a per-region basis for the current and previous financial year is illustrated as follows:



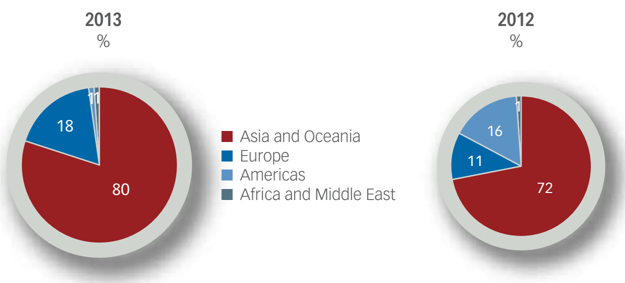
Capital expenditure during the year in Assmang's Iron Ore division amounted to R2,7 billion (2012: R3,7 billion) of which R2,2 billion was spent at the Khumani Iron Ore Mine, with R553 million spent on the Wet High Intensity Magnetic Separation (WHIMS) plant designed to increase yields on low-grade ore, R223 million on the Khumani Optimisation Project (KOP), aimed at plant debottlenecking and R185 million spent on deviating the rail line to enable expansion of the King Pit. A further R362 million was spent at Beeshoek Iron Ore Mine on waste-stripping.

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 and Machadodorp Works. Cato Ridge Alloys Proprietary Limited, a joint venture between Assmang, Mizushima Ferroalloys Company and Sumitomo Corporation (both of Japan), produces refined ferromanganese by "blowing" oxygen through a lance into a converter which contains molten metal supplied by Cato Ridge Works, producing a product with a reduced carbon content. Ore-feed for the works is almost exclusively sourced from Assmang's manganese mines and the bulk of both ore and alloy production is exported. Manganese alloys are used in varying quantities in the production of steel, providing it with strength and a degree of malleability. High-carbon ferromanganese is produced from furnaces 1, 2 and 5 at Cato Ridge Works and from furnace 3 at Machadodorp Works, while refined ferromanganese is produced from hot metal sourced from furnace 5 and from furnace 6 at Cato Ridge Works.

Global demand for manganese ore continues to be driven by Chinese steel production, where another record for crude steel production was reported. For the year under review, Chinese crude steel production increased to 742 million tons from 690 million tons in 2012. Prices for manganese ore stabilised for the first half of the financial year at US$5,00 per metric ton unit (mtu) and gained further upward momentum during the second half of the year to reach a high of US$5,70 per mtu. At these higher price levels, additional supply was attracted to the market and together with the increased supply from new South African mines has resulted in downward pressure on manganese ore prices towards the year-end.

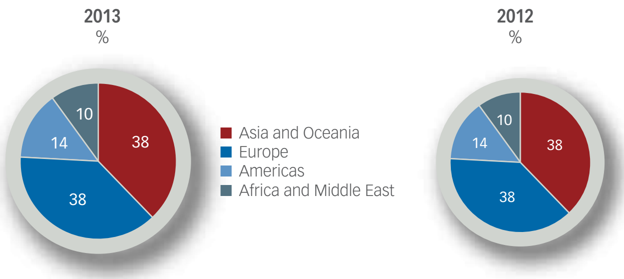
Sales volumes for the year were similar to the previous year. On a per region basis, sales for the year and the previous financial year is illustrated as follows:



The group's two major markets for manganese alloys, Europe and North America, reported negative growth for crude steel production causing lower demand for manganese alloys, resulting in lower prices for the first half of the year under review. Global supply of high-carbon ferromanganese is flexible and the market continued to be oversupplied, driving the price level down by more than US$120 per metric ton for the year under review, to close at approximately US$1 045 per metric ton on a delivered basis. Prices for medium carbon ferromanganese recovered during the second half of the year. However, following the decision by a major producer to bring forward a maintenance shut early in 2013, as a result of poor market conditions. The decline in these prices over the year was not as marked, therefore, and amounted to approximately US$30 to close at approximately US$1 510 per metric ton.

Sales volumes of manganese alloys for the year were similar to the previous year and remain in line with the production from the group's ferromanganese facilities.

The distribution of ferromanganese sales on a per region basis for the current and previous financial year is illustrated as follows:



The contribution to Assore's headline earnings from the Manganese division declined by 23% to R470 million for the current year (2012: R611 million). This was mainly due to lower prices for manganese alloys and higher cost of production of manganese ore. Capital expenditure during the year in Assmang's Manganese division amounted to R1,2 billion (2012: R886 million). The bulk of this expenditure was on replacement capital and included an amount of R339 million was spent on sustaining the manganese mines as well as on feasibility studies and early establishment costs to expand the capacity of the mines to at least 4 million tons per annum.

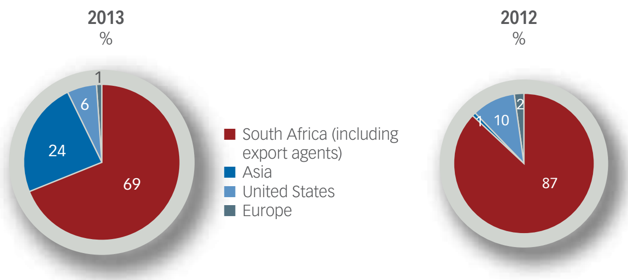
The boards of Assmang and Assore have granted conditional approval for the construction by a joint venture comprising Assmang, Sumitomo Corporation and China Steel Corporation of a manganese alloy smelting facility in Sarawak State, Malaysia to be known as Sakura Ferroalloys Sdn.Bhd (Sakura). Sakura is a greenfields project and the facility will be constructed in the Samalaju Industrial Park, in Sarawak. Sakura will initially consist of two 81 MVA furnaces, complete with related infrastructure, equipment and services to allow for the production of both high-carbon ferromanganese and silicon-manganese alloys. The combined anticipated production output is approximately 170 000 metric tons per annum. Besides being the majority shareholder, Assmang will provide marketing consulting and technical services to Sakura. The total project value is set at US$328 million and construction is due to start in early 2014.

Chrome ore and charge chrome

Chrome ore is mined at Assmang's Dwarsrivier Mine near Lydenburg in the Mpumalanga province. The group also mines chrome ore near Rustenburg (Rustenburg Minerals) from established open-cast and underground operations. In addition, the group is reprocessing tailings at Zeerust Chrome Mines Limited (Zeerust), which is located about 70 km north of Zeerust in the North West province.
Rustenburg Minerals is 44% held by a black economic empowerment (BEE) partner, Mampa Investment Holdings (refer "Black economic empowerment status report"). Production from Rustenburg Minerals is supplied mainly to the local market. Zeerust is 100% owned by Assore with all production currently being sold into the local market.

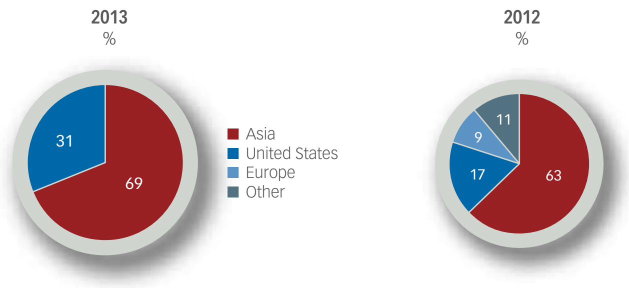
The bulk of chrome ore mined worldwide is converted to ferrochrome and utilised in the production of stainless steel. Since the world economic turmoil in 2008 and the strong recovery of stainless steel production in subsequent years, the world production of stainless steel continued to grow in 2012 at a rate of 3% year-on-year. The stainless steel market though remains split into two geographic areas, each with very different dynamics. During the 2012 calendar year, Chinese production was approximately 16 million tons up 14% year-on-year and accounted for approximately 45% of total world stainless steel production. Conversely, both the United States and Europe continue to lag the Chinese market, with production in the USA reducing 4,6% year-on-year and European production reducing 1,8% year-on-year.

Total world production of stainless steel for the 2013 calendar year is expected to be approximately 5% higher than 2012, at approximately 37,3 million tons (2012: 35,5 million tons). Chrome ore sales on a per region basis for the current and previous financial years are illustrated as follows:



Ferrochrome demand and pricing has remained under pressure during the year under review. South African producers continued to act as swing producers, operating their furnaces to suit market conditions. This was exacerbated by the power buy-back offers from Eskom, resulting in lower South African production and allowing China to assume the majority market share of ferrochrome production. South African ferrochrome production reduced by 12,5% in 2012 calendar year, while China increased production by 13,5% and increased their market share to 35% of global production. Assmang's remaining ferrochrome furnace (furnace 1) at Machadodorp Works has remained idle throughout the period under review, due to the continued pressure on ferrochrome prices and the increased cost of electricity. The group's ferrochrome sales have been made out of its existing inventories.

The distribution of ferrochrome on a per-region basis for the current and previous financial years are illustrated as follows:



Rustenburg Minerals produced and sold approximately 163 000 tons (2012: 201 000 tons) run-of-mine (ROM), lumpy and concentrate grades and Zeerust produced and sold approximately 37 000 tons (2012: 60 000 tons). Stoping of ROM material has commenced from the Groenfontein underground mine at Rustenburg which is expected to reach full production capacity of 12 000 tons per month in the third quarter of 2014. Development expenditure on the Zandspruit underground shaft continues, and R36 million (2012: R41 million) was spent across both shafts.

Wonderstone

Market conditions for all of the Wonderstone ceramics divisions (Wonderstone, Ceramox and Group Line Projects) have been difficult and challenging over the past year, due both to the closure of a significant portion of the traditional Western markets for Wonderstone products as well as delays in the awarding of capital projects for which tenders have been lodged.

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 volcanic in origin and displays unique corrosion, heat and abrasion-resistant, as well as good filtration properties. The bulk of the material mined is beneficiated and reworked into components for export to the USA, the United Kingdom and the Far East. The components are utilised in various high-tech industrial applications, including the manufacture of synthetic diamonds and consumable products for the welding and electronics industries, and are sold as ceramic products. The most significant market for Wonderstone products, to date, has been its use in the manufacture of polycrystalline diamond (PCD) cutters for the oil well bit and drilling industries. Wonderstone off-take used to be reasonably well correlated with drill rig activity. However, this relationship has become more complex over the past two to three years with indications that GDP is a more important factor affecting short-term demand for both oil and energy products. Other factors affecting demand include improvements in drilling efficiency as well as market and political uncertainties. While a short-term reduction in oil demand in the United States and Europe is apparent, demand is growing in China, India, Brazil and other emerging markets.

Alumina wear-resistant tiles are produced by the Ceramox division of Wonderstone (Ceramox), most of which are supplied to the local tile installation market, which has shown significant sales growth over the recent past. Wonderstone, through its division, Group Line Projects (Groupline), specifies, selects and installs a range of lining products, including Ceramox alumina tiles, to assist in solving a wide range of industrial wear and flow problems.

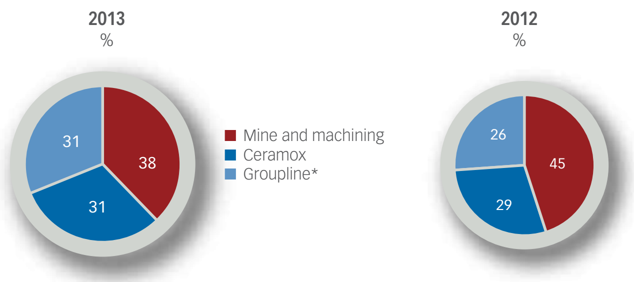
Wonderstone, in conjunction with a minority shareholder, has established a company, iCerMax Proprietary Limited (iCerMax) to exploit the unique properties of Wonderstone's pyrophyllite to manufacture ceramic filters. These can be tailor made to service a wide range of applications, especially in the harsh African conditions. While these applications can be multi-functional for a variety of mediums (air, gas, liquids or acids), the initial focus is on fuels, oils and hydrocarbons. Plans to expand the business have been formulated and include a customer prospecting pipeline, for both direct and distributor sales, as well as performance testing of Wonderstone filter cartridges and equipment at a number of potential customer sites to demonstrate their capability.

The Wonderstone Mine and Machining division recorded a lower net profit of R2,6 million (2012: R8,9 million), due mostly to reduced demand from the markets in the United States and the United Kingdom. It has become apparent that there has been a change in the global demand for Wonderstone products from synthetic diamond customers. Some customers in the West have stopped producing PCD cutters and are selling their presses. Other customers have reduced their Wonderstone demand for their manufacturing and are purchasing third-party PCD cutters instead. The increased demand from markets in the Far East is encouraging, with a number of potential new customers having successfully tested Wonderstone products and placing orders for machined products.

The demand for Ceramox alumina tiles has been depressed over the year, due to delays in projects caused by global and local economic uncertainties, labour unrest, infrastructure bottlenecks, tender irregularities and logistical problems. While a positive gross contribution margin across the Ceramox and Groupline divisions has been maintained, allocated overheads have resulted in net losses being recorded in both divisions. The product focus and cost structure of these businesses is being reviewed and staffing at a senior level has already been addressed in this regard.

Groupline currently has over R90 million worth of open tenders and has recently established a branch in Richards Bay. Plans are under way to establish a branch in the Northern Cape, from which it plans to perform project and maintenance work at the Assmang mines in that area. Actions to secure maintenance contracts at Eskom power stations are also progressing.

Wonderstone recorded a net loss of R12,3 million (2012: net loss of R8,9 million) for the year. The proportion of sales of Wonderstone's division for the current and previous financial years are illustrated as follows:



* *The percentage of Groupline's turnover is determined as from 7 October 2012, being the effective date of its acquisition*

Capital expenditure for the year amounted to R7,9 million (2012: R5,5 million), which included R5,3 million (2012: R1,0 million) being spent on refurbishing the recently acquired new business premises.

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, Africa, India and the Far East, and products with a market value of approximately R25,0 billion (2012: R23,7 billion) were marketed and distributed in these regions during the year. The company is an established supplier to 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 increased sales volumes of iron and chrome ores throughout the year, trading profit after taxation increased to R275,9 million (2012: R254,6 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 alloys, and trades in other commodities related to the steelmaking industry. Trading levels for the year under review were similar to those of 2012, and the contribution by the company to the group's attributable profit amounted to R5,6 million (2012: R5,9 million).

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 modestly to R139,1 million (2012: R147,6 million) for the year under review.

Investments

The group maintains a limited portfolio of listed shares which are selected and held in accordance with long-term investment criteria. Certain shares, the cost of which was R9,1 million were sold, realising R37,0 million, resulting in a profit of R22,7 million net of capital gains tax for the group. In accordance with IFRS, 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 R178,4 million (2012: R239,3 million) based on a cost of R157,8 million (2012: R167,0 million). Other income includes interest received of R219,0 million (2012: R183,3 million) generated on cash in excess of current requirements which was invested on a short-term basis in the money market. The increased level of interest received is due to the strong cash generation by the group during the financial year, mainly as a result of its increased sales volumes of iron ore.

Corporate governance and risk management report

The Assore board (the board) is of the opinion that strong corporate governance and risk management not only enhance sustainability of an organisation but 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, as set out in the King III Report, which it implements in accordance with the following framework:

- Establishing 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 related to the achievement of the organisation's objectives on a sustainable basis. The process of quantification takes into account qualitative aspects in addition to their potential 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 which provides the board with reasonable assurance that appropriate safeguarding of the group's assets is achieved; and
- Implementing 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, which requires all listed companies to comply with the Code of Corporate Practices as set out in the King Report on Corporate Governance (King III). Management reviews business practice across the group on an ongoing basis and ensures wherever possible that the group is substantially compliant with all the material requirements of King III. Where it is not practical for the group to adopt these requirements, relevant comment is provided and reference is made in this report to the alternative procedures which the board has adopted in each instance to compensate for not applying the requirements of King III. The group's application of King III has been assessed and rated by the Institute of Directors as AAA – Highest Application, utilising its Governance Assessment Instrument. The detailed governance register is located on the group's website at www.assore.com, under the "About us" tab.

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. As the chairman does not have a casting vote, there is a clear balance of power and authority to ensure that no one director has unfettered powers in its decision-makng processes.

Of the four non-executive directors, three directors are independent and either hold, or have held, directorships in other listed and unlisted companies registered in South Africa, or have had considerable professional experience at a senior level.

The board evaluates annually the independence of the independent non-executive directors, who are appointed in terms of three-year contracts. In addition to this process, the executive directors review the degree of independence of the independent non-executive directors at each renewal date of their contracts, while the Chief Executive Officer (CEO) also conducts regular discussions with the non-executive directors concerned regarding their continuing independence. As recommended in terms of King III, the roles of the chairman and CEO are separate and non-executive directors are not permitted to serve for periods longer than nine years in the aggregate and do not receive any benefits from the company other than their fees for services as directors.

Remuneration

The approach to the remuneration of executive directors is described on page 19 in this report, while details of emoluments paid to directors and directors' interests in shares of the company are disclosed in the "Directors' report" (refer pages 84 and 85 respectively. None of the executive directors has signed a service agreement with the company, therefore, no obligation can be placed on the group in the event of premature termination of employment. 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 was 29 cents (2012: 36 cents), amounting to 0,87% (2012: 0,94%) of earnings per share. Remuneration of directors depends on the size and complexity of operations and level of professional input required within business environment concerned and has due regard to 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.

Fees for non-executive directors are reviewed on a regular basis, and are adjusted where necessary taking into account amounts paid to non-executive directors of companies with similar complexity profiles in the South African mining sector, and the degree of skill, time and experience required to discharge their duties. The payment of fees to non-executive directors is not dependent on attendance at meetings.

The board acknowledges the requirements of King III for shareholders to pass a non-binding advisory vote on the company's remuneration policy annually. Directors' fees are approved by means of special resolution as required by section 66(8) of the Companies Act 2008 (the Companies Act). Details of these resolutions for the current year and supporting information are set out in the notice to members (the notice), which was sent to shareholders registered at the record date, by separate registered mail, which sets out, *inter alia*, changes deemed necessary to the company's Memorandum of Incorporation (MoI), pursuant to the Companies Act and the resultant compliance with the JSE Limited's Listings Requirements.

Election and succession

In accordance with the company's revised Memorandum of Incorporation (MoI) (refer "Changes to Memorandum of Incorporation"), all non-executive directors are subject to retirement by rotation and re-election by shareholders at least once every three years, provided that at least one third of their number are re-elected at the Annual General Meeting (AGM) as required by the Listings Requirements of the JSE. In addition, all directors are subject to re-election by shareholders at the first AGM following their initial appointment. A brief *curriculum vitae* of each director is set out on pages 40 and 41. The appointment to the board and the assessment of continued eligibility on the board are made by the executive directors with the oversight of the non-executive directors and in consultation with the board as a whole. Therefore a formal policy for appointing board members and a Nomination Committee are not considered necessary.

Appointments to the board in an executive directorship capacity are based on the nominees holding the appropriate professional qualifications and having had substantial exposure to business as a whole, and in particular in the mining industry, in senior managerial roles and/or related professional practice, including exposure to applicable legislation, rules, codes and standards. In the event that an incoming director does not possess the necessary knowledge, the group provides formal and on-the-job training as required. Incoming non-executive directors are fully apprised of the group's activities and relevant issues by the executive directors. Assore believes that these requirements and processes obviate the necessity for a formalised orientation and mentorship programme for its directors as required by King III.

Each executive director is understudied by appropriately qualified and experienced senior staff members, ensuring sufficient depth of expertise in areas that are critical to the continuation of the group's business activities. Therefore, taking the managerial structure and the current make-up of the board into account, a detailed succession plan is not warranted. The CEO assumes ultimate responsibility for all executive issues including the information technology (IT) function, and ensures that issues raised within the group's various committees and sub-committees are addressed by the responsible staff, and further, that these are elevated to the appropriate level when it is apparent that more senior management involvement is necessary. Based on the submission by the Audit and Risk Committee, dispensation has been granted by the JSE for the roles of CEO and Financial Director to be combined on condition that the appropriateness of the situation is reviewed and confirmed by the Audit and Risk Committee on an annual basis. The most recent review in this regard was undertaken on 11 February 2013.

Meetings

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

	Possible attendance	Attended
Desmond Sacco^	4	3
EM Southey	4	4
CJ Cory	4	4
PC Crous*	1	1
AD Stalker#	3	3
BH van Aswegen#	3	2
RJ Carpenter	4	4
S Mhlarhi$	3	3
WF Urmson	4	4

^ Represented by alternate at meeting not attended
** Resigned on 31 August 2012*
 # Appointed on 1 September 2012
$ Appointed on 15 October 2012

Board and committee performance evaluation

Ongoing evaluation of the board and its various committees does not occur on a formal basis. However, on the back of the involvement of the controlling shareholder, and 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 in accordance with their terms of reference. As stated under "Remuneration", executive directors are not appointed in terms of contracts, and their services may be terminated in accordance with legal requirements without exposing the group to pre-existing financial obligations to the group. Documented terms of reference for the board are not required, since all of the directors have substantial business experience at a senior level. The composition of the board as described above has an equal number of executive and non-executive directors, enables regular formal and informal interaction to ensure appropriate application of authority in the decision-making process and ensures that resolutions cannot be passed without the agreement of at least one of the non-executive directors. Since a key aspect of the group's activities includes marketing and distribution, its reputation and relationships with its customers, together with all other stakeholders, is assessed in all of the board's actions and not in isolation. The chairman is appointed by the controlling shareholder in Assore and in order to compensate for the resulting lack of formal appraisal of his performance, further insight into the group's activities is provided to the chairman at regularly convened Executive Committee meetings, which are attended by the executive directors and other senior members of management. The skills set required of executive directors of other group companies is determined by the Assore executive. Attendance by external advisers at meetings of the board and its various committees is arranged when considered necessary.

Group boards

The subsidiary and joint-venture companies of the group have boards of directors who operate independently in respect of the affairs of these companies. The board of the holding company respects the fiduciary duties of the directors of these companies, and policies and procedures adopted by these companies are considered by the respective boards prior to their adoption, necessary alteration or rejection.

Audit and Risk Committee

The committee meets at least three times per annum on predetermined dates, with meetings convened to consider significant issues when considered necessary. The committee met three times in the year under review and attendance at these meetings is tabled below:

	Possible attendance	Attendance
EM Southey (Chair)	3	3
S Mhlarhi*	2	2
WF Urmson	3	3

** Appointed on 15 October 2012*

The chairman of the committee reports to the board on its activities at each board meeting. Representatives of the internal and external auditors are invited to attend all meetings of the committee and, if necessary, have access in private to the chairman of the committee throughout the year. The CEO, Group Accountant and representatives of the Company Secretary attend all meetings by invitation. Internal and external auditors meet with members of the committee at least once annually without members of management being present in order to discuss the quality of their relationship and evaluate the level of cooperation which they were afforded during the conduct of their activities in the year under review. The committee recommended the approval of the integrated annual report for 2013 to the board on 14 October 2014.

The terms of reference of the Audit and Risk Committee are documented, have been 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 and which were applied during the year under review, are to:

- provide a forum for the management and representatives of the external and internal audit functions to resolve issues which arise from all external and internal audit activities;
- make recommendations to the shareholders 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;
- review and approve 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");
- receive and consider feedback on issues raised at meetings of the Social and Ethics Committee (refer "Social and Ethics Committee");
- 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 staff (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 amount of professional and business experience pertaining to legislative requirements, financial risks, financial and sustainability reporting and internal controls, applicable to the group.

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"). The internal audit function of Assore is outsourced, and the responsible senior executive on the engagement has direct access to the chairman of the committee and meets with external audit independently in order to exchange their respective views on the risk environment to which the group is exposed, as well as issues that may have a bearing on the external audit process and objectives. Internal audit certifies to the board and the committee on an annual basis that the internal controls and financial controls respectively have not revealed any significant breakdown in internal controls or any issues that require the attention of the committee. The committee, having due regard to 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 invited enquiries of the attendees at its meetings, is not aware of any weaknesses in internal controls that have given rise or may give rise to material financial losses, fraud or material errors during the year under review.

The committee does not consider a formal audit review of the interim results necessary, as the interim results of Assmang, which comprise the majority of the group's results, are reviewed and reported on by the external auditors prior to the publication of the group's 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 an audit review unnecessary.

The committee has satisfied itself as to the appropriateness, expertise and experience of the CEO, who, with the dispensation of the JSE, assumes the role of financial director.

Social and Ethics Committee

The committee meets at least three times per annum on predetermined dates. The committee was established on 17 October 2012 and met twice in the year under review and attendance at these meetings is tabled below:

	Possible attendance	Attendance
WF Urmson (Chair)	2	2
RA Davies	2	2
BH van Aswegen	1	1

The Social and Ethics Committee (SEC) reports to the board and provides feedback on issues raised at its meetings to the board and to the Audit and Risk Committee for consideration. The key aspects of its terms of reference include the monitoring of the group's activities relating to any relevant legislation, other legal requirements or prevailing codes of best practice with regard to matters relating to:
- social and economic development;
- good corporate citizenship;
- the environment, health and public safety, including the impact of the group's activities and of its products or services;
- consumer relationships, including the group's advertising, public relations and compliance with consumer protection laws; and
- labour and employment.

Company Secretary

The company has appointed a wholly owned subsidiary, African Mining and Trust Company Limited (AMT), as company secretary. The board and senior staff of that company, who are all appropriately qualified, ensure that all applicable provisions of the Companies Act and other regulatory aspects are applied in the affairs and management of the group. There is a sufficient balance of power on the board of directors of AMT to ensure that the company secretary conducts its business on an arm's length basis.

Remuneration Committee

Since salaries and bonuses are reviewed on an annual basis, the committee meets formally at least once a year, in addition to *ad hoc* meetings that may be necessary from time to time. The Chief Executive Officer attends meetings of the committee by invitation but is not entitled to vote. The committee met once in the year under review and attendance was as follows:

	Possible attendance	Attendance
EM Southey (Chair)	1	1
Desmond Sacco	1	1
WF Urmson	1	1

The Remuneration Committee is chaired by the lead independent director and consists of a majority of independent non-executive directors. Desmond Sacco is appointed as a member of this committee, based on his effective shareholding in the company, which the board believes adds to the overall appropriateness of the decisions and policies of the committee. Its terms of reference have been approved by the board and are reviewed annually by the board. 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 on remuneration issues where necessary.

The remuneration of non-executive directors is determined by the Assore executive, using, *inter alia*, industry benchmarks, and changes to their remuneration level require approval by the Annual General Meeting (AGM) prior to the change being implemented.

Remuneration of other employees in the group is reviewed annually and also on an ad hoc basis when appropriate by the executive directors in conjunction with the human resources department and departmental heads, and where necessary, benchmarks remuneration levels within the industry using independent advisers. Due to the sensitivity of remuneration levels, the remuneration of senior employees other than directors is not individually disclosed. However, the total cost of the remuneration of senior employees is shown (on page 113), and directors' remuneration of the holding company directors for the current and previous financial year is set out on page 84.

Insider trading and closed periods

The group operates a closed period in relation to dealing in Assore shares prior to the publication of its interim and final results. During these periods directors, officers and staff are prohibited from dealing in the shares of the company. 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. All directors and staff are required to obtain the written approval of the CEO prior to dealing in the company's shares at any time during the year. Dealings by the CEO in Assore shares are approved by the lead independent director. Due to the significance of the group's involvement in Assmang, as well as Assmang's bearing on the results of Assore's joint-venture partner, African Rainbow Minerals Limited (ARM), in Assmang, senior staff members are also precluded from dealing in ARM's shares in these closed periods.

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 any unresolved risk management issues. Risk is an inherent feature of business in general, and in the mining and smelting industries it is characterised specifically by the remoteness of location of the operations, the physical danger inherent in the day-to-day activities and the volume and complexity of legislative requirements, in particular with regard to environmental management with which this industry has to comply. These risks are compounded by the volatility of exchange rates and commodity prices to which the group is exposed on a daily basis.

Management of group risk is therefore critical to the sustainability of the group and 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 the joint-venture entity, Assmang, are prepared and updated quarterly by a dedicated risk management department, with assistance from specialised external consultants. Group risk is monitored by risk committees established in the group.

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, insurance cover is acquired on insurable risks where significant uncontrollable exposures remain. 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 on the assessments which are tabled. The assets of the group are included in a comprehensive insurance programme, with an independent valuation of fixed assets occurring every three years.

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. Therefore, the group risk management process includes an ongoing review of compliance with relevant legislation and standards in the following areas (refer "Sustainability report"):

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

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 the group's stakeholders. Further, due to the relatively small 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 effectively and mitigated wherever possible.

Details of the risks to which the group is exposed is included on pages 16 to 18 in this report.

Information technology

The management of information technology (IT) falls within the remit of the CEO who chairs regular meetings of the IT Steering Committee (IT Steerco), which consists of responsible IT staff, as well as staff responsible for finance and major IT projects. The purpose of the IT Steerco is to address the appropriateness and relevance of the IT infrastructure, monitor and further the progress of major IT projects, information security, the design and maintenance of disaster recovery procedures and related staffing and administrative issues, and engages necessary external advice and consultation when required. Matters of relevance to the business are communicated by the CEO to the Excom or the board Audit and Risk Committee where appropriate. Documented terms of reference for the IT Steerco are not considered necessary at this stage, given the degree of involvement by the CEO and senior management on an ongoing basis in these issues. In addition, the IT systems are subjected to a detailed annual external audit, which are reported on to the CEO for attention and action where necessary. The group remains in the process of adopting an enterprise-wide resource planning system (ERP), which will be used as a partial departure point to develop a charter for IT in the near future. Disaster recovery is catered for by means of daily back-ups of electronic information and media, which are physically housed in a building separate from where the IT hardware is located.

Legal compliance

The board has delegated the responsibility for oversight of legal compliance to the Audit and Risk, and Social and Ethics committees for the fields appropriate to their respective terms of reference, from which management receives any guidance deemed necessary from these committees. Suitably qualified consultants have been appointed to ensure that legal compliance is maintained in the business sectors in which the group operates. Therefore, the CEO has not appointed an individual person responsible for the management of compliance. Due to the importance attached to competition law compliance matters, the group has conducted an audit of its possible exposures to competition issues and has ensured that all senior staff members are familiar with the requirements of the Competition Act. 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.

Safety, health and environmental (SHE) legal compliance audits are conducted on an ongoing basis for all operations. In addition, high-level compliance reviews are conducted every second year for Assore's subsidiary operations and reports submitted to the Social and Ethics Committee.

The size of the group, as well as the experience of the executive directors and senior management, affords it the opportunity to resolve all disputes, based on their respective characteristics. External legal counsel is consulted when considered necessary to ensure the appropriateness of the resolution methods adopted.

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, taking into account the risk profile of the group (refer pages 16 to 18). 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 governance processes 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. Since material issues of compliance are among standard items on the agenda of the Excom, and minutes of these meetings are made available to internal audit, the group does not extend an invitation to the head of internal audit to attend Excom meetings; however, access to the chairman of the Audit and Risk Committee is available throughout the year. Nothing has come to the attention of the Audit and Risk Committee or 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 or IT systems implementation, separate independent investigations take place on an ad hoc basis in addition to the programmed reviews referred to above.

Ethics

Ethical issues are managed by way of executive involvement in day-to-day management processes of the group and senior management who interact with staff at all levels to ensure that high ethical standards commensurate with board expectations are maintained. Issues that cannot be resolved by line management are addressed by way of oversight by the Social and Ethics Committee (refer page 52). Due to the size of the group, the establishment of a documented code of ethics and conduct is not considered necessary. The group has various channels to facilitate effective whistle-blowing procedures. The board believes that management is sufficiently experienced to ensure that the requirements of the group in respect of laws, rules, codes and standards do not expose the group to material risks in this respect. In addition, senior management is closely involved with external legal counsel in unfamiliar and complex areas.

Changes to Memorandum of Incorporation (MoI)

Pursuant to the introduction of the new Companies Act, No 71 of 2008, certain changes were deemed necessary to the company's MoI, which also necessitated changes to achieve compliance with the JSE's Listings Requirements. A summary of these changes is included in the Notice to Shareholders, sent to the shareholders by registered mail on 29 October 2013. The entire MoI has been posted on the company's website, www.assore.com, on its home page.

Black economic empowerment status report

Assore strongly endorses the broad-based black 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 since their inception has embarked on a number of 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 commencing in May 2004 and ending in May 2014 is provided for, 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 26% HDSA ownership of mining assets within 10 years (ie by 1 May 2014). This has been maintained by the Department of Mineral Resources (DMR), following a review of the Mining Charter in September 2010, as the target required to be achieved by mining companies. The Mining Charter also requires, inter alia, that mining companies provide plans for achieving employment equity at management level and procuring goods and services from black empowered organisations on a preferential basis in accordance with the predetermined criteria set out in such plans. Since 2004, with a view to meeting the Charter's requirements, Assore, through its various group companies, has achieved the following empowerment milestones:

- Concluded an empowerment transaction with Mampa Investment Holdings (being the commercial arm of the Mankwe Development Foundation) (Mampa) in April 2004, pursuant to which new-order mining rights for the chrome operations in Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals or Rustenburg Minerals) on the farms Groenfontein, Zandspruit and Vogelstruisnek were obtained;
- Through Assmang, has secured new-order mining rights for all of its operations. The rights for the manganese deposits at Black Rock (comprising Assmang's Nchwaning and Gloria mines) and the chrome ore rights (Dwarsrivier) have been executed and lodged for legal registration;
- Successful conversion and execution of old-order mining rights to new-order mining rights for pyrophyllite (Wonderstone);
- Implemented a preferential procurement policy at all its operations (refer "Preferential procurement" on page 56); and
- Developed social and labour plans (SLPs) 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 schools and crèches, food security projects and presentation of programmes on adult education, health and safety and environmental awareness (refer pages 73 to 75).

The extent of compliance with the Charter is reported on and monitored on a regular basis, both at the Excom level and by the board, through the Social and Ethics Committee and specifically on new-order mining rights, which are subject to audit by the DMR. No significant issues of non-compliance have been reported by the DMR.

Following the introduction of the MPRD Act, Assore has, specifically at a holding company level, entered into empowerment-related transactions, which have resulted in control by HDSA's comprising 26,07% of Assore's ordinary shares as follows:

Shareholder	% shareholding
Boleng Trust	14,28
Fricker Road Trust	11,79
	26,07

The Boleng Trust (previously the Bokamoso Trust)

The Boleng 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. The majority of the Board of Trustees (the Trustees) are independent and, in terms of the shareholders' agreement between Assore and the Trust, the Trust is 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. The Board of Trustees of the Trust is as follows:

Dr TG Sibiya
Chairman
Independent trustee

K Makhaya
Independent trustee

M Mtshali
Independent trustee

TPJ Ngxulelo
Independent trustee

Dr TG Sibiya (Chairman)*
CJ Cory#
RN Lekgatle#
Ms K Makhaya*
M Mtshali*
Ms TPJ Ngxulelo*
** Independent trustee*
 # Founder trustee

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

During the 2013 financial year, and pursuant to the trust deed, the Trustees have approved expenditure amounting to R7,2 million (2012: R3,7 million) and have committed to spending a further R8,9 million, details of which are as follows:

		R'000	
Operation	Desciption	Expenditure	Commitment*
Zeerust Chrome Mines	Mmasebodule Primary School	6 893	4 967
Rustenburg Minerals	Imfundo Likusasalethu, primary educational intervention	288	2 673
Rustenburg Minerals	Makgope Primary School Media Centre	–	1 300
		7 181	**8 940**

** The Group intends to supplement the commitment of the Trust, with those funds that are due to become available from the Fricker Road Trust (refer below)*

Further detail of the expenditure on these projects is included in the "Sustainability report" (refer "AMT CED initiatives", page 75).

The Fricker Road Trust and the Assore Employee Trust

Pursuant to the completion of Assore's third empowerment transaction, these trusts have been established, the activities of which are summarised below:

The Fricker Road Trust

As part of Assore's commitment to the social and economic development and empowerment of the beneficiaries, the sole object of the Fricker Road Trust is to facilitate the group's activities pursuant to its trust deed, with specific focus on the areas of health and education. The beneficiaries of the Fricker Road Trust are the members of the communities comprising HDSA persons who are living, working or operating in and around the mining and beneficiation operations of the Assore group. At current dividend levels, and allowing for necessary expenses, the Fricker Road Trust will have approximately R10 million available for distribution per annum.

The Assore Employee Trust

The Assore Employee Trust was established by Assore for the purposes of economically benefiting the non-managerial employees of the Assore group by facilitating their participation in the dividend income distributed by Assore (dividend rights) and also participating in the increase in the value of Assore's ordinary shares listed on the JSE (equity rights). The beneficiaries of the Assore Employee Trust are full-time, permanent non-managerial employees of the Assore group, and exclude senior management and board members. During the 2013 financial year, the Trust effected dividend rights distributions to employees totalling R13,2 million. An independent valuation performed as at 30 June 2013 indicates that the value of equity rights granted to employees amounted to R2,0 million (refer note 14 to the consolidated financial statements).

Preferential procurement

Assore is committed to bringing previously disadvantaged South Africans into the mainstream of the economy and the mining industry by identifying and developing business opportunities by making them available to BBBEE suppliers at all its operations. Without compromising on quality, Assore has adopted a policy of precluding vendors who do not have valid empowerment credentials from supplying goods and services to its operations. A summary of the percentage BBBEE procurement measured against total discretionary procurement is presented in the table below:

	Total discretionary procurement# R'million	Aggregate BBBEE expenditure* R'milliion	Aggregate % BBBEE
2013			
Assmang	**11 166,3**	**10 114,9**	**90,6**
Rustenburg Minerals	**184,6**	**118,0**	**63,9**
Zeerust	**42,0**	**17,9**	**42,6**
Wonderstone	**48,0**	**39,2**	**81,7**
African Mining and Trust	**61,5**	**75,8**	**123,3†**
2012			
Assmang	11 071,5	10 258,5	92,7
Rustenburg Minerals	187,0	70,1	37,5
Zeerust	75,9	11,8	16,2
Wonderstone	33,6	24,0	71,4
African Mining and Trust	93,9	67,2	71,2

\# *Total discretionary procurement is defined as total procurement less procurement effected through related entities (intercompany transactions)*

* *Aggregate BBBEE expenditure is recognised based on the respective recognition levels of the suppliers, in accordance with the codes published by the Department of Trade and Industry (dti)*

† *Expenditure of Level 1 to 3 suppliers is recognised at more than 100% in terms of the dti codes*

The percentage of BBBEE expenditure within Assmang remains at a very pleasing level, where the slight decline in the BBBEE percentage mostly emanates from the smelting operations, which are not measured in terms of the Mining Charter.

The improvement in the preferential procurement in the group's subsidiary operations has been achieved by entrenching its Preferential Procurement Policy. The improvement in the aggregate percentage BBBEE in African Mining and Trust has been brought about mostly due to a higher concentration of Level-3 suppliers being awarded expenditure, resulting in the recognition of expenditure in excess of 100% for the purpose of calculating the aggregate.

Black Rock beneficiation plant

Assore seeks to promote the sustainability of its business by moving beyond mere legal compliance, encouraging constructive engagement with all stakeholders, including the regulatory authorities, and promoting responsiveness to customer needs and requirements as they evolve. Assore's strategy is to continue taking an active role in shaping the development and performance of its business in the sectors in which it operates as well as supporting its management in anticipating and addressing current and future issues that may present opportunities or threats to the group's business.

Introduction

This sustainability report covers all of the entities in which the Assore group has an interest, other than portfolio investments, and distinguishes between Assmang's operations and the AMT operations as defined in the "Scope and boundary" (refer page 10).

The group reports on sustainability performance in accordance with the guidance outlined in the Global Reporting Initiative (GRI) G3 guidelines. A suite of reporting indicators has been selected on the basis of their materiality to the specific risk profiles of the operations. Based upon this disclosure, this report meets application level B of the GRI G3 Sustainability Reporting Guidelines and the associated Metals and Minerals Sector supplement, details of which can be found at www.assore.com. Assore takes note of the proposed GRI G4 guidelines for sustainability reporting, but as these have yet to be widely adopted by industry, will continue to utilise the G3 format for 2013.

The sustainability management systems the group has put in place control the ongoing collection and verification of pertinent data sets, which are assured in accordance with the processes outlined on page 11. Analysis of these increasingly robust data sets serves to inform management decision-making with respect to health, safety and environmental and other sustainability considerations.

Sustainability management systems

The group's sustainability risk management systems form part of the group's overall enterprise risk management system and are designed to inform and guide group strategy and business performance.

The Assore and Assmang boards have ultimate responsibility for establishing policy and ensuring responsible management of sustainability risks associated with the group's operations. This responsibility falls within the remit of the Social and Ethics Committee (SEC) that have been established for Assore and Assmang during the year under review in line with the requirements of the Companies Act. The SEC's roles and responsibilities are set out in its charter, which mandates the committee to oversee the management of risks associated with safety, health, environmental, stakeholder engagement, socio-economic and governance aspects of the group's business.

The group's site-based policies and procedures are consistent with the risk management principles laid out in the ISO31000 suite of standards, and are informed in specific areas of sustainability risk by the following standards: ISO9001 (quality management), ISO14001 (environmental management) and OHSAS18001 (occupational health and safety management). Other national standards are applied, where relevant, to manage other areas of risk such as SANS16001 for wellness and disease management and SANS10286 for tailings management.

Structure of the sustainability function

Within both Assmang and AMT structures, site-based environment, health and safety staff as well as corporate social responsibility practitioners report directly to mine management to ensure integration with operational requirements. Corporate office capacity supports the site's functions by establishing group-wide policy and performance standards, driving strategic sustainability initiatives, facilitating internal and external reporting and engaging with key stakeholders.

Within the Assore structure, the Senior Manager: Safety, Health, Environment, Risk and Quality reports directly to Assore's Group Technical and Operations Director. A similar structure exists within Assmang, with the Divisional SHEQ Manager reporting to the Chief Executive: ARM Ferrous, who carries the legal responsibilities for Assmang.

Commitment to legal compliance

The achievement and maintenance of legal compliance is at the core of the group's environmental, health and safety policies and is the primary objective of the group's environmental, health and safety procedures.

Legal compliance remains a minimum performance requirement for the group's operations and is determined by an ongoing programme of internal and external auditing. As part of their ISO-based management systems, each operation maintains a site-specific legal register detailing the applicable legislation with which the operation needs to comply. Legal compliance is also periodically reviewed by external service providers who audit both AMT and Assmang operations on a bi-annual basis, with the next legal compliance audits due in 2014.

As part of its ongoing risk management process and in context of the expansion of underground operations at Rustenburg Minerals, SLR Consulting was commissioned to review the management of all tailings facilities for the AMT chrome operations. Findings which identified areas for improvement have been budgeted for in the 2014 financial year, and will be incorporated into the development of a long-term tailings management strategy for both Rustenburg Minerals and Zeerust.

Legal compliance status

As required by law, all mining operations within the group have approved environmental management programmes (EMPs) which are periodically reviewed and revised to reflect changes to operational practices and infrastructure on the sites.

Internal and external audits of the Assmang and the AMT operations confirm that the only point of administrative non-compliance remains the issuing of Integrated Water Use Licences for the AMT operations in North West province, some of which were applied for as far back as 2006. While they continue to await the issue of their new licences, these sites continue to operate under their old permit conditions and in accordance with the additional commitments made in their applications. As in previous years, Assore management continues to liaise with the Department of Water Affairs on a monthly basis to confirm that there are no outstanding queries or data requirements to impede the processing of these applications.

No administrative penalties, fines or prosecutions were incurred by either Assmang or the AMT operations over the current financial year, nor was the group prosecuted for any anti-competitive behaviour or anti-trust monopolistic practices. Similarly neither Assmang nor its operating divisions received any fines for non-compliance in respect of legislation concerning the provision and use of products and services.

Energy consumption and climate change

As an intensive energy user, energy consumption – and resultant greenhouse gas (GHG) emissions – are a material input cost and environmental issue for the group's operations.

In response to growing stakeholder concern about climate change and the introduction of a carbon tax on 1 January 2015, the group has focused on understanding and responding to the business and environmental risks that carbon-related issues change pose to its business.

Diesel and electricity usage

	Diesel use ('000ℓ)		Electricity use (kWh)	
Operation	**2013**	2012	**2013**	2012
Beeshoek	**15 004**	7 549	**40 339**	39 974
Khumani	**40 389**	37 838*	**166 156**	158 561
Black Rock	**4 289**	4 355	**99 016**	99 063
Cato Ridge Works	**559**	492	**608 353**	747 392
Dwarsrivier	**1 629**	1 402	**51 653**	47 604
Machadodorp Works	**844**	1 273	**233 680**	825 131
Rustenburg Minerals	**3 111**	2 776	**9 378**	9 649
Zeerust	**239**	1 648	**3 187**	2 952
Wonderstone	**178**	167	**1 394**	1 904
Wonderstone Grader Road	**53**		**159**	

** Restated from previous year*

Diesel consumption

During the year under review, diesel consumption increased on all the group's mining operations with the exception of Black Rock. Diesel consumption doubled at Beeshoek, reflecting the deployment of a larger vehicle fleet to undertake pre-stripping.

A substantial decrease in diesel consumption of 33,5% year-on-year was recorded at Machadodorp, reflecting an overall scaling back of smelting operations due to challenging market conditions. Diesel consumption also dropped by 85% at Zeerust, resulting from the suspension of surface mining.

Electricity consumption

Assmang's electricity consumption showed a sharp decrease of 38,8% during the year under review, primarily due to reduced consumption at Assmang's smelter operations in response to the subdued nature of the ferroalloys markets. The shutdown of furnaces at both operations during the year resulted in a 71,7% decrease in electricity consumption at Machadodorp, and a 18,6% decrease at Cato Ridge Works.

Electricity consumption remained stable across the group mines during 2013, with small percentage increases reported by most operations. Over the same period, a substantial drop of 26,8% in electricity consumption was also recorded at Wonderstone, due to reduced production of ceramic tiles.

Corporate carbon footprint

Assore has been quantifying its emissions since 2009, and the resultant corporate carbon footprint (CCF) informs its strategy for increasing the group's energy efficiency and reducing its emissions profile.

In line with the methodology laid down in the Greenhouse Gas Protocol – Corporate Standard – as well as ISO14064, GHG emissions are reported under three categories:

- **Scope 1:** Direct GHG emissions which occur from sources that are owned or controlled by the company (eg emissions resulting from diesel consumption by mine vehicle fleets, consumption of reductants in furnaces and burning of liquid petroleum gas)
- **Scope 2:** GHG emissions from the generation of purchased electricity consumed by the company. This is purchased from Eskom, which power is predominantly generated by coal-fired power stations
- **Scope 3:** GHG emission that are a consequence of the company's activities but occur from sources not owned or controlled by the company (eg product transportation and business travel), which are not reported on in this document

The GHG emissions from the group operations for the year under review are summarised in the table on page 62.

Assmang's carbon emissions figures vary slightly from those published in the 2012 annual report because the Scope 1 and 2 carbon emissions were provisionally calculated at the time that this report was published. This data has been restated and disclosed in the Carbon Disclosure Project (CDP) submission made in June 2013.

Scope 1 and 2 emissions in CO_2e tons

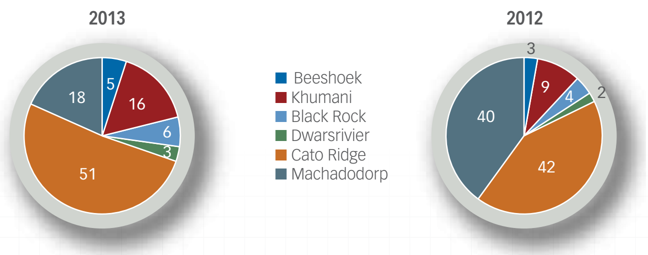
2013	Scope 1	Scope 2	Total emissions
Assmang operations	508 563	1 117 844	1 626 407
AMT operations	9 418	13 203	22 621
2012	**Scope 1**	**Scope 2**	**Total emissions**
Assmang operations	858 431	1 808 549	2 666 980
AMT operations	12 047	14 869	26 916
2011	**Scope 1**	**Scope 2**	**Total emissions**
Assmang operations	573 055	1 426 879	1 999 934
AMT operations	12 891	8 174	21 065

Note: Carbon emissions for the Assmang operations are quoted on an attributable basis.

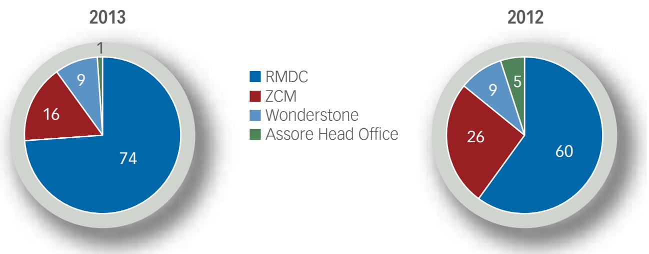
Assmang's Scope 1 emissions dropped by 39,0% in 2013, primarily due to a sharp decrease in production (and associated reductant consumption) at the smelter operations. This decrease was partially offset by increased diesel consumption on the mine sites. AMT operations' Scope 1 emissions also reduced by 21,8% year-on-year, primarily due to suspension of surface mining at Zeerust.

Assmang's Scope 2 emissions dropped by 38,2% over the period under review. This reflects the switching out of furnaces at both the Cato Ridge and Machadodorp Works during the year, which are the group's largest electricity consumers. Over the same period, Scope 2 emissions from the AMT operations dropped by 11,2%, due to reduced electricity consumption at Wonderstone and Zeerust.

Assmang
Scope 1 and 2 as a percentage of total emissions (CO_2e)



AMT operations
Scope 1 and 2 as a percentage of total emissions (CO_2e)



The breakdown of emissions on a site basis demonstrates that the two smelter operations remain the main sources of carbon emissions. However, reduced ferroalloy production as a response to challenging market conditions has reduced Assmang's total carbon emissions by over a third year-on-year, with the contribution from the smelters falling to 69% of total emissions (2012: 82%).

Rustenburg Minerals remains AMT's major source of carbon emissions, and has increased to 74% of AMT's total emissions (2012: 60%), reflecting increased production at Rustenburg Minerals, contrasted with scaling back of operations at Zeerust.

In the year under review, submissions to the CDP were made in respect of both the Assmang and AMT operations by the joint-venture partners.

Financial implications of carbon taxation

During the year under review, it was confirmed that carbon taxation will be introduced in South Africa in 2015. The exact structure of the tax has yet to be disclosed, but the model proposed will tax companies on the basis of their Scope 1 emissions, with certain "free" emissions allowances extended to certain industry sectors, operations who have emissions associated with their processes and companies that are deemed to be "trade exposed".

Based on the guidelines provided to date, it is estimated that the additional carbon tax burden directly attributable to Assore in respect of the Assmang joint venture will be between R10,3 million and R20,6 million per annum, and will be approximately R0,7 million for the AMT operations. These calculations are based on a tax rate of R120/tCO_2e and Scope 1 emissions calculated for 2012, which is the most recent year for which detailed emissions data is available.

Operational risks associated with climate change

The group's operations are primarily located within the arid zone and are therefore particularly vulnerable to changes in climatic regime which impact on water supply. Extreme weather conditions also have the potential to disrupt logistics due to damage to transport and power infrastructure.

Water management

The group's mines are located in water scarce regions and the provision of a reliable water supply to sustain mining and processing is an ongoing challenge.

Water consumption in m^3

Operation	**Water consumption 2013**	Water consumption 2012	Water consumption FY2011
Beeshoek	**7 964 901**	6 190 014	4 611 620
Khumani	**4 041 671**	3 772 149	2 611 648
Black Rock	**1 015 952**	862 842	857 030
Cato Ridge Works	**376 054**	395 083	374 163
Dwarsrivier	**133 912**	129 990	362 522
Machadodorp Works	**192 954**	142 928	130 620
Rustenburg Minerals	**262 452**	247 666	286 202
Zeerust	**219 866**	233 710	22 255
Wonderstone	**2 796**	1 267	1 137*
Wonderstone Grader Road	**8 089**		

** Restated from previous year*

Water consumption on the majority of the group's operations remained within 10% of the figures reported in the previous financial year. The largest percentage increases year-on-year (28,7% and 17,7%) were recorded by Beeshoek and Black Rock respectively, reflecting an increase in mine production and plant throughput.

The 35% apparent increase in water consumption at Machadodorp results from upgrades to the onsite flow monitoring system, which indicates that consumption volumes previously reported were understated.

During the third quarter of the year under review, Khumani Mine reported significant concern with regard to reliability of water supply, resulting from challenges related to the integrity of distribution infrastructure, and has been engaging at a high level with Sedibeng Water and the relevant authorities to address this issue. A high-level assessment of water security for the Northern Cape mines has identified this as a material risk that will need to be addressed in the coming year as part of Assmang's climate change response strategy.

Waste management

The largest waste streams generated by the group's operations consist of waste rock and process waste, comprising tailings from the mines and slag from the smelter operations.

Waste generated by operations

Operation	**Waste rock 2013 (m^3)**	**Tailings/slag 2013 (tons)**	Waste rock 2012 (m^3)	Tailings/slag 2012 (tons)
Beeshoek	**10 924 703**	**1 340 888**	848 328	956 436
Khumani	**41 129 523**	**2 159 801**	41 444 833	1 994 369
Black Rock	**41 038**	**263 304**	46 359	199 347
Cato Ridge Works	**N/A**	**122 753**	N/A	175 648
Dwarsrivier	**299 011**	**268 379**	281 604	320 541
Machadodorp Works	**N/A**	**44 174**	N/A	268 603
Rustenburg Minerals	**877 323**	**58 785**	1 809 868	37 008
Zeerust	**–**	**27 764**	1 244 783*	70 818*
Wonderstone	**52 665**	**N/A**	104 319	N/A
Wonderstone Grader Road	**N/A**	**N/A**	N/A	N/A

** Restated from previous year*

Waste rock

During the period under review, the greatest increase in mine waste generation was recorded at Beeshoek, where the volume of waste rock increased from 0,85 million m^3 in 2012 to 10,9 million m^3 in 2013. This marked increase reflects waste generated by overburden stripping in advance of mining.

A substantial drop in the rate of waste rock generated was recorded at Rustenburg Minerals, which reduced by 51,5% year-on-year, reflecting the transition from surface to underground mining as the Zandspruit and Groenfontein declines are developed. Waste rock generation also halved at Wonderstone, due to a reduction in mining as a result of challenging market conditions, and no waste rock was generated at Zeerust during the reporting year, reflecting the suspension of mining operations.

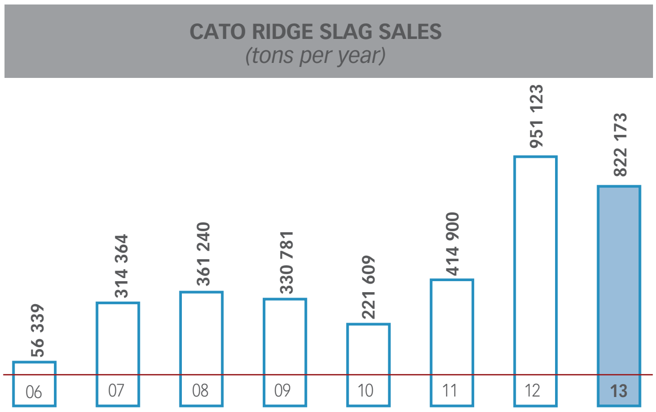
Tailings and slag

During 2013, the amount of tailings generated at Beeshoek increased by 40,2%, reflecting an increase in throughput at the jig plant. At Black Rock, a 32% increase in tailings generated year-on-year (accompanied by a 11,5% decrease in waste rock produced over the same period) represents the completion of a phase of underground development, thus facilitating a ramp up of ore production.

In 2013, Rustenburg Minerals reported a 58,8% increase in tailings volumes due to increased plant throughput. Conversely, Zeerust reported a 60,8% decrease in tailings generation, resulting from the suspension of mining operations.

During the period under review, the volume of slag generated by the smelting operations dropped markedly in response to the switching out of furnaces, with Machadodorp and Cato Ridge Works reporting falls in slag generation of 83,6% and 30,1% respectively.

During 2013, Cato Ridge Works has continued to reclaim reprocessed slag generated by the Metal Recovery Plant for sale into the local aggregate market. Although slag sales dropped by 13,6% year-on-year, the volume of slag sold in 2013 was 13% more than the amount of reprocessed slag generated during the year.



Land management and financial provision for closure

South African legislation requires that mining companies limit their impact on the natural environment as a result of their operations and are required to rehabilitate land disturbed through mining and mineral processing to a condition compatible with a sustainable post-closure land use.

Assore group – rehabilitation and closure provisions

	2013 Total area currently disturbed 2013 (ha)	2013 R'000 Total liability	2013 R'000 Environmental fund	2013 R'000 Current guarantees in place	2012 Total area currently disturbed 2012 (ha)	2012 R'000 Total liability	2012 R'000 Environmental fund	2012 R'000 Current guarantees in place
Operation/mine								
Beeshoek	**1 054**	**91 421**	**53 032**	**38 389**	970	84 700	63 836	38 389
Khumani	**2 830**	**237 052**	**50 021**	**187 032**	1 680	211 856	28 542	187 032
Black Rock	**8**	**166 162**	**43 493**	**122 669**	1 441	199 338	34 506	122 668
Dwarsrivier	**178**	**45 013**	**11 340**	**33 673**	164	41 472	11 536	33 673
Subtotal	**4 070**	**539 648**	**157 886**	**381 763**	4 255	537 366	138 420	381 762
Alloy operations								
Cato Ridge	**–**	**103 459**	**–**	**–**	80	102 807	–	–
Machadodorp	**142**	**91 025**	**–**	**–**	142	87 427	–	–
Total Assmang operations	**4 212**	**734 132**	**157 886**	**381 763**	4 477	727 600	138 420	381 762
Rustenburg Minerals	**76**	**10 721**	**7 735**	**13 000**	140	9 550	7 334	13 000
Zeerust	**28**	**3 495**	**2 647**	**3 500**	86	3 008	2 511	3 500
Wonderstone	**37**	**3 768**	**3 057**	**4 500**	34	3 763	2 900	4 500
Total AMT operations	**141**	**17 984**	**13 439**	**21 000**	260	16 321	12 745	21 000

Note that closure and rehabilitation liabilities are reported on a 100% basis.

Land management

It was previously reported that Biodiversity Action Plans (BAPs) have been developed for all the group's operations, which confirmed the absence of rare or endangered species of flora and fauna. The actions recommended in the BAPs have been integrated into the sites' land use management procedures in order to conserve biodiversity, and have also informed decisions on sustainable post-closure land use. The BAPs have also been used to select species for revegetation that are compatible with both the natural ecosystem and sustainable post-closure land uses, thus limiting the financial provision required for site rehabilitation prior to closure.

During the year past year, the area of land disturbed by the Assmang operations has remained within 10% of the figures reported for 2012. The exception has been at Khumani, which recorded a 68,5% increase in disturbed land area due to expansion of the open-pit operations. The area of land disturbed by the smelter operations remained unchanged year-on-year.

The disturbed area at both Zeerust and Rustenburg Minerals reduced substantially during 2013, by 67,4% and 45,7% respectively. This is due to rehabilitation of the worked out open-cast operations due to the cessation of mining at Zeerust and the progressive shift to underground production at Rustenburg Minerals.

Financial provision for closure

Closure plans developed for the group operations inform the financial provision made for rehabilitation and closure, which is funded by a combination of cash deposited in environmental trust funds or the issue of environmental guarantees. The closure plans are reviewed, and if need be, revised on an annual basis. Where possible, concurrent rehabilitation is undertaken in areas where mining has been completed. This allows operations to determine the long-term sustainability of their rehabilitation and revegetation techniques, and also contains the "footprint" of disturbed land (and the associated rehabilitation provision) to a minimum.

Financial provision for mine closure and rehabilitation constitutes the single biggest environmental liability for the group's operations, with a total liability of R734,1 million (2012: R727,6 million) for Assmang operations and R18,0 million (2012: R16,3 million) for the AMT operations.

The group's provisions for closure and rehabilitation are calculated by independent specialists.

Although Khumani's disturbed area has increased by 68,5% year-on-year, the total closure liability for the mine has only increased by 11,9% over the same period, reflecting the fact that the Khumani closure provision was previously overfunded.

The Cato Ridge Works and Machadodorp smelters are classified as industrial (rather than mining) facilities, which are currently not required in terms of South African legislation to make financial provision for site closure or rehabilitation. Nonetheless, in line with its commitment to responsible environmental management, Assmang's financial statements also make provision for the environmental obligations of the smelter operations.

The AMT closure provision has increased by a modest 9,7%, which reflects the substantial amount of concurrent rehabilitation undertaken at both Rustenburg Minerals and Zeerust in the year under review.

Safety

The safety performance of the Assmang operations over the past year has been comparable with that of the previous reporting period, with a particularly encouraging performance from the two smelting operations.

Khumani Mine achieved a significant safety milestone during the year, with the completion of 3 million fatality-free shifts in January 2013. Beeshoek's excellent safety performance during the year was recognised by the award of the Northern Cape Mine Managers' Association trophy for mine safety (in the category of open-cast mines with more than 200 employees) in late 2012.

Machadodorp Works ended the financial year without a single lost-time injury (LTI) – resulting in the lowest lost time injury frequency rate (LTIFR) ever recorded for this operation – and both Beeshoek and Cato Ridge Works completed the second half of the financial year without an LTI.

By contrast, the safety performance at both Dwarsrivier and Rustenburg Minerals mines over the reporting year has been disappointing, and have been identified as priority areas that will continue to be the focus of corporate and site management attention in the coming year.

Fatalities

No fatalities occurred at Assmang operations during this financial year, the third fatality-free year in a row for the Assmang mines. However, Assore regrets to announce that two fatalities occurred at its Rustenburg Minerals operation, during the reporting period.

On 10 October 2012, Mr Johannes Maseko, a contractor employed by Benhaus at the Groenfontein operation, was involved in a fatal vehicle accident.

On 1 February 2013, Mr Cornelius Pretorius was fatally injured in an underground blasting accident at the Zandspruit decline.

Assore recognises that it has a duty of care to safeguard the health and safety of its employees and extends its sincere condolences to both of the families for their loss.

Lost-time injury frequency rates

	LTI		LTIFR* (weighted)	
Operation	**2013**	2012	**2013**	2012
Beeshoek	**1**	0	**0,07**	0
Khumani	**9**	5	**0,22**	0,11
Black Rock	**9**	5	**0,33**	0,19
Cato Ridge Works	**1**	6	**0,10**	0,52
Dwarsrivier	**22**	20	**0,87**	0,76
Machadodorp Works	**–**	2	**–**	0,16
Combined Assmang sites	**42**	38	**0,32**	0,29
Rustenburg Minerals	**5**	5	**0,77**	0,81
Zeerust	**1**	1	**1,16**	0,62
Wonderstone	**3**	2	**2,89**	1,75
Wonderstone Grader Road	**2**	N/A	**8,02**	N/A
Combined AMT sites	**11**	8	**1,28**	0,90

**LTIFR calculated on a basis of 200 000 hours*

The LTIFR for the Assmang operations during the reporting period was 0,32 (comprising 0,38 for the Assmang mines and 0,05 for the Assmang smelters). This represents a slight deterioration in performance compared to the previous financial year, for which an overall LTIFR of 0,29 was recorded, which is attributable to disappointing safety performance at Dwarsrivier.

The LTIFR recorded for the AMT operations was 1,16, which is significantly higher than the LTIFR of 0,9 recorded for the previous financial year. This disappointing performance is primarily due to the ongoing safety challenges experienced at Rustenburg Minerals during 2013 and two accidents reported at the Wonderstone Grader Road operation. However, counterintuitively, the increase in LTIFR for AMT operations also reflects improved reporting of safety incidents at AMT operations as the first stage of a major management intervention to ensure that all LTIs and near misses are consistently reported and recorded.

Section 54 and compliance notices

A total of seven Section 54 notices were served on the Assmang mines during the reporting year (2012: 10), resulting in 15 days of lost production. This compares to a total of 10 Section 54 notices served in Assmang mines the previous financial year (which resulted in 20 days of lost production).

During the financial year, Rustenburg Minerals lost 55 working days as a result of five Section 54s, primarily due to increased focus on the operation due to the two fatalities and a resultant increase in Department of Mineral Resources (DMR) inspections. This loss of production due to safety-related work stoppages emphasises the direct linkage between poor safety performance and compromised productivity, and has provided yet further impetus to the renewed safety drive at Rustenburg Minerals, which includes the deployment of additional safety resources and the introduction of a behaviour-based safety system.

As with the previous year, no compliance or prohibition notices were served on either of the smelter operations during the reporting period.

Occupational health and wellness

The proactive management of employee health and wellness is a key focus of the group's occupational health management system, and is an area that has received increased corporate attention and resourcing over the past year.

Assmang's occupational health function is structured to meet the requirements of the SANS16001:2013 standard for Wellness and Disease Management. This standard was originally developed for HIV/Aids and tuberculosis (TB) management, but has recently been revised and expanded to address other aspects of employee wellness. The Khumani clinic has already been certified to ISO16001, and it is intended that other Assmang operations will seek certification as their management systems mature.

During 2013, construction of a clinic at Rustenburg Minerals was completed to provide occupational health, wellness and first aid services for the expanded workforce, and will be staffed with an occupational health nurse in the coming financial year.

Medical surveillance and referrals

The legal requirement that all permanent and contract employees undergo entry, annual and exit medical examinations underpins the group's medical surveillance programme. During 2013, considerable effort was made to integrate the human resources, security and clinic functions on sites to ensure that all personnel have valid medicals and that any staff demonstrating symptoms of possible occupational disease are identified and referred for appropriate follow up.

Hearing conservation remains a major focus of the occupational health surveillance and management programmes at all operations to prevent Noise-Induced Hearing Loss (NIHL). This includes controlling exposure through implementation of noise reduction strategies, monitoring occupational noise levels, issuing of personal protection equipment (including disciplinary action for employees found not to be wearing hearing protection in designated noise areas) and routine audiometric testing.

Occupational health screening

Audiometric testing

Operation	2013 Number of medicals performed	2013 Number of audiometric surveillance tests performed	2013 Number of cases referred for audiometric diagnostic testing	2013 Number of cases submitted for compensation	2012 Number of medicals performed	2012 Number of audiometric surveillance tests performed	2012 Number of cases referred for audiometric diagnostic testing	2012 Number of cases submitted for compensation
Beeshoek	**2 497**	**2 675**	**1**	**–**	2 088	2 996	5	1
Khumani	**7 195**	**8 209**	**12**	**3**	6 799	8 884	9	11
Black Rock	**4 403**	**4 925**	**10**	**6**	3 751	4566	3	2
Cato Ridge Works	**1 902**	**1 638**	**5**	**–**	1 929	2 550	5	–
Dwarsrivier	**2 430**	**2 713**	**2**	**1**	2 451	3 107	7	–
Machadodorp Works	**925**	**1 053**	**15**	**4**	975	957	2	1
Rustenburg Minerals	**830**	**830**	**2**	**2**	528	528	6	6
Zeerust	**53**	**53**	**–**	**–**	145	145	1	–
Wonderstone	**105**	**105**	**–**	**–**	108	108	1	–
Wonderstone Grader Road	**33**	**–**	**–**	**–**	N/A	N/A	N/A	N/A

In 2013, a total of 45 Assmang employees (2012: 31) and two AMT employees (2012: 8) were referred to an audiometric specialist for follow up. Of the cases referred for follow up, 14 Assmang employees (2012: 15) and two AMT employees (2012: 6) were referred for possible compensation for NIHL.

Chronic conditions

Routine medicals and wellness days provide a means of identifying employees with chronic medical conditions that require specialist case management. Chronic conditions – particularly newly diagnosed cases – are managed as a risk issue, and are monitored by the site clinic to ensure that the employee's condition remains stable and that he/she is fit for work. In line with the requirements of the DMR, operations keep a chronic disease register to monitor and manage employees who are on treatment.

The most common chronic medical conditions identified on sites include hypertension, diabetes, epilepsy and obesity, and developing awareness of the diagnosis and management of these conditions is a core element of the employee wellness programmes.

HIV and TB management

HIV/Aids management forms an integral part of the wellness management programme at all operations. Voluntary testing and counselling (VCT) is offered in all on-site clinics and at wellness days, although HIV testing is voluntary.

TB has become a national focus area for the Department of Health, especially for mining operations, and during the year under review, a TB reporting standard operating procedure was implemented on Assmang sites. As part of this procedure, employees who visit site clinics for any medical surveillance are passively screened for TB.

Employees who are suspected of having TB are referred to the public health facilities for active screening and management.

Employee wellness initiatives

During 2013, employee wellness days were held in conjunction with medical aid funds and other health service providers at all Assmang operations, as well as Wonderstone, which held its first wellness day in April 2013. In April 2013, alcohol awareness training was conducted at Wonderstone in partnership with SAB Miller to educate employees on the responsible use of alcohol.

In the year under review, an employee wellbeing programme was launched in the Assmang operations in partnership with Careways. This is a confidential counselling service that provides employees and their families with support in areas that may affect their ability to function in the work environment, including substance abuse, financial, legal and health concerns, chronic health conditions and family and relationship challenges. The programme complements the range of wellness initiatives undertaken on the operation and employees are able participate voluntarily in the programme as well as being referred by their management for counselling following disciplinary action.

Employee housing schemes

Provision of housing is a material issue for the group, particularly in the Northern Cape where there is a shortfall of existing housing to meet the requirements of the mines in the region. The housing shortage is a challenge that has not only had the potential to undermine industrial relations and employee wellness, but also proved to be an obstacle to staff recruitment, particularly at Khumani.

Following on from progress reported in 2012, the Khumani Housing Development has made significant strides in providing more accommodation in Kathu, Kuruman and Mashishing (formerly Lydenburg) during the year under review, as detailed in the table below.

	Extension 3 Kathu	Uitkoms Kathu	Rooisand Kathu	Kuruman	Postmasburg	Mashishing	Total
Houses completed	327	84	369	24	0	33	837
Sold	284	75	234	17	0	0	610
Rental units	43	9	135	7	0	33	227
Under construction	0	3	146	76	200	0	425

To date, 780 houses have been completed in Kathu – where the housing shortage is most acute – of which 593 have been sold and 187 have been made available for rent. In addition, 24 new houses have been completed in Kuruman for Black Rock employees, and 33 units have been completed in Mashishing for rental to Dwarsrivier staff.

A total of 425 new houses are currently under construction in Kathu, Kuruman and Postmasburg. KHDC purchased an additional portion of land in Rooisand in 2013, resulting in a total of 822 residential stands (of which 146 were under construction at the time of reporting, and another 539 stands which are available for future development).

During the reporting period, the servicing of 260 residential stands in Wrenchville, Kuruman was completed, and construction of 76 houses has commenced.

Future development of the Village Pit at Beeshoek will require the demolition of the existing mine village. Two hundred residential units are currently under construction in Postmasburg to provide replacement housing, and servicing of land suitable for another 300 residential units is currently under way.

An employee housing scheme is also being planned for Wonderstone, where 40 stands having been secured in Letsopha. These stands already have mains water supply, and it is anticipated that connection to grid power will be complete by the end of 2013, after which construction can commence.

Human resources

The table below demonstrates the balance between permanent employees and long-term contractors in the workforce on each of the operations.

Workforce composition

Operation	**2013** Permanent employees	**2013** Temporary/ contract employees	2012 Permanent employees	2012 Temporary/ contract employees
Beeshoek	**556**	**12**	425	39
Khumani	**1 584**	**2622**	1 241	2 520
Black Rock	**2 292**	**213**	1 983	1 096
Cato Ridge Works	**509**	**4**	686	460
Dwarsrivier	**1 236**	**331**	1 302	609
Machadodorp Works	**396**	**5**	691	1 466
Total Assmang operations	**6 573**	**3 187**	6 328	6 190
Rustenburg Minerals	**201**	**441**	200	328
Zeerust	**12**	**47**	14	136
Wonderstone	**97**	**–**	96	11
Wonderstone Grader Road	**22**	**–**		
Total AMT operations	**332**	**488**	310	475

The number of temporary contractors working on the group's operations varies significantly throughout the year, reflecting the status of major projects that have been undertaken, such as the plant expansion at Khumani and furnace conversion at Machadodorp. Because of this extreme variability, it is not considered meaningful to report on a single number of project contractors per operation. Although project contractor numbers are not reported in this section, it should be noted that both long-term and project contractors have been considered in the calculation of the safety statistics presented on page 66.

In 2013, both Beeshoek and Khumani saw a significant increase in permanent employee numbers during the reporting year (30,8% and 27,6% respectively). This reflects an increase in production on both operations, due to a ramp up in mining production at Beeshoek and the completion of a major plant expansion at Khumani.

During the year under review, there was a notable shift in the workforce composition at Black Rock, with a substantial reduction in the number of long-term contractors, balanced by the hiring of an additional 309 permanent employees.

Due to the continued subdued nature of the ferroalloys market, both the Machadodorp and Cato Ridge smelters went through section 189 retrenchment processes during 2013, resulting in a reduction in the permanent staff complement of 42,7% and 25,8% respectively. This restructuring is also reflected by the virtual elimination of long-term contractors from the workforce at the smelting operations.

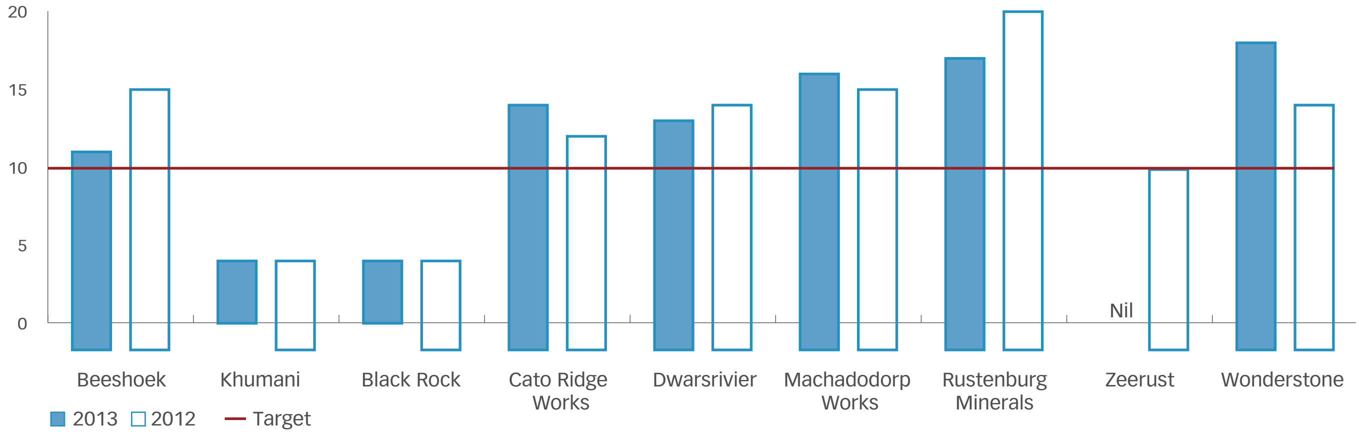
While the permanent staff complement at Rustenburg Minerals remained stable year-on-year, there was a 34,5% increase in contractor numbers during 2013 due to expansion of the open-cast mining operations at Vogelstruisnek. By contrast, Zeerust experienced a 65,4% decrease in contractor numbers during the year due to the suspension of surface mining operations.

Employment equity

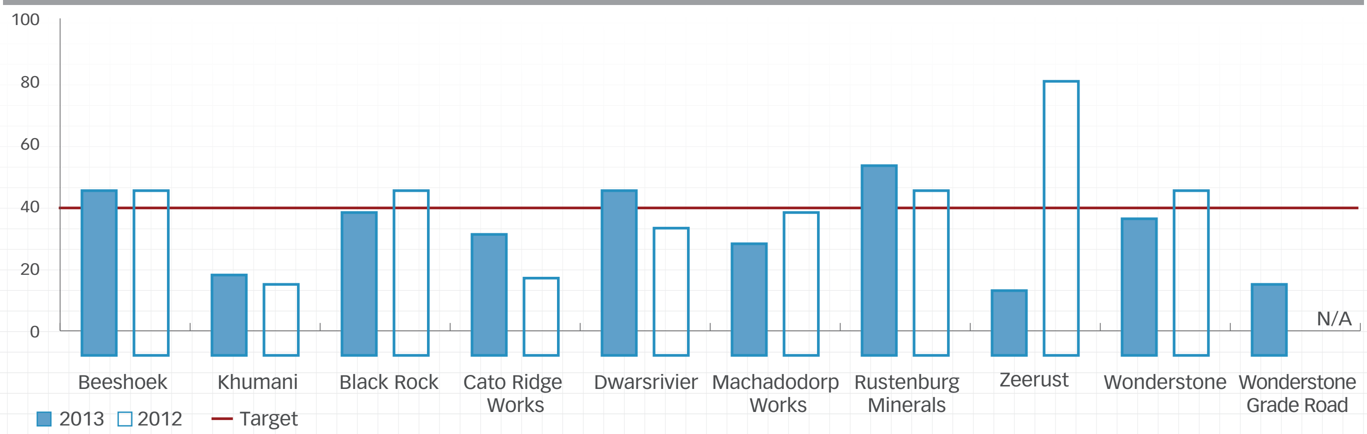
The graphs below demonstrate the proportion of Women in Mining-related occupations and Historically Disadvantaged South Africans (HDSAs) in management for each of the operations, as compared to the targets stipulated in the Mining Charter.

During the year under review, all group operations, with the exception of Khumani and Zeerust, exceeded the 40% Mining Charter target for Historically Disadvantaged South Africans (HDSAs) in management.

WOMEN IN MINING
(%)



HDSA MANAGEMENT
(%)



The target of 10% women employed in mining-related activities (WIM) was exceeded at Beeshoek, Dwarsrivier, Rustenburg Minerals and Wonderstone mines, as well as the smelter operations, which are not required to comply with this target. Due to difficulties in attracting women into the active mining workforce in the Northern Cape, the Khumani and Black Rock operations are still struggling to meet the target for WIM, and Zeerust also failed to comply.

Staff training and development

During the reporting year, Assmang spent a total of 9,8% of payroll on staff training and development (2012: 9,3%), which exceeds both the DTI scorecard target of 3,5% and the Mining Charter target of 4%. The highest proportion of expenditure on training occurred on the Northern Cape mines – primarily Khumani and Black Rock – due to the training requirements of a rapidly expanding workforce.

% of payroll spent on training

	Proportion of payroll spent on training (%) 2013	Proportion of payroll spent on training (%) 2012
Assmang operations	**9,8**	9,3
AMT operations	**2,3**	5,3

** Restated from previous year*

By contrast, overall training spend for the AMT operations dropped from 5,3% in 2012 to 2,3% in 2013. This drop in training expenditure reflects the redeployment of a portion of the Rustenburg Minerals training budget to skills development and training in neighbouring communities, coupled with reduced training requirements at Wonderstone due to the extremely stable nature of the workforce.

There was a general decline in the number of learnerships and bursaries offered across the Assmang operations during the reporting year, with the number of bursaries reducing by 64,3% and the number of learnerships decreasing by 6,5%. As in previous years, the majority of Assmang learnerships and bursaries were offered by the rapidly expanding mines in the Northern Cape. The decline in the number of learnerships and bursaries reflects substantial investment in staff development that has taken place in previous years to meet the requirements of the expanded Khumani and Black Rock mines, with significant numbers of staff now having completed their studies.

Over the same period, the number of AMT bursaries declined by 28,9% and the number of learnerships decreased from four to three. This reflects the completion of learnership and the redeployment of training opportunities to the community in response to requests made by the community following the civil unrest experienced at Rustenburg Minerals in 2012.

Due to recruitment policies which stipulate literacy as a minimum requirement and the success of ABET programmes for existing employees, the literacy rate on the Assmang operations remains above 95%. By contrast, the literacy rate on the AMT sites, with the exception of Wonderstone Grader Road, is lower, and has dropped year-on-year, probably reflecting the marked increase in the number of contractors employed at Rustenburg Minerals.

During the year, Assore partnered with First National Bank (FNB) to present financial literacy training to the workforce at Wonderstone. The programme was run over a period of one month and comprised workshop sessions presented by a multilingual trainer, which allowed ensuing discussions to be conducted in a combination of English, Afrikaans and Setswana to maximise accessibility. Based on the success of this programme, the partnership with FNB will be extended to provide similar training at Rustenburg Minerals, Machadodorp Works and Dwarsrivier during the coming financial year.

Labour relations

The unions that have been formally recognised by the Assmang operations are the National Union of Mineworkers (NUM) and the National Union of Metalworkers of South Africa (NUMSA). NUM is the dominant union on the mines, while NUMSA has majority membership at the smelter operations. The percentage of employees belonging to a union has remained virtually unchanged for the Assmang operations over the reporting year.

NUM is the only union recognised by the AMT operations, and achieved a marked upswing in membership in 2013 (with an increase in membership from 27,2% to 47% of the workforce year-on-year).

Despite the fact that 2013 was a challenging year for the mining industry, neither Assmang nor AMT operations experienced any industrial action over this period.

Bandira Mnogo Vegetable Garden, Rustenburg Minerals operations

Stakeholder engagement

Assore recognises that its ability to establish and maintain long-term relationships with a diversity of stakeholders is integral to its risk management processes. Accordingly, Assore continues to seek, develop and strengthen mutually beneficial partnerships with key stakeholders through a variety of forums in order to support its business strategy.

Despite the recent challenges posed by volatility in world markets and industrial relations in the South African economy, our stakeholder engagement processes and the issues raised in the course of the group's engagement have remained substantially unchanged for the period under review. Following the civil unrest that affected the Western Limb of the Bushveld in North West province in 2012, Assore and its BEE partner have focused particular effort on engaging with neighbouring communities to identify and address the root causes of social discontent. As a result of this engagement, significant resources have been devoted in the year under review to skills development and training of community members, particularly the youth, to enhance their employment opportunities.

A summary of the group's key stakeholders and the issues raised with them during engagement is included on the company's website, www.assore.com, under the Investor centre in the 2013 annual report.

Product stewardship

As the company responsible for marketing the group's products, Assore's wholly owned subsidiary, Ore & Metal, has a responsibility to proactively manage financial and reputational risk by positively influencing the business and social environment within which it operates. The group therefore plays an active role in industry associations that aim to promote the use and sustainability of commodities that it produces, and to foster cooperation between peer companies to address issues of common concern.

Involvement in industry associations

An Ore & Metal representative currently serves on the International Manganese Institute's (IMnI) Occupational Health, Environment and Sustainability Committee. Ore & Metal also chairs IMnI's Regulatory Committee, which monitors manganese-related national and international legislation and lobbies on regulatory issues of importance to the sector.

During the reporting year, Cato Ridge Works was one of 17 sites worldwide that participated in IMnI's Life Cycle Assessment for manganese products. Once completed, this study will allow Assmang's manganese operations to benchmark their environmental and carbon-related performance against industry peers, as well as allowing comparison of the environmental impact of the manganese industry against other industry sectors and regulated standards.

Ore & Metal is also participating in the Socio-economic Assessment (SEA) which is being undertaken by the IMnI to quantify the manganese industry's contribution to society. The first phase of this study has been concluded, which demonstrates the economic importance of manganese production and its use in downstream applications.

Ore & Metal also continues to participate in safety and occupational health-related initiatives coordinated by the International Chrome Development Association (ICDA), including chrome ore characterisation. It has also worked with the Iron Platform to demonstrate that its iron ore products do not contain respirable crystalline silica.

On a national level, Assmang holds the deputy chairmanship of the Ferroalloys Producers Association (FAPA) and representatives from both smelting operations sit on FAPA's Environmental, Technical and Logistics Committee.

Product registration and stewardship

In January 2012, the International Maritime Organisation revised its MARPOL Annex V bulk shipping code to align with the requirements of the Globally Harmonised System (GHS) of hazard classification. This revision was intended to prevent pollution of the marine environment and has required Ore & Metal to work closely with industry associations to demonstrate that its products do not meet the definition of "harmful to the marine environment" as defined in Annex V. Test work is also under way to allow the company to demonstrate by the December 2014 milestone that its products will not require classification on the basis of human health considerations.

As reported in FY2010, the group completed and registered four substances in terms of Regulation EC 1907/2006 of the European Parliament for the evaluation, authorisation and regulation of chemical substances in order to ensure their safe use (colloquially known as "REACH"). Ore & Metal continues to track the development of similar REACH type legislation in other jurisdictions such as China, Japan, South Korea, India and Brazil which are due for implementation in the next five years and may require registration of its products.

Community economic development

Assore recognises that it has a responsibility to social upliftment in the communities within which it operates, and seeks to respond to the challenges of livelihood support and economic diversification in a manner that is appropriate for the different socio-economic and geographical settings of its operations.

Structure of the CED function

The Assore group has structured its community economic development (CED) programme to encompass aspects of corporate social investment (CSI), social economic development (SED) and enterprise development (ED). These three activities are aimed at directing financial and other resources in a way that enhances economic opportunities for host communities and improves social conditions in a manner that is sustainable.

Assore's CSI expenditure is primarily funded by the Boleng Trust or the Chairman's Fund, with a particular emphasis on education. Funding for SED is principally sourced from the Boleng Trust, with some contribution from the AMT operations, whereas ED is funded only by the AMT operations.

Assmang's corporate social responsibility (CSR) initiatives are funded at an operational level to meet commitments made to skills development, capacity building, social upliftment and poverty alleviation.

The complex reporting requirements around aspects of SED performance are critical in maintaining the company's social licence to operate. These include reporting to the DMR in terms of the SLPs, the Mining Qualifications Authority with respect to skills development and the Department of Trade and Industry in terms of the DTI Scorecard (which focuses mainly on issues related to black economic empowerment).

Community economic development expenditure

Funding of CED

	Total CED expenditure 2013 (R million)	Total CED expenditure 2012 (R million)
Assmang operations	**100,7**	82,8
AMT operations	**9,0**	1,2

During the year under review, CED expenditure by the AMT operations has increased almost tenfold, which reflects the harnessing of significant additional funding from both the Chairman's Fund and Boleng Trust. Over the same period, Assmang CED expenditure has increased by 21,7%, which represents improved internal capacity to identify and develop projects to utilise the budgets that have been allocated for this purpose.

Assmang CED initiatives

Assmang's CSR initiatives are structured around seven priority areas:

- Education, training and skills development
- Healthcare promotion, with an emphasis on HIV/Aids programmes
- Job creation, with a focus on youth and women
- Infrastructure development
- Cultural events to unite communities
- Capacity-building programmes aimed at enabling communities to participate actively in socio-economic processes and projects
- Sporting events

Education and skills development

Assmang has selected education as a strategic CED focus area because of the importance of education in growing and developing both the South African economy and broader society. To this end, it continues to sponsor the upgrade and extension of school and associated infrastructures in the communities around its operations. Assmang also provides schools with a range of support including staff salary support and provision of educational equipment, and extends bursaries to high-achieving learners to fund their tertiary education.

Assmang's educational initiatives have also extended beyond the school system into the area of vocational and entrepreneurial training. During the year under review, Machadodorp completed construction of the Simunye Further Education Training Centre, and a Stone and Clay Art training project has been initiated by Khumani Mine. Assmang is also working closely with the Gamagara Local Municipality on the development of a business incubator to provide ongoing training and support for local entrepreneurs.

Flagship project: TEACH South Africa

In 2013, Assmang adopted TEACH South Africa as its flagship Corporate Social Investment project.

In the initial year of the programme, Assmang funded a total of 26 new graduates as Teach SA ambassadors who were placed in 13 schools close to the group's operations in the Northern Cape, Mpumalanga, Limpopo and KwaZulu-Natal. It is intended that the ambassadors will remain with their designated school for a two-year period to provide teaching assistance to the existing staff and also to serve as role models and mentors to learners.

Ambassadors have been deployed in pairs to provide peer support for each other, and work primarily to Grade 10 to 12 learners. Particular emphasis is placed on developing English, Mathematics and Science competencies which are critical to enhancing learners' future employability, and 50% of the ambassadors (ie one per school) are devoted to the mathematics and science curriculum. Each ambassador is also required to develop a "legacy project", such as a choir or a science club.

As this is the first year of the programme, it has not been possible to quantitatively assess the impact that this intervention has made on the schools where ambassadors have been placed, although comparison of baseline tests with mid-year learner assessment generally indicates some improvement.

Rainbow Crèche, Letsopa, near Wonderstone Mine

Infrastructure development

Assmang recognises the critical importance of infrastructure development in achieving social upliftment, improved healthcare and economic diversification within the communities in which it operates. In order to achieve this objective, the group's mines have partnered with local municipalities to identify and fund projects that will upgrade and expand existing water reticulation, electricity supply and transport infrastructure.

In the water-scarce Northern Cape, there is a particular need for the development of water reticulation infrastructure to provide reliable water supply and sanitation service to communities. During 2013, Black Rock established a water reticulation network for the Madibeng, Eiffel and Klein Eiffel communities. In a similar vein, Khumani has funded the provision of water and sanitation infrastructure to 1 000 stands in the Deben community and has facilitated the connection of 92 stands at Olifantshoek to municipal water supply.

During the year under review, Dwarsrivier has partnered with Tubatse Municipality to expedite electrification of communities close to the mine.

Beeshoek has partnered with Tsantsabane Municipality to undertake the upgrade of transport infrastructure in Postmasburg, including improvements to the stormwater drainage system and the upgrading of the bus/taxi terminus. Khumani has assisted the Gamagara Municipality by managing and funding the maintenance and upgrade of several main roads in the area, as well as rehabilitation of internal roads in the Olifantshoek community.

Enterprise development

Enterprise development is central to Assmang's CSR initiatives in order to achieve economic diversification and the creation of sustainable livelihoods in often remote host communities.

During 2013, Black Rock has provided support and equipment for the development of the Dithakong Sand Mine, which will provide local employment and generate aggregate for infrastructure development in the surrounding region.

At Khumani, a public private partnership has been established to facilitate the development of the Deben Coffin making project. The mine has also assisted in the development of Gamagara Integrated Cleaning Enterprise (GICE), which currently provides cleaning services to Khumani and is targeting other mines in the surrounding area as potential clients. The company is situated in Olifantshoek and employs 109 people from Olifantshoek and Dingleton, including a significant proportion of the youth from these communities.

AMT CED initiatives

Rustenburg Minerals

At Rustenburg Minerals, CED initiatives are focused on continuing to support the Makgophe Primary School. In addition to funding the development and maintenance of school infrastructure such as classrooms, computer centre and media centre, the mine funds the salaries for the teachers who oversee the crèche and the computer centre, and provides children at the crèche with four meals a day.

Rustenburg Minerals also funds the continued involvement of Imfundo Likusasalethu, which provides educational intervention training that assists learners in both the foundation and intermediate phases to improve their English language competence. To motivate learners' academic performance, Rustenburg Minerals funds special functions such as graduate ceremonies and awards days, at which trophies, cash prizes and bursaries are presented.

During 2013, Rustenburg Minerals handed over ownership of the brickmaking project to two community members, who now run this as a small business, and the vegetable garden has also been handed over to a community cooperative. In line with its commitment to support and mentor local small business, the mine has also outsourced garden maintenance to a local company called Ofbon.

Wonderstone

During 2013, Wonderstone introduced a waste management project to Letsopha, which did not previously have waste removal services due to municipal budget constraints. The waste management intervention has three phases, the first of which is the supply of 3 300 wheelie bins and a waste removal truck to collect and remove waste from the township, with manpower being provided by the municipality.

The mine has also continued to support the Rainbow Crèche by providing toys and educational materials. The final phase of crèche construction was completed with the installation of a kitchen/canteen facility and drilling and equipping of a borehole to provide a reliable water supply.

Wonderstone has made a contribution to local economic development by supplying candlemaking equipment to a local company, providing it with the opportunity to increase both the number and range of candles produced.

Zeerust

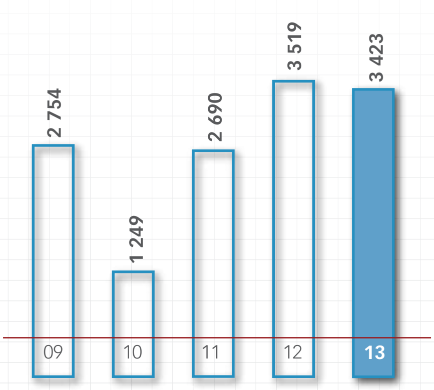
In the year under review, Zeerust, assisted by the Boleng Trust, funded the rebuilding of Mmasebodule Primary School, whose previous infrastructure was in unacceptably poor condition. In addition to replacing the classrooms for Grades 1 to 7, the new school will have administration buildings, a library, Grade R classroom and a canteen area. The initial phase of construction is now complete, with the second phase due for completion in 2014.

Five-year summary

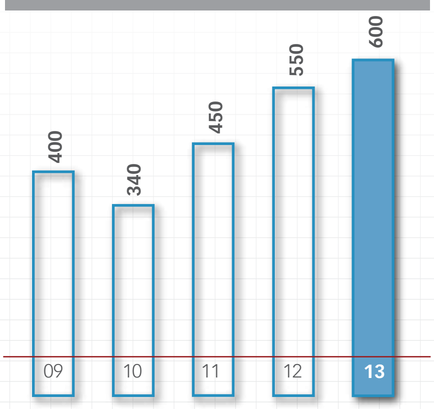
OF THE CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENTS	2009 R'000	2010 R'000	2011 R'000	2012 R'000	**2013 R'000**
Turnover	8 818 655	7 085 669	10 547 806	12 947 766	**13 500 864**
Profit before profit on disposal of available-for-sale investments	5 229 794	2 334 460	4 816 210	5 112 526	**4 811 639**
Profit on disposal of available-for-sale investments	19 086	–	–	472 200	**27 850**
Taxation	(1 981 493)	(822 963)	(1 566 524)	(1 537 692)	**(1 411 121)**
Profit for the year	3 267 387	1 511 497	3 249 686	4 047 034	**3 428 368**
Attributable to:					
– shareholders of the holding company	3 241 452	1 479 524	3 219 754	4 033 013	**3 425 644**
– non-controlling shareholders	25 935	31 973	29 932	14 021	**2 724**
As above	3 267 387	1 511 497	3 249 686	4 047 034	**3 428 368**
Other information					
Attributable earnings as above	3 241 452	1 479 524	3 219 754	4 033 013	**3 425 644**
Headline earnings	3 265 793	1 494 205	3 219 348	3 707 763	**3 532 489**
Earnings per share (cents)	2 734	1 236	2 691	3 828	**3 319**
Headline earnings per share (cents)	2 754	1 249	2 690	3 519	**3 423**
Dividends declared during the year	555 717	415 324	614 271	698 036	**767 839**
Less: Dividends attributable to treasury shares	(76 311)	(56 309)	(87 716)	(182 000)	**(200 200)**
	479 406	359 015	526 555	516 036	**567 639**
Dividends relating to the activities of the group for the year under review (cents)					
– interim declared and paid	200	100	200	250	**250**
– final (declared subsequent to year-end)	200	240	250	300	**350**
	400	340	450	550	**600**
Weighted average number of shares for purposes of calculating earnings per share					
Ordinary shares in issue	138 290	138 430	139 607	139 607	**139 607**
Treasury shares held in trusts	(19 720)	(18 750)	(19 936)	(34 240)	**(36 400)**
Weighted average	118 570	119 680	119 671	105 367	**103 207**
Average exchange rates for the financial year					
SA rand to US dollar	8,80	7,60	7,00	7,73	**8,85**
SA rand to euro	12,08	10,53	9,54	10,39	**11,46**

HEADLINE EARNINGS PER SHARE
(cents)

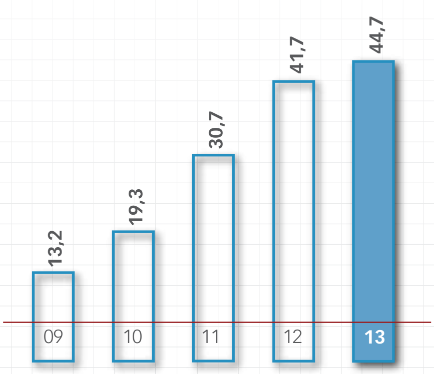


TOTAL DIVIDENDS RELATING TO THE ACTIVITIES OF THE YEAR UNDER REVIEW
(cents)

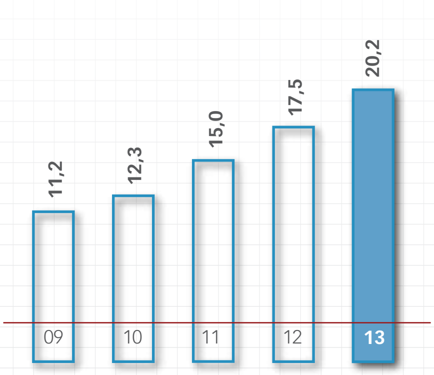


STATEMENTS OF FINANCIAL POSITION	2009 R'000	2010 R'000	2011 R'000	2012 R'000	**2013 R'000**
ASSETS					
Non-current assets					
Property, plant and equipment, investment properties and intangibles	5 183 450	6 409 471	8 027 352	9 529 499	**10 455 788**
Available-for-sale investments	415 066	602 851	918 038	274 058	**220 393**
Deferred taxation	74 309	71 572	–	–	**–**
Other non-current financial assets	42 259	105 173	53 051	106 665	**194 725**
	5 715 084	7 189 067	8 998 441	9 910 222	**10 870 906**
Current assets					
Other current assets	2 397 097	3 253 023	3 637 847	4 226 848	**4 912 085**
Cash resources	3 049 067	1 907 909	2 334 734	3 324 437	**4 465 756**
Total assets	11 161 248	12 349 999	14 971 022	17 461 507	**20 248 747**
EQUITY AND LIABILITIES					
Share capital and reserves					
Ordinary shareholders' interest	6 603 229	7 867 443	10 765 524	11 200 402	**14 022 511**
Non-controlling shareholders' interest	71 819	102 035	114 287	126 858	**128 910**
Total equity	6 675 048	7 969 478	10 879 811	11 327 260	**14 151 421**
Non-current liabilities					
Deferred taxation	1 416 145	1 785 301	2 173 621	2 357 001	**2 486 917**
Long-term liabilities	257 513	216 826	222 888	1 938 844	**1 267 387**
	8 348 706	9 971 605	13 276 320	15 623 105	**17 905 724**
Current liabilities					
Non-interest-bearing	1 188 699	1 346 749	1 540 555	1 646 383	**1 993 598**
Interest-bearing	1 623 843	1 031 645	154 147	192 019	**349 424**
Total equity and liabilities	11 161 248	12 349 999	14 971 022	17 461 507	**20 248 747**
Exchange rates at year-end					
SA rand to US dollar	7,72	7,66	6,78	8,31	**9,96**
SA rand to euro	10,79	9,39	9,82	10,45	**13,00**

MARKET CAPITALISATION
(R billion)



TOTAL ASSETS
(R billion)



Manganese ore silos at Nchwaning Manganese Ore Mine

Consolidated financial statements

Consolidated financial statements

Approval of the annual financial statements

FOR THE YEAR ENDED 30 JUNE 2013

The annual financial statements of Assore Limited and group annual financial statements for the year ended 30 June 2013, as set out on pages 81 to 147 have been prepared under the supervision of Mr CJ Cory CA(SA), have been audited in accordance with section 30(2)(a) of the Companies Act and were approved by the board of directors in accordance with section 30(3)(c) of the Companies Act on 15 October 2013 and are signed on its behalf by:

Desmond Sacco
Chairman

CJ Cory
Chief Executive Officer

Certificate by the Company Secretary

FOR THE YEAR ENDED 30 JUNE 2013

We certify that the requirements stated in section 88(2)(e) of the Companies Act have been met and that all returns and notices, as are required of a public company in terms of the aforementioned Act, have been submitted to the Companies and Intellectual Property Commission and that such returns and notices are true, correct and up to date.

African Mining and Trust Company Limited
Secretaries
per: **CD Stemmett**
15 October 2013

Independent auditor's report to the shareholders of Assore Limited

FOR THE YEAR ENDED 30 JUNE 2013

Report on the financial statements

We have audited the consolidated and separate financial statements of Assore Limited set out on pages 81 to 147, which comprise the statements of financial position as at 30 June 2013, the income statements and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the directors' report and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 about 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 management, 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Assore Limited as at 30 June 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2013, we have read the Audit and Risk Committee's report on pages 51 and 52 and the Company Secretary's certificate on page 80 for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc.

Ernst & Young Inc.
Director: **Louis Pieter van Breda**
Registered auditor
Chartered Accountant (SA)
Wanderers Office Park
52 Corlett Drive, Illovo
Johannesburg

15 October 2013

Directors' report

FOR THE YEAR ENDED 30 JUNE 2013

Nature of business

Assore Limited was incorporated in South Africa in 1950 and is a mining holding company principally engaged in ventures involving base minerals and metals. The company's shares are listed on 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% (2012: 50%) interest in Assmang Limited (Assmang) which it controls jointly with African Rainbow Minerals Limited (ARM) which is also listed on the JSE. Assmang mines iron, manganese and chrome ores and produces manganese alloys. In addition, the group mines Wonderstone (a type of pyrophyllite), a portion of which is beneficiated to produce high-precision components, and wear and acid-resistant tiles, which are installed in various mining, industrial and filtration applications.

The group, through its wholly owned subsidiary, Ore & Metal Company Limited, is responsible for marketing all products produced by its joint-venture 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 operational review and commentary (refer pages 44 to 48).

Financial results

The financial results of the group for the year ended 30 June 2013 are summarised below:

	2013 R'000	2012 R'000
Turnover	**13 500 864**	12 947 766
Profit for the year	**3 428 368**	4 047 034
Attributable to:		
Shareholders of the holding company	**3 425 644**	4 033 013
Non-controlling shareholders	**2 724**	14 021
As above	**3 428 368**	4 047 034
Profit attributable to the shareholders of the holding company as above	**3 425 644**	4 033 013
Dividends relating to the group's activities for the year under review (refer dividends below)	**619 243**	567 639
Interim dividend No 112 of 250 cents (2012: 250 cents) per share – declared on 12 February 2013	**349 018**	349 018
Final dividend No 113 of 350 cents (2012: 300 cents) per share – declared on 27 August 2013	**488 625**	418 821
Less: Dividends attributable to treasury shares held in trust	**(218 400)**	(200 200)
Profit for the year after dividends	**2 806 401**	3 465 374
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% (2012: 50%) share – consolidated profit after taxatioin	**3 092 477**	3 429 520
Subsidiary companies		
– profit after taxation	**430 365**	283 691
– losses	**(56 195)**	(299 210)

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 on page 81, 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 the synthetic diamond operation, Xertech, 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 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 or 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% (2012: 50%) of the ordinary share capital of Assmang. In accordance with IFRS, the results of Assmang are accounted for by Assore using the proportionate consolidated method and the financial information set out below has been constructed from the audited financial statements of Assmang and its subsidiary companies for the year ended 30 June 2013. The new accounting standards, of IFRS 10, 11 and 12 become effective for the financial years commencing after 1 January 2013 and will accordingly be implemented with the group's interim reporting for the period ending on 31 December 2013. The impact of these new standards has been assessed by management in conjunction with the external auditors. The investment in Assmang, which it jointly manages and controls with its joint-venture partner, ARM, will no longer be proportionately consolidated as it has been assessed to be a joint venture under these new accounting standards. This will have a significant impact on the presentation of the consolidated financial statements but will have no impact on earnings or net assets.

The calculation of profit for consolidation purposes was based on the profit of Assmang for the year ended 30 June 2013 and dividends declared during that period, and the financial statements are presented in summarised format below:

	2013 R'000	2012 R'000
Abridged consolidated income statement of Assmang		
Turnover	**25 289 897**	23 688 390
Profit before taxation	**8 700 829**	9 468 517
Taxation	**2 490 927**	2 584 529
Earnings	**6 209 902**	6 883 988
Dividends declared during the year	**3 000 000**	2 000 000
Profit for the year after dividends paid	**3 209 902**	4 883 988
Abridged consolidated statement of financial position of Assmang		
Assets		
Non-current assets	**20 057 500**	17 937 554
Current assets	**14 417 612**	12 269 155
Total assets	**34 475 112**	30 206 709
Equity and liabilities		
Total equity	**25 601 215**	22 391 314
Non-current liabilities	**5 569 599**	5 121 923
Current liabilities	**3 304 298**	2 693 472
Total equity and liabilities	**34 475 112**	30 206 709
Capital expenditure	**4 064 104**	4 517 412
Capital commitments	**3 682 506**	3 643 748#

Restated

	Directors' fees R'000	Salary R'000	Bonuses R'000	Contributions to pension scheme R'000	Other fringe benefits R'000	Total R'000
Directors' emoluments						
2013						
Executive						
Desmond Sacco (Chairman)	**110**	**4 264**	**355**	**–**	**613**	**5 342**
CJ Cory (Chief Executive Officer)	**96**	**4 364**	**14 406**	**1 121**	**376**	**20 363**
PC Crous (retired 31 August 2012)	**16**	**615**	**–**	**158**	**40 365**	**41 154**
AD Stalker (appointed Group Marketing Director 1 September 2012)	**86**	**2 180**	**9 552**	**560**	**248**	**12 626**
BH van Aswegen (appointed Group Technical Director 1 September 2012)	**80**	**2 103**	**9 497**	**537**	**288**	**12 505**
Non-executive						
EM Southey (Deputy Chairman and lead independent director)	**385**					**385**
RJ Carpenter	**165**					**165**
S Mhlarhi (appointed 15 October 2012)	**162**					**162**
WF Urmson	**318**					**318**
Alternate						
PE Sacco	**36**	**1 540**	**7 176**	**387**	**267**	**9 406**
	1 454	**15 066**	**40 986**	**2 763**	**42 157**	**102 426**
	(refer note 1)		(refer note 2)		(refer notes 3 and 4)	
2012						
Executive						
Desmond Sacco (Chairman)	110	4 264	355	–	582	5 311
CJ Cory (Chief Executive Officer)	96	4 196	14 894	1 078	359	20 623
PC Crous (Technical and Operations Director)	96	3 688	14 422	947	231	19 384
Non-executive						
EM Southey (Deputy Chairman and lead independent director)	300					300
RJ Carpenter	150					150
ZP Manase (appointed 7 October 2011/ resigned 1 November 2011)	11					11
DMJ Ncube (resigned 3 May 2012)	125					125
MC Ramaphosa (resigned 19 August 2011)	20					20
WF Urmson	200					200
Dr JC van der Horst (resigned 31 December 2011)	75					75
Alternate						
PE Sacco	36	1 426	6 277	351	232	8 322
AD Stalker (appointed 14 October 2011)	36	1 730	8 503	444	243	10 956
BH van Aswegen (appointed 14 October 2011)		1 669	8 468	423	259	10 819
	1 255	16 973	52 919	3 243	1 906	76 296

Notes

1. Directors' fees for executives 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.

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. Other benefits paid to Mr PC Crous in 2013, include an ex-gratia payment on his retirement after 21 years' service to the group.

Directors' interests in shares of the company

Interests of the directors in the ordinary shares of the company at 30 June 2013 were as follows, and other than mentioned below, the company is unaware of any material change in these interests between year-end and the date of this report.

	2013		2012	
	Direct beneficial number of shares	**Indirect beneficial number of shares**	Direct beneficial number of shares	Indirect beneficial number of shares
Executive directors				
Desmond Sacco	**868 500**	**32 430 490**	868 500	32 430 490
CJ Cory	**50 000**	**–**	50 000	–
PC Crous	**–**	**–**	12 000	–
AD Stalker	**–**	**–**	–	–
BH van Aswegen	**4 505**	**–**	4 505	–
Non-executive directors				
EM Southey	**–**	**–**	–	–
RJ Carpenter	**25 000**	**–**	25 000	–
S Mhlarhi (appointed 15 October 2012)	**–**	**–**	–	–
WF Urmson	**–**	**–**	–	–
Alternate director				
PE Sacco	**202 500**	**–**	198 750	–
	1 150 505	**32 430 490**	1 162 755	32 430 490

Directorate and secretary

The names of the directors, at the date of this report, and details of the Company Secretary, including its business and postal addresses, are set out on page 148 of this report.

There have been no changes to the board of directors of the company since the previous integrated annual report was published.

In terms of the Memorandum of Incorporation (MoI), Messrs Desmond Sacco, CJ Cory and WF Urmson are required to retire by rotation at the forthcoming Annual General Meeting (AGM). The aforementioned directors, being eligible, offer themselves for re-election and a brief curriculum vitae for each of these directors is included in the notice of the AGM which was sent to members by registered mail on 29 October 2013.

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 2013. The directors are not aware of any material changes to this analysis between the year-end and the date of this report.

	2013 Number of shares	2013 %	2012 Number of shares	2012 %
Shareholder spread				
Shares held by the public/non-public				
Non-public shareholders, 10 (2012: 11)				
– holders in excess of 10% of the share capital	**105 021 450**	**75,23**	105 021 450	75,23
– directors of the company	**1 150 505**	**0,82**	1 162 755	0,83
	106 171 955	**76,05**	106 184 205	76,06
Public shareholders 1 983 (2012: 2 108)	**33 435 045**	**23,95**	33 422 795	23,94
	139 607 000	**100,00**	139 607 000	100,00
Major shareholders, holding 5% or more				
Oresteel Investments Proprietary Limited	**73 190 000**	**52,43**	7 319 000	52,43
Main Street 460 Proprietary Limited (RF) (controlled by the Boleng Trust, refer "Black economic empowerment status report", page 58)	**15 367 000**	**11,01**	15 367 000	11,01
Main Street 904 Proprietary Limited (RF) (held 51% and 49% by the Fricker Road Trust and the Assore Employee Trust respectively, refer "Black economic empowerment status report", page 58)	**16 464 450**	**11,79**	16 464 450	11,79
	105 021 450	**75,23**	105 021 450	75,23
Others – less than 5%	**34 585 550**	**24,77**	34 585 550	24,77
	139 607 000	**100,00**	139 607 000	100,00

	2013 R'000	2012 R'000
Dividends		
Dividends declared during the year		
Final dividend No 111 of 300 cents (2012: 250 cents) per share – declared on 31 August 2012	**418 821**	349 018
Interim dividend No 112 of 250 cents (2012: 250 cents) per share – declared on 12 February 2013	**349 018**	349 018
Less: Dividends attributable to treasury shares	**(200 200)**	(182 000)
Per consolidated statement of changes in equity	**567 639**	516 036
Dividends relating to results of the group for the year under review		
Interim dividend No 112 of 250 cents (2012: 250 cents) per share – declared on 12 February 2013	**349 018**	349 018
Final dividend No 113 of 350 cents (2012: 300 cents) per share – declared on 27 August 2013	**488 625**	418 821
Less: Dividends attributable to treasury shares	**(218 400)**	(200 200)
	619 243	567 639

Special resolutions

The following special resolutions were passed on 30 November 2012:

- That the annual remuneration payable to non-executive directors be increased as follows:
  - — Deputy Chairman from R250 000 to R300 000;
  - — Non-executive directors (excluding the Deputy Chairman) from R150 000 to R180 000; and
  - — Members of each of the Audit and Risk Committee, Remuneration Committee or Social and Ethics Committee from R50 000 to R60 000.
- That the board may authorise the company to directly or indirectly provide financial assistance to any present or future subsidiary or inter-related companies of Assore as contemplated in section 45 of the Companies Act.

Event after the reporting period

On 27 August 2013, the board declared a final dividend of 350 cents per share amounting to R488,6 million, which was paid to shareholders on 23 September 2013.

Consolidated statement of financial position

AS AT 30 JUNE 2013

	Note	2013 R'000	2012 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	1	**10 429 266**	9 502 797
Intangible assets	2	**26 522**	26 702
Investments	3	**220 393**	274 058
Other non-current financial assets	4	**194 725**	106 665
		10 870 906	9 910 222
Current assets			
Inventories	5	**2 552 483**	2 177 066
Trade and other receivables	6	**2 359 602**	2 049 782
Cash deposits held by environmental trusts	13	**91 659**	81 952
Cash resources		**4 374 097**	3 242 485
		9 377 841	7 551 285
Total assets		**20 248 747**	17 461 507
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	7	**698**	698
Share premium	8	**264 092**	264 092
Treasury shares	9	**(5 051 583)**	(5 051 583)
Retained earnings		**18 765 442**	15 907 437
Other reserves	10	**43 862**	79 758
Equity attributable to shareholders of the parent		**14 022 511**	11 200 402
Non-controlling interests		**128 910**	126 858
Total equity		**14 151 421**	11 327 260
Non-current liabilities			
Long-term borrowings	11	**846 100**	1 596 100
Deferred taxation	12	**2 486 917**	2 357 001
Long-term provisions	13	**419 295**	342 744
Share-based payment liability	14	**1 992**	–
		3 754 304	4 295 845
Current liabilities			
Trade and other payables	15	**1 369 641**	1 227 359
Taxation		**321 970**	114 480
Short-term provisions	16	**301 987**	304 544
Overdrafts	17	**349 424**	192 019
		2 343 022	1 838 402
Total equity and liabilities		**20 248 747**	17 461 507

Consolidated income statement

FOR THE YEAR ENDED 30 JUNE 2013

	Note	**2013 R'000**	2012 R'000
Revenue	18	**14 175 175**	13 612 731
Turnover		**13 500 864**	12 947 766
Cost of sales		**7 803 491**	7 337 643
Gross profit		**5 697 373**	5 610 123
Add: Other income			
Commissions on sales and technical fees	18	**434 182**	411 302
Foreign exchange gains		**549 588**	632 207
Investment income		**226 804**	236 895
Profit on disposal of available-for-sale investments		**27 850**	472 200
Sundry		**35 537**	231 710
Less: Other expenses			
Finance costs	19	**(116 786)**	(217 244)
Foreign exchange losses (refer note 20)		**(268 617)**	(375 497)
Mining royalty taxes		**(447 268)**	(490 060)
Staff remuneration and benefits		**(306 147)**	(281 586)
Sundry		**(993 027)**	(645 324)
Profit before taxation	20	**4 839 489**	5 584 726
Taxation	21	**1 411 121**	1 537 692
Profit for the year		**3 428 368**	4 047 034
Attributable to:			
Shareholders of the holding company		**3 425 644**	4 033 013
Non-controlling shareholders		**2 724**	14 021
As above		**3 428 368**	4 047 034
Earnings per share (cents) (basic and diluted)	22	**3 319**	3 827

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2013

	2013 R'000	2012 R'000
Profit for the year (as above)	**3 428 368**	4 047 034
Items that may be reclassified into the income statement dependent on the outcome of a future event	**(29 915)**	(382 948)
Reclassification of profit on disposal of available-for-sale investments included in the income statement, previously recognised as a fair value gain in comprehensive income	**(22 657)**	(406 092)
Profit on disposal (as above)	**(27 850)**	(472 200)
Capital gains taxation thereon	**5 193**	66 108
(Loss)/gain on revaluation to market value of available-for-sale investments, after taxation	**(19 465)**	9 952
(Loss)/gain on revaluation (refer note 3)	**(23 928)**	15 734
Deferred capital gains tax thereon	**4 463**	(5 782)
Exchange differences on translation of foreign operations	**12 207**	13 192
Total comprehensive income for the year, net of tax	**3 398 453**	3 664 086
Attributable to:		
Shareholders of the holding company	**3 389 747**	3 643 469
Non-controlling shareholders	**8 706**	20 617
As above	**3 398 453**	3 664 086

Consolidated statement of cash flow

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 R'000	2012 R'000
Cash retained from operating activities		**3 855 985**	3 757 227
Net cash generated by operations		**5 353 423**	5 651 700
Cash generated by operations	24.1	**6 083 641**	6 083 910
Dividend income	24.2	**8 421**	27 739
Movements in working capital	24.3	**(738 639)**	(459 949)
Interest income	18	**219 049**	209 156
Finance costs	24.4	**(78 490)**	(147 711)
Taxation paid	24.5	**(1 064 059)**	(1 432 177)
Dividends paid to shareholders of the holding company	24.6	**(567 284)**	(515 695)
Dividends paid to non-controlling shareholders		**(6 654)**	(8 046)
Cash utilised in investing activities		**(2 131 778)**	(4 413 156)
Acquisition of:			
– shares in the holding company by a subsidiary company		**–**	(2 692 555)
– other investments		**(7 239)**	(3 936)
– Groupline (refer note 2)		**–**	(36 103)
Additions to property, plant and equipment			
– to maintain operations		**(791 552)**	(788 331)
– to expand operations		**(1 297 436)**	(1 495 715)
Net movement in environmental rehabilitation trust funds		**(9 707)**	(11 660)
Increase in staff housing loans		**(88 060)**	(53 614)
Proceeds on disposal of			
– property, plant and equipment		**25 241**	5 108
– available-for-sale investments	24.7	**36 975**	663 650
Cash (utilised in)/generated by financing activities		**(592 595)**	1 633 972
Preference shares issued (refer note 11)		**–**	2 310 000
Preference shares redeemed (refer note 11)		**(750 000)**	(708 700)
Other financing activities		**157 405**	32 672
Cash resources			
– increase for the year		**1 131 612**	978 043
– at beginning of year		**3 242 485**	2 264 442
– at end of year		**4 374 097**	3 242 485

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 R'000	2012 R'000
Share capital			
Balance at beginning and end of year	7	**698**	698
Share premium			
Balance at beginning and end of year	8	**264 092**	264 092
Treasury shares			
Balance at beginning of year		**(5 051 583)**	(2 359 028)
Acquired during the year		**–**	(2 692 555)
Balance at end of year	9	**(5 051 583)**	(5 051 583)
Retained earnings			
Balance at beginning of year		**15 907 437**	12 390 460
Profit for the year		**3 425 644**	4 033 013
Ordinary dividends declared during the year		**(567 639)**	(516 036)
Final dividend No 111 of 300 cents (2012: 250 cents) per share – declared on 31 August 2012		**(418 821)**	(349 018)
Interim dividend No 112 of 250 cents (2012: 250 cents) per share – declared on 12 February 2013		**(349 018)**	(349 018)
Less: Dividends attributable to treasury shares held in trust		**200 200**	182 000
Balance at end of year		**18 765 442**	15 907 437
Other reserves			
Balance at beginning of year		**79 758**	469 170
Other comprehensive income/(loss) for the year		**(35 896)**	389 412
– Profit after tax on the disposal of available-for-sale investments		**(22 657)**	(406 092)
– (Loss)/gain after tax arising on revaluation of available-for-sale investments to market value at year-end		**(19 465)**	9 952
– Foreign currency translation reserve arising on consolidation		**6 226**	6 728
Balance at end of year	10	**43 862**	79 758
Equity attributable to shareholder of the parent		**14 022 511**	11 200 402
Non-controlling interests			
Balance at beginning of year		**126 858**	114 287
Share of total comprehensive income		**2 052**	20 617
– profit for the year		**2 724**	14 021
– other comprehensive income		**5 982**	6 596
Dividends paid to non-controlling shareholders		**(6 654)**	(8 046)
Balance at end of year		**128 910**	126 858
Total equity		**14 151 421**	11 327 260

	Cost 2013 R'000	Accumulated depreciation and impairment charges 2013 R'000	Carrying amount 2013 R'000	Cost 2012 R'000	Accumulated depreciation and impairment charges 2012 R'000	Carrying amount 2012 R'000
1 Property, plant and equipment						
At year-end						
Mining assets						
Mineral and prospecting rights	**424 330**	**175 600**	**248 730**	435 516	155 872	279 644
Land, buildings and mine properties	**967 290**	**180 030**	**787 260**	849 473	149 728	699 745
Plant and equipment	**8 848 158**	**2 242 262**	**6 605 896**	7 756 367	1 659 558	6 096 809
Prospecting, exploration, mine development and decommissioning assets	**1 827 918**	**368 444**	**1 459 474**	1 457 627	264 473	1 193 154
Vehicles, furniture and office equipment	**2 108 603**	**1 022 475**	**1 086 128**	1 795 511	790 534	1 004 977
Leased assets capitalised	**24 201**	**22 474**	**1 727**	–	–	–
Capital work in progress	**55 279**	**26 926**	**28 353**	46 980	30 663	16 317
	14 255 779	**4 038 211**	**10 217 568**	12 341 474	3 050 828	9 290 646
Other assets						
Land and buildings#	**88 113**	**6 642**	**81 471**	85 495	5 109	80 386
Industrial property	**41 959**	**13 797**	**28 162**	40 802	19 732	21 070
Plant and equipment	**151 366**	**103 851**	**47 515**	155 927	103 885	52 042
Vehicles, furniture and office equipment	**106 232**	**60 099**	**46 133**	92 133	35 608	56 525
Capital work-in-progress	**8 417**	**–**	**8 417**	2 128	–	2 128
	396 087	**184 389**	**211 698**	376 485	164 334	212 151
	14 651 866	**4 222 600**	**10 429 266**	12 717 953	3 215 162	9 502 797

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 274,2 million (2012: R1 219,1 million) which relate to projects in progress from which no revenue is currently derived.

	2013 R'000	2012 R'000
Loss on impairment of non-financial assets:		
Furnaces in the amount of R311,8 million at Cato Ridge and Machadodorp Works in Assmang were fully impaired at year-end, as no future benefit will arise from these assets (50% share)	**155 919**	–
Development expenditure in the amount of R144,3 million at Assmang Beeshoek Iron Ore Mine was fully impaired at year-end because it no longer had value-in-use (50% share)	**–**	71 124
Due to the depressed market for chrome ore and alloys the management of Zeerust Chrome Mines Limited (Zeerust) suspended the open-cast operations as from October 2012. Accordingly, the assets of Zeerust have been impaired, based on their determined value-in-use, using a nominal discount rate of 10% per annum.	**–**	32 913
Refer note 20	**155 919**	104 037

Land and buildings include property previously classified as investment property.

1 Property, plant and equipment (continued)

	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
Movement for the year – 2013						
Mining assets						
Mineral and prospecting rights	**279 644**	**–**	**–**	**(9 030)**	**(21 884)**	**248 730**
Land, buildings and mine properties	**699 745**	**111 609**	**(10 461)**	**16 784**	**(30 417)**	**787 260**
Plant and equipment	**6 096 809**	**1 181 740**	**(6 534)**	**(19 223)**	**(646 896)**	**6 605 896**
Prospecting, exploration, mine development and decommissioning assets	**1 193 154**	**363 626**	**(13 448)**	**15 740**	**(99 598)**	**1 459 474**
Vehicles, furniture and office equipment	**1 004 977**	**391 587**	**(15 929)**	**(2 293)**	**(292 214)**	**1 086 128**
Leased assets capitalised	**–**	**1 727**	**–**	**–**	**–**	**1 727**
Capital work-in-progress	**16 317**	**12 036**	**–**	**–**	**–**	**28 353**
	9 290 646	**2 062 325**	**(46 372)**	**1 978**	**(1 091 009)**	**10 217 568**
Other assets						
Land and buildings	**80 386**	**2 105**	**–**	**–**	**(1 020)**	**81 471**
Industrial property	**21 070**	**488**	**–**	**7 151**	**(547)**	**28 162**
Plant and equipment	**52 042**	**91**	**–**	**(910)**	**(3 708)**	**47 515**
Vehicles, furniture and office equipment	**56 525**	**17 690**	**(2 390)**	**(8 219)**	**(17 473)**	**46 133**
Capital work-in-progress	**2 128**	**6 289**	**–**	**–**	**–**	**8 417**
	212 151	**26 663**	**(2 390)**	**(1 978)**	**(22 748)**	**211 698**
	9 502 797	**2 088 988**	**(48 762)**	**–**	**(1 113 757)**	**10 429 266**
Movement for the year – 2012						
Mining assets						
Mineral and prospecting rights	299 181	–	–	(217)	(19 320)	279 644
Land, buildings and mine properties	678 300	101 576	(335)	(57 039)	(22 757)	699 745
Plant and equipment	5 179 274	1 256 307	(634)	33 739	(371 877)	6 096 809
Prospecting, exploration mine development and decommissioning assets	920 147	390 464	(1 939)	6 929	(122 447)	1 193 154
Vehicles, furniture and office equipment	714 729	533 833	(4)	11 530	(255 111)	1 004 977
Leased assets capitalised	1 950	–	–	(1 950)	–	–
Capital work-in-progress	54 198	15 378	–	(22 646)	(30 613)	16 317
	7 847 779	2 297 558	(2 912)	(29 654)	(822 125)	9 290 646
Other assets						
Land and buildings	6 403	62 613	–	11 852	(482)	80 386
Industrial property	6 645	8 216	–	6 301	(92)	21 070
Plant and equipment	47 370	394	–	5 610	(1 332)	52 042
Vehicles, furniture and office equipment	42 416	12 058	–	17 634	(15 583)	56 525
Capital work-in-progress	12 042	2 162	(333)	(11 743)	–	2 218
	114 876	85 443	(333)	29 654	(17 489)	212 151
	7 962 655	2 383 001	(3 245)	–	(839 614)	9 502 797

		2013 R'000	2012 R'000
2	**Intangible assets**		
	Licences		
	Carrying amount at beginning of year	**969**	1 149
	Amortisation for the year	**(180)**	(180)
	Carrying amount at end of year	**789**	969
	Goodwill		
	Carrying amount at beginning and end of year	**25 733**	1 418
	Acquisition during the year	**–**	24 315
	Carrying amount at end of year	**25 733**	25 733
	Total intangible assets	**26 522**	26 702

Goodwill represents the excess attributable on the acquisition of a majority stake in an offshore entity prior to 2005, as well as on the acquisition of Groupline Proprietary Limited (Groupline) in the prior year, both of which have been assessed for impairment at the date of the statement of financial position. The directors are of the opinion that the goodwill recognised will be recovered in the form of future cash flows anticipated from each of the entities and is therefore not amortised.

	2013 R'000	2012 R'000
Goodwill arises in the following entities:		
Minerais U.S. LLC	**1 418**	1 418
Groupline	**24 315**	24 315
As above	**25 733**	25 733

Acquisition in prior year

On 7 October 2011 the Assore group, through a subsidiary, Wonderstone Limited, acquired 100% of the ordinary share capital of Groupline, whose business includes specification, selection and installation of a range of industrial wear lining products.

The goodwill of R24,3 million arising on the acquisition consists largely of expected synergies by combining the operations of Wonderstone Limited and Groupline.

The following table summarises the consideration paid for Groupline and the fair value of the assets acquired and liabilities assumed at the acquisition date.

Fair value of identifiable assets acquired and liabilities assumed	2013 R'000
Property, plant and equipment	**1 232**
Inventories	**4 511**
Trade and other receivables	**13 423**
Trade and other payables	**(5 482)**
Taxation payable	**(268)**
Other liabilities	**(1 628)**
Total identifiable net assets	**11 788**
Goodwill (as above)	**24 315**
Total consideration paid to vendors on 7 October 2011	**36 103**

		2013 R'000	2012 R'000
3	**Investments**		
	Available-for-sale investments		
	Listed – at market value		
	Balance at beginning of year	**239 333**	887 249
	Disposals at carrying value (refer note 24.7)	**(36 975)**	(663 650)
	Fair value adjustment	**(23 928)**	15 734
	Balance at end of year (refer below)	**178 430**	239 333
	Made up as follows:		
	Listed investments – at cost	**157 842**	166 967
	Cumulative fair value adjustment included in other reserves (refer note 10)	**20 588**	72 366
	As above	**178 430**	239 333
	Other unlisted investments – at market value	**41 963**	34 725
		220 393	274 058

		2013 R'000	2012 R'000
4	**Other non-current financial assets**		
	Housing loans		
	Balance at beginning of year	**106 665**	53 051
	Home loans advanced to employees during the year	**96 939**	57 010
	Repayment by employees	**(8 879)**	(3 396)
	Balance at end of year	**194 725**	106 665
	Loans granted to Assmang employees, the repayment terms of which vary between five and 20 years. The loans bear interest at the prime lending rate, less 2% and are secured by the properties concerned.		
5	**Inventories**		
	Raw materials	**646 606**	476 692
	Consumable stores	**442 115**	288 086
	Work-in-progress	**232 376**	130 800
	Finished goods	**1 231 386**	1 281 488
		2 552 483	2 177 066
	Cost of inventory recognised as an expense included in cost of sales	**5 150 136**	4 684 288
	Cost of inventory written down during the year recognised in cost of sales (refer note 20)	**37 107**	56 869
6	**Trade and other receivables**		
	Trade receivables	**1 571 023**	2 022 734
	Other receivables	**788 579**	27 048
		2 359 602	2 049 782
	Trade receivables are non-interest-bearing and the terms range between 30 and 120 days (for information on credit risk refer note 25.1).		
7	**Share capital**		
	Authorised		
	200 000 000 (2012: 200 000 000) ordinary shares of 0,5 cents each	**1 000**	1 000
	Issued		
	Balance at beginning and end of year (139 607 000 (2012: 139 607 000) ordinary shares of 0,5 cents each)	**698**	698
8	**Share premium**		
	Balance at beginning and end of year	**264 092**	264 092

		2013 R'000	2012 R'000
9	**Treasury shares**		
	Balance at beginning of year		
	Ordinary shares owned by Main Street 904 Proprietary Limited (RF) (MS904)*	**(2 692 555)**	(2 692 555)
	– 16 464 450 (11,79%) of the issued share capital acquired on 19 August 2011 at R163,00 per share	**(2 683 705)**	(2 683 705)
	– Securities transfer taxation thereon	**(8 850)**	(8 850)
	Ordinary shares in Assore controlled and owned by Main Street 350 Proprietary Limited (RF) (MS350)#	**(2 359 028)**	(2 359 028)
	– 19 935 550 (14,28%) of the issued share capital acquired over the 2006 to 2010 financial years at an average cost of R118,00 per share	**(2 352 354)**	(2 352 354)
	– Transaction and warehousing costs thereon	**(6 674)**	(6 674)
	Balance at end of year	**(5 051 583)**	(5 051 583)

* *MS904 is held 51% and 49% by the Fricker Road Trust and Assore Employee Trust, respectively*
\# *MS350 is held 51% and 49% by the Boleng Trust and Assore, respectively*

MS904 and MS350 are special-purpose vehicles (SPVs) and have consolidated due to the level of indebtedness to Assore, which is as follows:

		2013 R'000	2012 R'000
	– MS904 (refer nore 13, company financial statements)	**2 850 000**	2 850 000
	– MS350 (refer nore 13, company financial statements)	**2 029 740**	2 080 610
10	**Other reserves**		
	Foreign currency translation reserve arising on consolidation	**27 113**	20 887
	After tax fair value adjustment arising on the revaluation of available-for-sale investments	**16 749**	58 871
	Gross fair value adjustment at year-end (refer note 3)	**20 588**	72 366
	Less: Deferred capital gains taxation thereon	**(3 839)**	(13 495)
		43 862	79 758
11	**Long-term borrowings**		
	23 100 unsecured redeemable preference shares of R100 000 each issued to the Standard Bank of South Africa Limited (SBSA) with dividends payable half-yearly at 75% of the prime lending rate published by SBSA		
	Unredeemed at beginning of year	**1 596 100**	–
	Issued on 24 February 2012		2 310 000
	Voluntary redemptions during the year:		
	26 March 2012 – 2 139 shares at a discount of R5 200 000		(213 900)
	25 June 2012 – 5 000 shares		(500 000)
	12 March 2013 – 7 500 shares	**(750 000)**	
	Unredeemed at end of year 8 461 (2012: 15 961) shares	**846 100**	1 596 100

Redeemable at least by the following dates:	R'000
24 February 2016	384 100
24 February 2017	462 000
	846 100

Dividends paid on the preference shares during the year were as follows:	2013 R'000	2012 R'000
In April	**20 884**	15 918
In October	**65 581**	–
	86 475	15 918

		2013 R'000	2012 R'000
12	**Deferred taxation**		
	At year-end		
	Arising on temporary differences		
	Accelerated capital allowances	**2 656 910**	2 447 830
	Provisions raised	**(153 243)**	(112 279)
	Valuation of inventories	**(2 614)**	(2 552)
	Other	**(17 975)**	10 507
	Revaluation of available-for-sale investments	**3 839**	13 495
		2 486 917	2 357 001
	Movements		
	Balance at beginning of year	**2 357 001**	2 173 621
	– deferred tax assets	**–**	–
	– deferred tax liabilities	**2 357 001**	2 173 621
	Movements for the current year:		
	Arising from temporary differences	**139 572**	243 705
	– accelerated capital allowances	**209 080**	245 044
	– provisions reversed	**(40 964)**	(7 479)
	– valuation of inventories	**(62)**	(740)
	– other	**(28 482)**	6 880
	Arising on the revaluation of available-for-sale investments as recorded in the statement of other comprehensive income	**(9 656)**	(60 325)
	Balance at end of year	**2 486 917**	2 357 001
13	**Long-term provisions**		
	Environmental obligations		
	Provision against cost of decommissioning assets	**184 176**	182 770
	Balance at beginning of year	**182 770**	152 005
	Provisions raised/(reversed) during the year	**(11 013)**	36 388
	Unwinding of discount	**16 541**	10 077
	Reallocation to provision for environmental restoration	**(4 122)**	(15 700)
	Provision for cost of environmental restoration	**122 153**	112 973
	Balance at beginning of year	**112 973**	52 805
	Provisions (reversed)/raised during the year	**(3 778)**	39 543
	Reallocation from provision for decommissioning assets	**4 122**	15 700
	Unwinding of discount	**8 836**	4 925
	Balance at end of year	**306 329**	295 743
	Post-retirement healthcare benefits		
	Balance at beginning of year	**13 101**	11 849
	Increase in benefits payable	**1 359**	1 252
	Balance at end of year	**14 460**	13 101
	Balance carried forward	**320 789**	308 844

		2013 R'000	2012 R'000
13	**Long-term provisions** (continued)		
	Balance brought forward	**320 789**	308 844
	Deferred bonus scheme		
	Balance at beginning of year	**33 900**	6 229
	Provision raised during the year	**64 781**	28 657
	Transferred to short-term provisions	**(175)**	(986)
	Balance at end of year	**98 506**	33 900
		419 295	342 744
	Environmental obligations before funding (as above)	**306 329**	295 743
	Less: Cash deposits held by environmental trusts (per statement of financial position)	**91 659**	81 952
	Obligation provided for on the balance sheet, but not yet funded	**214 670**	213 791

The inflation rates applied to estimate costs used in the discounted cash flow to determine the provision for environmental rehabilitation vary between 6% and 8% (2012: 6% and 8%) and the nominal discount rates vary between 6% and 9,5% (2012: 6% to 7,5%).

14 Share-based payment transactions

	2013 R'000	2012 R'000
Carrying amount of the liability relating to the equity participation rights (EPRs) expense arising from cash-settled share-based payment transactions during the year	**1 992**	–

EPRs are granted to certain non-managerial employees of the group in terms of the Assore Employee Trust (AET) share-based payment scheme. The number of EPRs allocated in a particular year is based on 10% of the employee's annual salary on the date of the allocation, relative to the Assore share price. The growth in the value of the EPRs and resultant cash payment is linked to the Assore share price on the date of payment. This value is reduced by the outstanding balance of the notional debt allocated, which is calculated as the value of the Assore share price on the date that the EPRs were first allocated. The notional amount attracts interest at rate linked to the prime rate, reduced by 22% of the value of the dividends declared on the Assore shares included in the EPR allocations. The EPRs vest after one year of service rendered by the employee and are settled after 10 years after the initial allocation date.

At 30 June 2013, the fair value of the EPRs, utilising the Monte Carlo valuation technique, amounted to R1 992 000 (2012: nil) and their intrinsic value amounted to R2 256 000 (2012: nil) and the number of rights that vested amounted to 35 765 (2012: nil).

The following assumptions were used in determining the fair value of the EPRs:
– dividend yield, between 0,97% and 1,56% (2012: nil)
– expected volatility, between 38,86% and 39,40% (2012: nil)
– risk-free interest rate

15 Trade and other payables

	2013 R'000	2012 R'000
Trade payables	**883 212**	1 174 304
Other payables	**486 429**	53 055
	1 369 641	1 227 359

Trade and other payables are non-interest-bearing, the terms of which are between 30 to 60 days.

		2013 R'000	2012 R'000
16	**Short-term provisions**		
	Bonuses		
	Balance at beginning of year	**209 177**	27 890
	Provisions raised during the year	**169 700**	207 856
	Transferred from long-term provisions (refer note 13)	**175**	986
	Payments made during the year	**(172 200)**	(27 555)
	Balance at end of year	**206 852**	209 177
	Leave pay		
	Balance at beginning of year	**67 641**	50 779
	Provisions raised during the year	**12 059**	17 754
	Payments made during the year	**(1 099)**	(892)
	Balance at end of year	**78 601**	67 641
	Environmental compliance		
	Balance at beginning of year	**26 366**	28 824
	Provisions (reversed)/raised during the year	**(7 280)**	25 493
	Payments made during the year	**(2 552)**	(27 951)
	Balance at end of year	**16 534**	26 366
	Other		
	Balance at beginning of year	**1 360**	2 665
	Provisions raised/(reversed) during the year	**(1 360)**	1 138
	Payments made during the year	**–**	(2 443)
	Balance at end of year	**–**	1 360
		301 987	304 544
17	**Short-term borrowings and overdrafts**		
	Overdrafts		
	Owing at end of year	**349 424**	192 019
	Foreign subsidiary, Minerais LLC, maintains a US dollar denominated overdraft facility with a bank which provides it with the ability to borrow up to an aggregate of US$50 million (2012: US$50 million) for working capital purposes. The facility is available on demand and has no expiry date. Interest on the facility accrues at a variable rate of 0,75% (2012: 0,75%) above Libor which at year-end was 0,1695% (2012: 0,1695%). Overdraft borrowings mature daily and are guaranteed by the holding company.		
18	**Revenue**		
	Revenue comprises:		
	Sales of mining and beneficiated products	**13 500 864**	12 947 766
	Interest received	**219 049**	183 325
	Commissions on sales and net technical fees	**434 182**	397 956
	– gross receipts	**868 364**	795 912
	– eliminated on proportionate consolidation of Assmang	**(434 182)**	(397 956)
	Dividends received from available-for-sale investments	**8 421**	27 739
	Sale of by-products	**5 993**	20 014
	Other	**6 666**	35 931
		14 175 175	13 612 731

		2013 R'000	2012 R'000
19	**Finance costs**		
	Paid and accrued on:		
	Preference shares (refer note 11)	**88 794**	50 179
	Unwinding of discount on provision for environmental obligation (refer note 13)	**25 377**	15 002
	Finance leases and general banking facilities	**2 615**	2 239
	Short-term bridging facility, repaid during prior year	**–**	149 824
		116 786	217 244
20	**Profit before taxation**		
	Profit before taxation is stated after taking into account the following items of income and expenditure:		
	Income		
	Foreign exchange gains	**549 588**	632 207
	– realised	**496 875**	616 810
	– unrealised	**52 713**	15 397
	Profit on disposal of property, plant and equipment	**–**	3 229
	Expenditure		
	Amortisation of intangible assets (refer note 2)	**180**	180
	Auditors' remuneration		
	– audit fees	**14 098**	10 251
	– other services	**1 297**	937
	Cost of inventories written down (refer note 5)	**37 107**	56 869
	Depreciation and impairment charges (refer note 1)	**1 113 757**	839 614
	Depreciation of mining assets (refer note 1)	**935 090**	718 088
	– mineral and prospecting rights	**21 884**	19 320
	– land, buildings and mining properties	**30 417**	22 757
	– plant and equipment	**490 977**	371 877
	– prospecting, exploration, mine development and decommissioning	**99 598**	51 322
	– vehicles, furniture and office equipment	**292 214**	252 812
	– leased assets capitalised	**–**	–
	Depreciation of other assets (refer note 1)	**22 748**	17 489
	– land and buildings	**1 020**	482
	– township and industrial property	**547**	92
	– plant and equipment	**3 708**	1 332
	– vehicles, furniture and office equipment	**17 473**	15 583
	Impairment of non-financial assets (refer note 1)	**155 919**	104 037
	Loss on disposal and scrapping of property, plant and equipment	**23 521**	1 366
	Foreign exchange losses	**268 617**	375 497
	– realised	**247 285**	350 432
	– unrealised	**21 332**	25 065
	Operating lease expenses	**650**	667
	Professional fees	**20 285**	21 055
	Staff costs (refer note 32)		
	– salaries and wages (including executive directors' emoluments)	**1 465 236**	1 407 071
	– healthcare costs	**51 890**	43 325
	– pension fund contributions	**93 520**	77 416
	Transfer secretaries' fees	**589**	455

		2013 R'000	2012 R'000
21	**Taxation**		
	South African normal taxation		
	– current year	**1 264 542**	1 226 100
	– overprovision prior year	**(8 034)**	–
	Foreign taxes		
	Foreign normal tax	**6 595**	11 364
	Capital gains tax	**5 194**	66 108
	Deferred taxation		
	– on temporary differences arising in current year (refer note 12)	**139 572**	183 381
	Secondary tax on companies	**–**	49 063
	Securities transfer taxation	**3 252**	1 676
		1 411 121	1 537 692
	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	**280 840**	266 866
	Estimated unredeemed capital expenditure available for reduction of future taxable income on mining operations in certain joint-venture and subsidiary companies	**116 938**	77 717
	Reconciliation of tax charge as a percentage of net income before taxation		
	Statutory tax rate	**28,00**	28,00
	Adjusted for:		
	Overprovision relating to prior years	**(0,17)**	–
	Foreign tax rate differential	**(0,28)**	(0,28)
	Capital gains tax	**0,05**	1,19
	Secondary tax on companies	**–**	0,88
	Securities transfer tax	**0,07**	–
	Disallowable expenditure	**1,13**	0,45
	Exempt income	**(0,01)**	(0,22)
	Dividend income	**(0,16)**	(0,14)
	Other items	**0,53**	(0,97)
	Effective tax rate	**29,16**	27,53

		2013 R'000	2012 R'000
22	**Earnings and headline earnings per share**		
	Earnings per share (cents) (basic and diluted)	**3 319**	3 827
	Headline earnings per share (cents) (basic and diluted)	**3 423**	3 519
	The above calculations were determined using the following information:		
	Earnings		
	Profit attributable to shareholders of the holding company	**3 425 644**	4 033 013
	Headline earnings		
	Earnings as above	**3 425 644**	4 033 013
	Adjusted for:		
	(Loss)/profit after tax on disposal of:		
	– property, plant and equipment	**17 240**	(3 229)
	– available-for-sale investments	**(22 657)**	(406 092)
	Loss on disposal and scrapping of property, plant and equipment	**–**	1 366
	Impairment of non-financial assets	**112 262**	82 705
	Headline earnings	**3 532 489**	3 707 763
	Shares in issue		
	Weighted number of ordinary shares in issue ('000)		
	Ordinary shares in issue	**139 607**	139 607
	Treasury shares held in trust (refer note 9)	**(36 400)**	(34 240)
	Weighted average number of shares in issue for the year	**103 207**	105 367
23	**Dividends**		
	Dividends declared during the year		
	Final dividend No 111 of 300 cents (2012: 250 cents) per share – declared on 31 August 2012	**418 821**	349 018
	Interim dividend No 112 of 250 cents (2012: 250 cents) per share – declared on 12 February 2013	**349 018**	349 018
	Total dividend for the year	**767 839**	698 036
	Less: Dividends attributable to treasury shares	**(200 200)**	(182 000)
		567 639	516 036
	Per share (cents)	**550**	500
	Dividends relating to the activities of the group for the year under review		
	Interim dividend No 112 of 250 cents (2012: 250 cents) per share – declared on 12 February 2013	**349 018**	349 018
	Final dividend No 113 of 350 cents (2012: 300 cents) per share – declared on 27 August 2013	**488 625**	418 821
	Total dividend for the year	**837 643**	767 839
	Less: Dividends attributable to treasury shares	**(218 400)**	(200 200)
		619 243	567 639
	Per share (cents)	**600**	550

		2013 R'000	2012 R'000
24	**Notes to the statement of cash flow**		
24.1	**Cash generated by operations**		
	Profit before taxation	**4 839 489**	5 584 726
	Adjusted for:	**1 244 152**	499 184
	– Dividends received	**(8 421)**	(27 739)
	– Interest received	**(219 049)**	(183 325)
	– Loss/(profit) on disposal of property, plant and equipment	**23 521**	(1 863)
	– Profit on disposal of available-for-sale investments	**(27 850)**	(472 200)
	– Discount on redemption of preference shares	**–**	(5 200)
	– Net unrealised foreign exchange gains	**(31 381)**	(256 710)
	– Amortisation of intangibles	**180**	180
	– Cost of inventories written down	**37 107**	56 869
	– Depreciation of property, plant and equipment	**957 838**	735 577
	– Finance costs	**91 409**	202 242
	– Unwinding of discount	**25 377**	15 002
	– Impairment of assets	**155 919**	104 037
	– Net foreign exchange gains	**12 207**	13 192
	– Movements in long-term provisions	**51 349**	66 538
	– Movements in short-term provisions	**174 479**	253 229
	– Cash-settled share-based payment charges (refer note 14)	**1 992**	–
	– Other non-cash flow items	**(525)**	(645)
		6 083 641	6 083 910
24.2	**Dividend income**		
	Credited to the income statement	**8 421**	27 739
24.3	**Movements in working capital**		
	Increase in inventories	**(412 524)**	(228 358)
	Increase in trade and other receivables	**(278 439)**	(160 802)
	Increase/(decrease) in trade and other payables	**129 360**	(11 948)
	Payments against short-term provisions	**(177 036)**	(58 841)
		(738 639)	(459 949)
24.4	**Finance costs**		
	Finance costs per income statement	**116 786**	217 244
	Unwinding of discount on environmental obligations	**(25 377)**	(15 002)
	Discount received on preference share dividend	**–**	(30 727)
	Accrual raised for preference share dividend	**(12 919)**	(23 804)
		78 490	147 711
24.5	**Taxation paid**		
	Unpaid at beginning of year	**(114 480)**	(192 345)
	Charged to the income statement	**(1 411 121)**	(1 537 692)
	Movement in deferred taxation	**139 572**	183 380
	Unpaid at end of year	**321 970**	114 480
		(1 064 059)	(1 432 177)
24.6	**Dividends paid**		
	Unpaid at beginning of year	**(912)**	(571)
	Declared during the year	**(767 839)**	(698 036)
	Dividends attributable to treasury shares held in trust	**200 200**	182 000
	Unpaid at end of year	**1 267**	912
		(567 284)	(515 695)
24.7	**Proceeds on disposal of available-for-sale investments (refer note 3)**		
	Cost at acquisition	**9 125**	191 450
	Profit on disposal (refer note 24.1)	**27 850**	472 200
		36 975	663 650

25 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 (boards) have overall responsibility for the establishment and oversight of the group's risk management framework. The 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 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.

25.1 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 credit accounts 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.

Credit exposure and concentrations of credit risk

The carrying value 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 recognised in the statement of financial position.

	2013 R'000	2012 R'000
Carrying value of financial assets per the statement of financial position in order of risk exposure is as follows:		
Cash on deposits held by environmental trusts	**91 659**	81 952
Cash resources	**4 374 097**	3 242 485
Other non-current financial assets	**194 725**	106 665
Trade receivables	**1 571 023**	2 022 734
– Foreign	**1 417 355**	1 936 712
– Local	**153 668**	86 022
Other receivables – local	**788 579**	27 048

25 Financial risk management (continued)

25.1 Credit risk (continued)

Ageing of receivables

	2013 Receivables not impaired R'000	2013 Carrying value R'000	2012 Receivables not impaired R'000	2012 Carrying value R'000
Loans and long-term receivables	**194 725**	**194 725**	106 665	106 665
Not past due, not impaired	**194 725**	**194 725**	106 665	106 665
Past due	**–**	**–**	–	–
Trade receivables	**1 571 023**	**1 517 023**	2 022 734	2 022 734
Not past due, not impaired	**1 571 023**	**1 571 023**	2 022 734	2 022 734
Past due	**–**	**–**	–	–
Other receivables	**788 579**	**788 579**	27 048	27 048
Not past due, not impaired	**788 579**	**788 579**	27 048	27 048
	2 554 327	**2 554 372**	2 156 447	2 156 447
Unsecured	**2 004 306**	**2 004 306**	1 801 335	1 801 335
Secured by irrevocable letters of credit, issued by foreign banks	**550 021**	**550 021**	355 112	355 112
As above	**2 554 327**	**2 554 327**	2 156 447	2 156 447

25.2 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 received by the executive committees from the group companies on a regular basis (depending on the type of funding required). Measures have been introduced to ensure that the cash flow information received is accurate and complete.

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

Undrawn credit facilities

In terms of the Memorandum of Incorporation (MoI) of the holding company, the borrowing powers are unlimited. However, based on their respective MoI restrictions on the following joint-venture and subsidiary companies are in place. External borrowings at year-end amounted to R349,4 million (2012: R192,0 million).

	2013 R'000	2012 R'000
Assmang Limited		
Authorised in terms of the Memorandum of Incorporation	**12 800 608**	11 195 657
Less: External borrowings at year-end		
– overdrafts and short-term borrowings	**–**	–
Unutilised borrowing capacity	**12 800 608**	11 195 657
Minerais U.S. LLC		
Authorised in terms of certificate of formation	**497 755**	415 260
External borrowings at year-end	**(349 424)**	(191 850)
Unutilised borrowing capacity	**148 331**	223 410

With the exception of the preference share debt referred to in note 11, the group is cash positive and does not rely on banking facilities for its day-to-day activities.

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 to ensure liquidity.

25 Financial risk management (continued)

25.2 Liquidity risk (continued)

Exposure to liquidity risk

The following table indicates the anticipated timing of cash flows of the group's financial assets and liabilities at year end as determined by contractual maturity date including interest receipts and payments.

	Carrying amount R'000	Total expected cash flows R'000	Contracted maturity date: 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
2013						
Financial assets						
Investments	**220 393**	**220 933**	**–**	**–**	**–**	**220 393**
Other non-current financial assets	**194 725**	**194 725**	**–**	**–**	**–**	**194 725**
Trade and other receivables	**2 359 602**	**2 359 602**	**2 359 602**	**–**	**–**	**–**
Cash deposits held by environmental trusts	**91 659**	**91 659**	**91 659**			
Cash resources	**4 374 097**	**4 374 097**	**4 374 097**			
	7 240 476	**7 240 476**	**6 825 358**	**–**	**–**	**415 118**
Financial liabilities						
Preference shares issued	**846 100**	**973 549**	**–**	**27 710**	**945 839**	**–**
Trade and other payables	**1 369 641**	**1 369 641**	**–**	**1 369 641**	**–**	**–**
Overdrafts	**349 424**	**349 424**	**349 424**			
Guarantees	**706 522**	**706 522**	**706 522**			
	3 271 687	**3 399 136**	**1 055 946**	**1 397 351**	**945 839**	**–**
2012						
Financial assets						
Investments	274 058	274 058	–	–	–	274 058
Other non-current financial assets	106 665	106 665	–	–	21 333	85 332
Trade and other receivables	2 049 782	2 049 782	2 049 782	–	–	–
Cash deposits held by environmental trusts	81 952	81 952	81 952			
Cash resources	3 242 485	3 242 485	3 242 485			
	5 754 942	5 754 942	5 374 219	–	21 333	359 390
Financial liabilities						
Preference shares issued	1 596 100	1 956 795	–	102 752	1 854 043	–
Trade and other payables	1 227 359	1 227 359	1 227 359	–	–	–
Overdrafts	192 019	192 019	192 019			
Guarantees	721 587	721 587	721 587			
	3 737 065	4 097 760	2 140 965	102 752	1 854 043	–

25.3 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.

The 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 the executive committees on a weekly basis and forecasts against budget are prepared for the entire group on a monthly basis.

25 Financial risk management (continued)

25.3 Market risk (continued)

25.3.1 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. Other than the group's obligations with respect to the unredeemed preference shares (refer note 11), 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 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.

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

	2013 R'000	2012 R'000
Variable rate instruments		
Liabilities		
Preference shares (included in long-term borrowings; refer note 11)	**846 100**	1 596 100
Overdrafts (refer note 17)	**349 424**	192 019
Assets		
Other non-current financial assets	**194 725**	106 665
Cash deposits held by environmental trusts per statement of financial position	**91 659**	81 952
Cash resources	**4 374 097**	3 242 485

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

An increase of 50 basis points in interest rates at the reporting date would have increased 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.

	2013 R'000	2012 R'000
Variable rate instruments	**12 611**	6 972

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

25.3.2 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 group's markets are 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.

25 Financial risk management (continued)

25.3 Market risk (continued)

25.3.2 Commodity price and currency risk (continued)

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

	2013 R'000	2012 R'000
Foreign receivables included in trade receivables		
– US dollar	**1 261 762**	1 815 519
– Euro	**155 593**	121 193
Forward sales commitments for sales not yet recorded in accordance with the terms of sale		
– US dollar	**2 811 785**	1 312 986
– Euro	**127 983**	85 817
Total exposure	**4 357 123**	3 335 515
A 5% strengthening of the rand against the above currencies would have decreased profit after taxation by the following amounts as a result of revaluation of foreign receivables:	**51 024**	69 721

A 5% weakening of the rand against the above currencies would have had an equal but opposite effect on profit after taxation, on the basis that all other variables remained constant.

Amounts disclosed for 2012 have been restated

25.3.3 Forward exchange contracts and other commitments

The group undertakes hedging of receivables denominated in US dollars at times when the rand/US dollar exchange rate appears volatile. The level of exposure on these limited hedging activities did not exceed US$50 million at any stage during the year.

At year-end the group had forward exchange contracts (FECs) in the amount of R397,6 million (2012: R277,7 million) which are fully optional over a three-month period and mature on various dates over this time. The fair value of the FECs at year-end, determined with reference to the spot rate at year-end and the rates of the FECs was R10,6 million (2012: R3,4 million), and is included in other receivables.

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:

	2013		2012	
	Foreign currency notional amount USD'000	Presentation currency notional amount R'000	Foreign currency notional amount USD'000	Presentation currency notional amount R'000
Purchase contracts				
US dollar	**12 300**	**122 448**	4 700	39 034
Sales contracts				
US dollar	**33 700**	**335 487**	16 200	134 544

25.3.4 Equity price risk

The group's listed and unlisted investments are susceptible to market price risk arising from uncertainties about future value of the investment. The group manages the equity price risk through monitoring developments in the mining and metal industries. The executive directors of the board review and approve all equity investments decisions.

At the reporting date, the exposure to listed investments at fair value was R178,4 million (2012: R239,3 million). A decrease of 1% on the relevant market index would have an impact of approximately R1,8 million (2012: R2,4 million) on comprehensive income attributable to the group, depending on whether or not the decline is significant or prolonged. An increase of 1% in the value of the listed investments would only impact other comprehensive income, but would not have an effect on profit or loss.

26 Fair value of financial assets and liabilities

The categorisation of each class of financial asset and liability, including their fair values, are 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
2013							
Financial assets							
Investments	3	**220 393**	**–**	**–**	**–**	**220 393**	**220 393**
Other non-current financial assets	4	**–**	**194 725**	**–**	**–**	**194 725**	**194 725**
Trade and other receivables	6	**–**	**2 359 602**	**–**	**–**	**2 359 602**	**2 359 602**
Cash deposits held by environmental trusts	13	**–**	**91 659**	**–**	**–**	**91 659**	**91 659**
Cash resources		**–**	**4 374 097**	**–**	**–**	**4 374 097**	**4 374 097**
		220 393	**7 020 083**	**–**	**–**	**7 240 476**	**7 240 476**
Financial liabilities							
Interest-bearing borrowings	11	**–**	**–**	**846 100**	**–**	**846 100**	**846 100**
Trade and other payables	15	**–**	**–**	**1 369 641**	**–**	**1 369 641**	**1 369 641**
Overdrafts	17	**–**	**–**	**349 424**	**–**	**349 424**	**349 424**
		–	**–**	**2 565 165**	**–**	**2 565 165**	**2 565 165**
2012							
Financial assets							
Investments	3	274 058	–	–	–	274 058	274 058
Other non-current financial assets	4	–	106 665	–	–	106 665	106 665
Trade and other receivables	6	–	2 049 782	–	–	2 049 782	2 049 782
Cash deposits held by environmental trusts	13	–	81 952	–	–	81 952	81 952
Cash resources		–	3 242 485	–	–	3 242 485	3 242 485
		274 058	5 480 884	–	–	5 754 942	5 754 942
Financial liabilities							
Interest-bearing borrowings	11	–	–	1 596 100	–	1 596 100	1 596 100
Trade and other payables	15	–	–	1 227 359	–	1 227 359	1 227 359
Overdrafts	17	–	–	192 019	–	192 019	192 019
		–	–	3 015 478	–	3 015 478	3 015 478

Determination of fair values

Quoted market prices at reporting date have been used to determine the fair value of available-for-sale investments, loans, receivables and interest-bearing borrowings. 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 due to the short-term nature of these items.

Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	2013	2012
Assets measured at fair value		
Listed investments, measured at level 1	**178 430**	239 333
Unlisted investments, measured at level 2	**41 963**	34 725

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, mainly manganese, iron 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.

The group holds mineral rights over resources with remaining lives which fluctuate in accordance with current commodity prices (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 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 group considers its capital to comprise of total equity and borrowing facilities. The group manages its capital structure in the 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.

	2013 R'000	2012 R'000
28 Commitments		
Capital		
Expenditure authorised and contracted for	**972 407**	1 662 974
Expenditure authorised but not contracted for	**892 579**	158 900
	1 864 986	1 821 874
Amounts disclosed for 2012 have been restated		
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:		
Within one year	**863**	669
After one year but not more than five years	**3 860**	1 638
	4 723	2 307
Assmang's commitments have been proportionately consolidated at 50%		
29 Contingent liabilities		
Holding company		
Holding company and proportion of joint-venture partner's guarantees (at 50%) issued to bankers as security for banking facilities provided to subsidiary and joint-venture companies	**677 775**	636 409
Performance guarantees issued to customers by subsidiary companies and joint-venture entity	**28 747**	85 178
	706 522	721 587
The holding company holds a back-to-back guarantee of R180 million (2012: R180 million) issued by the joint-venture entity in respect of claims made in terms of the abovementioned guarantees.		

	2013 R'000	2012 R'000
30 Investment in joint-venture entity		
50% (2012: 50%) interest in Assmang Limited (Assmang), which is controlled jointly in terms of shareholders' agreement with African Rainbow Minerals Limited (ARM).		
The group financial statements include the following amounts relating to Assmang, which were proportionately consolidated, being 50% of its results, assets and liabilities		
Income statement		
Turnover	**12 501 583**	11 844 195
Cost of sales	**(7 271 183)**	(6 323 315)
Gross profit	**5 230 400**	5 520 880
Other operating income	**574 541**	416 572
Other operating expenses	**(1 565 677)**	(1 330 267)
Income from investments	**136 700**	123 690
Finance costs	**(25 548)**	(14 143)
Profit before taxation	**4 350 415**	4 716 732
Statement of financial position		
Property, plant, equipment and intangibles	**9 738 868**	9 041 918
Other non-current financial assets	**194 725**	106 665
Current assets	**7 303 963**	9 987 560
Elimination of investment in joint-venture entity	**(419 447)**	(468 153)
Current liabilities – non-interest-bearing	**1 652 149**	1 199 719
Deferred taxation	**2 385 805**	2 446 277
Long-term provisions	**398 994**	323 066
Distributable reserves	**12 793 915**	10 885 385
Cash flows		
Cash retained from operating activities	**2 478 603**	2 878 981
Cash utilised in investing activities	**(2 040 996)**	(2 178 915)
Cash utilised in financing activities	**–**	(2 359)
Cash resources	**2 666 853**	2 229 246
Commitments		
Future capital expenditure:		
– contracted for	**958 232**	1 662 974
– not contracted for	**883 021**	158 900
	1 841 253	1 821 874

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) and its 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); and
– Chrome ore (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.

Marketing and shipping

In terms of the joint-venture arrangement with Assmang, 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, ceramic, industrial lining and filtration 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 bene-ficiation	Adjustments arising on consolidation	Total
Year to 30 June 2013								
Revenues								
Third party	**15 962 985**	**7 450 238**	**1 876 674**	**25 289 897**	**1 234 680**	**295 547**	**(12 644 949)**	**14 175 175**
Intersegment	**–**	**–**	**–**	**–**	**439 560**	**292 570**	**(732 130)**	**–**
Total revenues	**15 962 985**	**7 450 238**	**1 876 674**	**25 289 897**	**1 674 240**	**588 117**	**(13 377 079)**	**14 175 175**
Contribution to profit	**5 517 176**	**827 117**	**(134 391)**	**6 209 902**	**369 761**	**(49 068)**	**(3 104 951)**	**3 425 644**
Contribution to headline earnings	**5 531 138**	**939 671**	**913**	**6 471 722**	**345 696**	**(49 068)**	**(3 235 861)**	**3 532 489**
Statement of financial position								
Consolidated total assets	**23 185 871**	**10 513 131**	**776 111**	**34 475 113**	**2 380 213**	**630 978**	**(17 237 557)**	**20 248 747**
Other information								
Depreciation and amortisation	**1 180 245**	**533 190**	**101 729**	**1 815 164**	**16 683**	**21 099**	**(895 108)**	**957 838**
Impairment charges	**159 415**	**–**	**152 423**	**311 838**	**–**	**–**	**(155 919)**	**155 919**
Taxation	**2 177 137**	**421 510**	**(107 720)**	**2 490 927**	**163 134**	**(476)**	**(1 242 464)**	**1 411 121**
Capital expenditure	**2 709 139**	**1 222 950**	**132 015**	**4 064 104**	**17 519**	**39 417**	**(2 032 052)**	**2 088 988**
Year to 30 June 2012								
Revenues								
Third party	15 323 509	6 669 635	1 983 526	23 976 670	1 327 879	371 327	(12 063 145)	13 612 731
Intersegment	–	–	–	–	384 610	260 853	(645 463)	–
Total revenues	15 323 509	6 669 635	1 983 526	23 976 670	1 712 489	632 180	(12 708 608)	13 612 731
Contribution to profit	5 835 547	1 223 279	(174 837)	6 883 989	819 943	(228 924)	(3 441 995)	4 033 013
Contribution to headline earnings	5 935 213	1 222 275	(171 153)	6 986 335	410 608	(196 012)	(3 493 168)	3 707 763
Statement of financial position								
Consolidated total assets	19 718 533	9 316 287	1 171 888	30 206 708	1 648 633	709 520	(15 103 354)	17 461 507
Other information								
Depreciation and amortisation	1 048 007	321 157	162 519	1 531 683	14 256	42 192	(748 517)	839 614
Impairment charges	138 313	–	–	138 313	–	34 880	(69 157)	104 037
Taxation	2 405 205	237 771	(58 447)	2 584 529	237 352	8 076	(1 292 265)	1 537 692
Capital expenditure	3 339 900	885 760	291 752	4 517 412	9 084	52 709	(2 258 706)	2 320 499

31 Segmental information (continued)

Geographical information

Geographical segment by location of customers

An analysis of the geographical locations to which product is supplied is set out below:

	Group revenue by segment 2013 R'000	Group revenue by segment 2012 R'000
Customers by locations		
Far East	**16 812 336**	18 782 378
Europe	**3 589 145**	1 942 891
USA	**1 962 362**	1 971 643
Other – foreign	**989 787**	92 434
South Africa	**3 486 494**	2 283 614
Subtotal[2]	**26 820 124**	25 072 960
Eliminated on proportionate consolidation of the income statement[1]	**(12 644 949)**	(11 460 229)
Per income statement	**14 175 175**	13 612 731

Notes

[1] *The revenue of Assmang, which is proportionately consolidated (refer note 30), is reflected at 100%, with 50% eliminated upon its proportionate consolidation.*

[2] *Included in the sub-total of revenue for 2012 is revenue from one iron ore customer amounting to R2 304 million. There were no individual customers whose contribution to revenue exceeded 10% of the total, as consolidated, in the current year.*

Segmental analysis has not been provided with regard to capital expenditure as 99,99% 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 similar terms and conditions to third parties.

The following entities were identified as related parties to the group:

		2013 R'000	2012 R'000
African Mining and Trust Company Limited (AMT)	Subsidiary company		
African Rainbow Minerals Limited (ARM)	Joint-venture partner		
Assmang Limited (Assmang)	Joint-venture company		
Minerais US LLC (shareholding: 51% (2012:51%) (Minerais))	Subsidiary company		
Ore & Metal Company Limited (Ore & Metal)	Subsidiary company		
Rustenburg Minerals Development Company Proprietary Limited (Shareholding: 56% (2012: 56%) (Rustenburg Minerals))	Subsidiary company		
Sumitomo Corporation (Sumitomo)	Investor in ultimate holding company		
The following significant related-party transactions occurred during the year:			
AMT	Commissions received from Assmang Limited	**196 156**	172 990
African Rainbow Minerals Limited	Commissions paid by Ore & Metal	**72 602**	65 172
	Management fees paid by joint-venture company	**282 588**	261 826
Minerais US LLC	Commissions received from Assmang Limited	**29 470**	26 692
Ore & Metal	Commissions received from Assmang Limited	**238 026**	211 620
Rustenburg Minerals	Management fees paid to AMT	**5 098**	6 256
Sumitomo	Commissions paid by Ore & Metal	**299 188**	296 864
Key management personnel – holding company	Remuneration (refer "Directors' report")	**1 221**	1 061
– subsidiary companies	Remuneration	**168 025**	129 002
	Post-employment benefits	**8 288**	7 832
Amounts payable to/receivable from related parties at end of year:			
Ore & Metal	Amounts payable to Assmang	**233 315**	110 770
Assmang	Amounts receivable from Ore & Metal	**73 558**	36 248
Minerais	Amounts receivable from Ore & Metal	**32 921**	40 999
Sumitomo	Amounts payable to Ore & Metal	**49 267**	5 587

33 Retirement benefit information

33.1 Pensions

Assore Limited is a holding company which operates through its various subsidiary and joint-venture companies and, as such, does not have any employees.

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

Subsidiary companies

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 was performed as at 1 July 2011 and revealed a 94,6% funding level. An interim check was performed for funding purposes as at 30 June 2013, which revealed a 103,4% funding level (2012: 95,5%). The financial position of the fund at these dates is set out below:

	2013 R'000	2012 R'000
Change in defined benefit obligation		
Benefit obligation at beginning of year	**331 136**	270 496
Movements during the year:		
Current service cost	**27 531**	21 653
Interest cost	**28 478**	27 374
Actuarial (gain)/loss – experience	**(3 238)**	(4 769)
Actuarial (gain)/loss – assumptions	**19 017**	20 741
Benefits paid	**(37 917)**	(4 359)
Benefit obligation at end of year	**365 007**	331 136
Change in plan assets		
Fair value of plan assets at beginning of year	**316 343**	247 322
Movements during the year:		
Expected return on plan assets	**27 205**	22 506
Actuarial gain/(loss) on plan assets – experience and assumptions	**41 036**	(773)
Employer contribution	**23 697**	45 156
Employees' contributions	**6 958**	6 491
Benefits paid	**(37 917)**	(4 359)
Fair value of plan assets at end of year	**377 322**	316 343
Net funded/(unfunded) position – unrecognised	**12 315**	(14 793)
Unrecognised actuarial (gains)/losses	**(12 315)**	14 793
Components of periodic expense		
Current service cost	**27 531**	21 653
Interest cost	**28 478**	27 374
Expected return on plan assets	**(27 205)**	(22 506)
Amortisation of actuarial loss	**1 851**	25 126
Net pension cost	**30 655**	51 647
Plan assets invested as follows:		
	%	%
Equity securities	**70**	70
Debt securities	**20**	21
Property	**2**	–
Other (cash, cash awaiting investment and bank account)	**8**	9
	100	100

33 Retirement benefit information (continued)

33.1 Pensions (continued)

Defined benefit – Assore Pension Fund (continued)

	2013 R'000	2012 R'000
Other information		
Expected contributions next year	**35 000**	53 000
Experience adjustments on plan liabilities	**3 238**	4 769
Actual return on assets	**27 205**	21 733

Actuarial assumptions

The principal actuarial assumptions for the valuations include:

	%	%
Expected return on plan assets	**8,60**	8,60
Post-retirement interest rate	**3,80**	3,80
Price inflation rate	**6,70**	6,40
Salary inflation rate	**7,70**	7,40
Pension increases	**5,00**	4,80

Other assumptions

Active mortality – Nil.

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

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

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

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

Since the unrecognised gains equal the net unfunded position, no pension fund asset has been recognised. Contributions to the fund by the group have been expensed accordingly.

Defined contribution fund

The group and employees contribute 10% and 5% of the umbrella fund respectively. Contributions for the year amounted to R3,5 million (2012: R3,0 million) and the value of the fund amounted to R17,5 million (2012: R13,0 million) at year-end.

Joint-venture entity

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.

Contributions to the funds are 15,0% of payroll, split on an agreed basis between members and the employer.

The amount expensed as employer contributions to the fund in the current year was R66,2 million (2012: R58,4 million).

33 Retirement benefit information (continued)

33.2 Medical aid

Subsidiary companies

The group contributes 50% of the medical aid contributions due by employees which are expensed and R4,8 million (2012: R4,4 million) was expensed in this regard during the financial year.

Agreement has been reached with the pensioners and applicable members of staff in terms of historic obligations to fund medical aid contributions post-retirement have been converted to either purchased annuities or a series of lump sum payments into the defined 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.

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:

	2013 R'000	2012 R'000
Current service cost	**348**	552
Interest cost on benefit obligation	**2 275**	2 277
Benefits paid	**(605)**	(951)
Net actuarial loss recognised	**–**	1 320
Net benefit movement for the year	**2 018**	3 198

Sensitivity of the obligation to changes in the inflation rate at 30 June 2013:

	Service cost		Interest cost		Accrued liability	
	R'000	% change	R'000	% change	R'000	% change
1% increase	671	22,6	2 603	15,3	30 885	14,8
1% decrease	448	(17,8)	1 972	(12,4)	23 648	(12 1)

The adequacy for contribution payments is assessed periodically by an independent actuarial survey based on the following principal actuarial assumptions:
– a net discount rate of 1,00% (2012: 1,0%) per annum;
– an increase in healthcare costs at a rate of 8,51% (2012: 8,51%) per annum.

The liabilities raised are based on the present values of the post-retirement benefits and have been recognised in full. The most recent actuarial valuation was conducted on 30 June 2012 for the year ended 30 June 2012.

The provisions raised in respect of post-retirement healthcare benefits at the end of the year amounted to R28,9 million (2012: R26,9 million). As shown above,an amount of R2,0 million (2012: R3,2 million) was charged to the income statement in the current year, in accordance with the obligation.

Medical aid contributions paid on behalf of current members of staff and pensioners by the joint-venture entity during the year amounted to R95,8 million (2012: R82,7 million).

Company financial statements

Company financial statements

Company statement of financial position

AS AT 30 JUNE 2013

	Note	2013 R'000	2012 R'000
ASSETS			
Non-current assets			
Investment in group companies	1	**470 592**	470 592
Available-for-sale investments	2	**178 555**	239 458
Loans to group companies	1	**4 871 106**	4 930 610
		5 520 253	5 640 660
Current assets			
Other receivables		**158 312**	74 346
Cash resources		**409 890**	241 409
		568 202	315 755
Total assets		**6 088 455**	5 956 415
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	3	**698**	698
Share premium	4	**264 092**	264 092
Retained earnings		**3 862 985**	2 920 812
Other reserves	5	**16 749**	58 871
Total equity		**4 144 524**	3 244 473
Non-current liabilities			
Loans from group companies	1	**1 078 041**	1 078 041
Long-term borrowings	7	**846 100**	1 596 100
Deferred taxation	6	**3 839**	13 495
		1 927 980	2 687 636
Current liabilities			
Other payables		**14 347**	19 959
Taxation		**1 604**	4 347
		15 951	24 306
Total equity and liabilities		**6 088 455**	5 956 415

Company income statement

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 R'000	2012 R'000
Revenue	8	**1 788 923**	1 191 975
Profit on disposal of available-for-sale investments		**27 850**	472 200
Income from investments		**1 788 918**	1 191 975
Discount on redemption of preference shares		**–**	5 200
Other income		**6**	30 727
Administrative expenses		**(3 034)**	(17 352)
Finance costs		**(88 794)**	(50 179)
Profit before taxation	9	**1 724 946**	1 632 571
Taxation	10	**14 934**	77 454
Profit for the year		**1 710 012**	1 555 117
Dividends declared per share (cents)	11	**550**	500

Company statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2013

	2013 R'000	2012 R'000
Profit for the year (as above)	**1 710 012**	1 555 117
Items that may be reclassified into the income statement dependent on the outcome of a future event	**(42 122)**	(396 140)
Reclassification of profit on disposal of available-for-sale investments included in the income statement, previously recognised as a fair value gain in comprehensive income	**(22 657)**	(406 092)
Profit on disposal (as above)	**(27 850)**	(472 200)
Capital gains tax thereon	**5 193**	66 108
(Loss)/gain on revaluation to market value of available-for-sale investments, after taxation	**(19 465)**	9 952
(Loss)/gain on revaluation (refer note 3)	**(23 928)**	15 734
Deferred capital gains tax thereon	**4 463**	(5 782)
Total comprehensive income for the year, net of tax	**1 667 890**	1 158 977

Company statement of cash flow

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 R'000	2012 R'000
Cash retained from operating activities		**822 002**	299 526
Cash generated by operating activities		**1 665 985**	1 061 774
Cash utilised in operations	12.1	**(3 033)**	(17 352)
Investment income	12.2	**1 758 951**	1 162 405
Movements in working capital	12.3	**(89 933)**	(83 279)
Interest income		**29 972**	29 570
Finance costs		**(88 794)**	(19 452)
Taxation paid	12.4	**(17 677)**	(74 671)
Dividends paid	12.5	**(767 484)**	(697 695)
Cash utilised in investing activities			
Proceeds on disposal of available-for-sale investments	12.6	**36 975**	663 650
Cash generated by/(utilised by) financing activities		**(690 496)**	(741 964)
Preference shares issued		**–**	2 310 000
Preference shares redeemed		**(750 000)**	(708 700)
Net movement in group company balances		**59 504**	(2 343 264)
Cash resources			
– increase for the year		**168 481**	221 212
– at beginning of year		**241 409**	20 197
– at end of year		**409 890**	241 409

Company statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2013

	2013 R'000	2012 R'000
Share capital		
Balance at beginning and end of year	**698**	698
Share premium		
Balance at beginning and end of year	**264 092**	264 092
Other reserves		
Balance at beginning of year	**58 871**	455 011
Other comprehensive losses for the year	**(42 122)**	(396 140)
Balance at end of year	**16 749**	58 871
Retained earnings		
Balance at beginning of year	**2 920 812**	2 063 731
Profit for the year	**1 710 012**	1 555 117
Ordinary dividends declared during the year		
Final dividend No 111 of 300 cents (2012: 250 cents) per share – declared on 31 August 2012	**(418 821)**	(349 018)
Interim dividend No 112 of 250 cents (2012: 250 cents) per share – declared on 12 February 2013	**(349 018)**	(349 018)
Balance at end of year	**3 862 985**	2 920 812
Share capital and reserves at year-end per statement of financial position	**4 144 524**	3 244 473

Notes to the company financial statements

FOR THE YEAR ENDED 30 JUNE 2013

		2013 R'000	2012 R'000
1	**Investment in group companies**		
	Joint-venture entity (refer below)	**468 153**	468 153
	Subsidiary companies (refer below)	**2 439**	2 439
		470 592	470 592
	Investment in joint-venture entity		
	Assmang Limited		
	1 774 103 (2012: 1 774 103) ordinary shares at cost	**468 153**	468 153
	Directors' valuation	**44 674 240**	41 728 532
	Investment in subsidiary companies (refer note 13)		
	Shares at cost	**2 439**	2 439
	Amounts due by/(to) subsidiary companies		
	Loan accounts receivable	**4 871 106**	4 930 610
	Loan accounts payable	**(1 078 041)**	(1 078 041)
		3 793 065	3 852 569
	Loan accounts receivable include cumulative redeemable preference shares in the amount of R4 285 million (2012: R4 336 million), issued to special-purpose vehicles (SPVs), recognised as subsidiary companies, which have dividend rates of 75% (2012: 75%) of the prime interest overdraft rate, published by the Standard Bank of South Africa Limited, and have no fixed terms of redemption. The remainder of loan accounts receivable and all loan accounts payable are interest-free with no fixed terms of repayment. The SPVs cannot demand repayment within the next 12 months.		
2	**Available-for-sale investments**		
	Listed – at market value		
	– balance at beginning of year	**239 333**	887 249
	– disposals at carrying value	**(36 975)**	(663 650)
	– fair value adjustment	**(23 928)**	15 734
	– balance at end of year	**178 430**	239 333
	Unlisted – at cost and directors' valuation	**125**	125
		178 555	239 458
	Listed – at cost	**157 842**	166 967
	Fair value adjustment transferred to other reserves (refer note 5)	**20 588**	72 366
	As above	**178 430**	239 333
3	**Share capital**		
	Authorised		
	200 000 000 (2012: 200 000 000) ordinary shares of 0,5 cents each	**1 000**	1 000
	Issued		
	Balance at beginning and end of year		
	139 607 000 ordinary shares of 0,5 cents each	**698**	698
4	**Share premium**		
	Balance at beginning and end of year	**264 092**	264 092
5	**Other reserves**		
	Surplus on the revaluation to fair value of available-for-sale investments (per note 2)	**20 588**	72 366
	Less: Deferred capital gains taxation thereon	**(3 839)**	(13 495)
		16 749	58 871

			2013 R'000	2012 R'000
6	**Deferred taxation**			
	Balance at beginning of year		**13 495**	73 821
	Arising on the revaluation of available-for-sale investments at year-end (refer note 5)		**(9 656)**	(60 326)
	Balance at end of year		**3 839**	13 495
7	**Long-term borrowings**			
	23 100 unsecured redeemable preference shares of R100 000 each issued to the Standard Bank of South Africa Limited (SBSA) with dividends payable half-yearly at 75% of the prime lending rate published by SBSA			
	Unredeemed at beginning of year		**1 596 100**	–
	Issued on 24 February 2012			2 310 000
	Voluntary redemptions during the year:			
	26 March 2012 – 2 139 shares at a discount of R5 200 000			(213 900)
	25 June 2012 – 5 000 shares			(500 000)
	12 March 2013 – 7 500 shares		**(750 000)**	
	Unredeemed at end of year 8 461 (2012: 15 961 shares)		**846 100**	1 596 100
	Redeemable at least by the following dates:	R'000		
	24 February 2016	384 100		
	24 February 2017	462 000		
		846 100		
	Dividends paid on the preference shares during the year were as follows			
	In April		**20 884**	15 918
	In October		**65 581**	–
			86 475	15 918
8	**Revenue**			
	Revenue comprises:			
	Dividends received		**1 758 951**	1 162 405
	Interest received		**29 972**	29 570
			1 788 923	1 191 975
9	**Profit before taxation**			
	Profit before taxation is stated after taking into account the following items of income and expenditure:			
	Income			
	Dividends received		**1 758 952**	1 162 405
	Ordinary dividends			
	– joint-venture entity		**1 500 000**	1 000 000
	– available-for-sale investments – listed		**7 916**	26 140
	– unlisted		**21**	15
	Preference dividends			
	– Main Street 350 Proprietary Limited (RF)		**105 650**	69 180
	– Main Street 460 Proprietary Limited (RF)		**145 365**	67 070
	Interest received		**29 972**	29 570
	Expenditure			
	Auditors' remuneration – audit fees		**120**	111
	Directors' remuneration		**102 426**	76 296
	– directors' fees		**1 221**	918
	– other services		**101 205**	75 378
	Finance costs – preference share dividends paid and accrued		**88 794**	50 179

		2013 R'000	2012 R'000
10	**Taxation**		
	South African normal tax		
	– current year	**6 615**	9 721
	Capital gains tax	**5 194**	66 108
	Securities transfer tax	**3 125**	1 625
		14 934	77 454
	Reconciliation of tax rate (%)		
	Statutory tax rate	**28,00**	28,00
	Adjusted for:		
	Dividend income	**(28,55)**	(19,94)
	Exempt income	**(0,23)**	(4,05)
	Disallowable expenditure	**1,44**	0,86
	Capital gains tax on disposal of available-for-sale investments	**0,15**	0,03
	Securities transfer tax	**0,18**	–
	Secondary tax on companies	**–**	1,14
	Other	**(0,12)**	(1,30)
	Effective tax rate	**0,87**	4,74
11	**Dividends**		
	Dividends declared during the year		
	Final dividend No 111 of 300 cents (2012: 250 cents) per share – declared on 31 August 2012	**418 821**	349 018
	Interim dividend No 112 of 250 cents (2012: 250 cents) per share – declared on 12 February 2013	**349 018**	349 018
		767 839	698 036
	Per share (cents)	**550**	500
	Dividends relating to the activities of the group for the year under review		
	Interim dividend No 112 of 250 cents (2012: 250 cents) per share – declared on 12 February 2013	**349 018**	349 018
	Final dividend No 113 of 350 cents (2012: 300 cents) per share – declared on 27 August 2013	**488 625**	418 821
		837 643	767 839
	Per share (cents)	**600**	550

		2013 R'000	2012 R'000
12	**Notes to the statement of cash flow**		
12.1	**Cash utilised in operations**		
	Profit before taxation	**1 724 946**	1 632 571
	Adjusted for:	**(1 727 979)**	(1 649 923)
	– dividends received	**(1 758 951)**	(1 162 405)
	– interest received	**(29 972)**	(29 570)
	– profit on disposal of available-for-sale investments	**(27 850)**	(472 200)
	– discount on redemption of preference shares	**–**	(5 200)
	– other income	**–**	(30 727)
	– finance costs	**88 794**	50 179
		(3 033)	(17 352)
12.2	**Investment income**		
	Dividends received (refer note 9)	**1 758 951**	1 162 405
12.3	**Movements in working capital**		
	Increase in other receivables	**(83 966)**	(56 865)
	Increase in amounts owing by group companies	**–**	(14 598)
	Decrease in other payables (excluding unpaid dividends)	**(5 967)**	(11 816)
		(89 933)	(83 279)
12.4	**Taxation paid**		
	Unpaid at beginning of year	**(4 347)**	(1 564)
	Charged to the income statement	**(14 934)**	(77 454)
	Unpaid at end of year	**1 604**	4 347
		(17 677)	(74 671)
12.5	**Dividends paid**		
	Unpaid at beginning of year	**(912)**	(571)
	Declared during the year	**(767 839)**	(698 036)
	Unpaid at end of year	**1 267**	912
		(767 484)	(697 695)
12.6	**Proceeds on disposal of available-for-sale investments**		
	Comprises:		
	Cost at acquisition	**9 125**	191 450
	Profit on disposal (refer note 12.1)	**27 850**	472 200
		36 975	663 650

		Issued share capital 2013/2012 R	Direct interest in share capital 2013/2012 %	Shares at cost 2013 R'000	Shares at cost 2012 R'000	Amounts due from/(to) subsidiary companies 2013 R'000	Amounts due from/(to) subsidiary companies 2012 R'000
13	**Interest of the 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	**(8 634)**	–
	Ceramox Proprietary Limited(D)	100	100	**1 124**	1 124	**–**	–
	Erf 1263 Parkview Extension 1 Proprietary Limited	1	100	**–**	–	**–**	–
	Erven 27 and 28 Illovo Proprietary Limited	100	100	**–**	–	**–**	–
	Erven 40 and 41 Illovo Proprietary Limited	100	100	**–**	–	**–**	–
	General Nominees Proprietary Limited(D)	4	100	**–**	–	**–**	–
	Group Line Projects Proprietary Limited(D)	100	100	**36 228**	36 228		
	Icermax Proprietary Limited	–	51	**–**	–	**–**	–
	Main Street 350 Proprietary Limited (RF)	99	49	**–**	–	**2 029 740**	2 080 610
	Main Street 460 Proprietary Limited (RF)	–	–	**–**	–	**–**	–
	Main Street 904 Proprietary Limited (RF)	28 500	–	**–**	–	**2 850 000**	2 850 000
	Minerais Holdings Proprietary Limited	100	100	**10 887**	10 887	**–**	–
	Ore & Metal Company Limited	100 000	100	**105**	105	**(1 078 041)**	(1 078 041)
	Rustenburg Minerals Development Company Proprietary Limited	232 143	56	**232 143**	232 143	**–**	–
	Wonderstone Limited	10 000	100	**10**	10	**–**	–
	Wonderstone 1937 Limited(D)	45 940	100	**35**	35	**–**	–
	Xertech Proprietary Limited	100	100	**–**	–	**–**	–
	Zeerust Chrome Mines Limited	1 300 000	100	**1 114**	1 114	**–**	–
	Incorporated in Namibia						
	Krantzberg Mines Limited	500 000	100	**–**	–	**–**	–
	Incorporated in United States of America						
	Minerais U.S. LLC	17 756 100	51	**11 418**	11 418	**–**	–
				294 264	294 264	**3 793 065**	3 852 569
	Less – held indirectly			**(290 711)**	(290 711)	**–**	–
	– provided against			**(1 114)**	(1 114)	**–**	–
	Per note 1			**2 439**	2 439	**3 793 065**	3 852 569

(D) Dormant companies

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 has delegated its responsibility to the Executive Committee, which is responsible for the development and monitoring of risk management policies within the company. The committee meets on an ad hoc basis and regularly report 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 all counterparties;
– 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 concentration of credit risk

The carrying value of financial assets represents the maximum credit exposure at the reporting date and the following table indicates various concentrations of credit risk for assets recognised in the statement of financial position:

	2013 R'000	2012 R'000
Loans to group companies	**4 871 106**	4 930 610
Cash resources	**409 890**	241 409
Other receivables – local	**158 312**	74 346

Ageing

Aged as follows:

	2013		2012	
	Receivables not impaired R'000	**Carrying value R'000**	Receivables not impaired R'000	Carrying value R'000
Not past due, nor impaired	**158 312**	**158 312**	74 346	74 346

Other receivables

Other receivables are unsecured and overdue amounts are individually assessed for impairment at year-end.

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).

The borrowing capacity of the company is determined by its Memorandum of Incorporation in terms of which there is no restriction imposed on the borrowing powers.

Exposure to liquidity risk

The following are the cash flows of the company's financial assets and liabilities at year-end as determined by contractual maturity date including interest receipts and payments.

	Carrying amount R'000	Total expected cash flows R'000	Contractual maturity date: 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
2013						
Financial assets						
Investment in group companies	**470 592**	**470 592**	–	–	–	**470 592**
Available-for-sale investments	**178 555**	**178 555**	–	–	–	**178 555**
Loans to group companies	**4 871 106**	**4 871 106**	–	–	–	**4 871 106**
Other receivables	**158 312**	**158 312**	**158 312**	–	–	–
Cash resources	**409 890**	**409 890**	**409 890**	–	–	–
	6 088 455	**6 088 455**	**568 202**	–	–	**5 520 253**
Financial liabilities						
Preference shares issued	**846 100**	**973 549**	–	**27 710**	**945 839**	–
Loans from group companies	**1 078 041**	**1 078 041**	–	–	–	**1 078 041**
Other payables	**14 347**	**14 347**	**14 347**	–	–	–
Guarantees	**497 755**	**497 755**	**497 755**	–	–	–
	2 436 243	**2 563 692**	**642 102**	**27 710**	**945 839**	**1 078 041**
2012						
Financial assets						
Investment in group companies	274 058	274 058	–	–	–	274 058
Available-for-sale investments	106 665	106 665	–	–	–	106 665
Loans to group companies	4 930 610	4 930 610	–	–	–	4 930 610
Other receivables	74 346	74 346	74 346	–	–	–
Cash resources	241 409	241 409	241 409	–	–	–
	5 627 088	5 627 088	315 755	–	–	5 311 333
Financial liabilities						
Preference shares issued	1 596 100	1 956 795	–	102 752	1 854 043	–
Loans from group companies	1 078 041	1 078 041	–	–	–	1 078 041
Other payables	19 959	19 959	19 959	–	–	–
Guarantees	415 260	415 260	415 260	–	–	–
	3 109 360	1 513 260	435 219	102 752	1 854 043	1 078 041

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 board on a quarterly basis.

14 Financial risk management (continued)

14.3 Market risk (continued)

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:

	2013 R'000	2012 R'000
Variable rate instruments		
Liabilities		
Preference shares (included in long-term borrowings, refer note 7)	**846 100**	1 596 100
Assets		
Cash and cash equivalents	**409 890**	241 409
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.	**4 231**	7 981

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

Equity price risk

The group's listed and unlisted investments are susceptible to market price risk arising from uncertainties about future value of the investment. The group manages the equity price risk through monitoring developments in the mining and metal industries. The executive directors of the board review and approve all equity investments decisions.

At the reporting date, the exposure to listed investments at fair value was R178,5 million (2012: R239,3 million). A decrease of 1% on the relevant market index would have an impact of approximately R1,8 million (2012: R2,4 million) on comprehensive income attributable to the group, depending on whether or not the decline is significant or prolonged. An increase of 1% in the value of the listed investments would only impact equity, but would not have an effect on profit or loss.

	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
15 Fair value of financial assets and liabilities							
The categorisation of each class of financial asset and liability, including their fair values, are included below:							
2013							
Financial assets							
Investment in group companies	1	**–**	**–**	**–**	**470 592**	**470 592**	**470 592**
Available-for-sale investments	2	**178 430**	**–**	**–**	**125**	**178 555**	**178 555**
Loans to group companies		**–**	**4 871 106**	**–**	**–**	**4 871 106**	**4 871 106**
Other receivables		**–**	**158 312**	**–**	**–**	**158 312**	**158 312**
Cash resources		**–**	**409 890**	**–**	**–**	**409 890**	**409 890**
		178 430	**5 439 308**	**–**	**470 717**	**6 088 455**	**6 088 455**
Financial liabilities							
Preference shares issued		**–**	**–**	**846 100**		**846 100**	**846 100**
Loans from group companies		**–**	**1 078 041**	**–**		**1 078 041**	**1 078 041**
Other payables		**–**	**–**	**14 347**		**14 347**	**14 347**
		–	**1 078 041**	**860 447**		**1 938 488**	**1 938 488**
2012							
Financial assets							
Investment in group companies	1	–		–	470 592	470 592	470 592
Available-for-sale investments	2	239 333		–	125	239 458	239 458
Loans to group companies			4 930 610	–		4 930 610	4 930 610
Other receivables			74 346	–		74 346	74 346
Cash resources			241 409	–		241 409	241 409
		239 333	5 246 365	–	470 717	5 956 415	5 956 415
Financial liabilities							
Preference shares issued		–	–	1 596 100		1 596 100	1 596 100
Loans from group companies			1 078 041	–		1 078 041	1 078 041
Other payables			–	19 959		19 959	19 959
		–	1 078 041	1 616 059		2 694 100	2 694 100

Determination of fair values

Quoted market prices at reporting date have been used to determine the fair value of loan and receivables and interest-bearing borrowings. 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 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 and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	2013 R'000	2012 R'000
Available-for-sale investments as above measured at level 1	**178 430**	239 333

16 Capital management

The company holds interests in companies that own mineral rights over resources with remaining lives 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 total equity. 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 group's approach to capital management during the year.

	2013 R'000	2012 R'000
17 Contingent liabilities		
Guarantees		
Guarantees issued to bankers as security for facilities provided to subsidiary companies	**497 755**	415 260

The company holds a back-to-back guarantee of R180 million (2012: R180 million) issued by the joint-venture entity in respect of claims made in terms of the abovementioned guarantees.

18 Related-party transactions

Transactions with related parties are concluded at arm's length and under similar terms and conditions to third parties.

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

	2013 R'000	2012 R'000
Management fees paid to subsidiary company	**137**	137
Dividends received from joint-venture entity	**1 500 000**	1 000 000
Preference dividends received from subsidiary companies	**251 015**	136 250

Appendix

Accounting policies

1 Basis of preparation

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

1.1 Statement of compliance

The financial statements of the group and company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards, as adopted by the International Accounting Standards Board (IASB), the South African Companies Act 71 of 2008, the JSE Listings Requirements, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee.

1.2 Changes in accounting policies

The following revisions and amendments to IFRS were adopted during the year:

- IAS 1 (Amendment) *Presentation of items of other comprehensive Income*
- IAS 12 (Amendment) *Deferred taxes: Recovery of underlying assets*

There were no significant changes to the group's results or disclosures, pursuant to the abovementioned adoptions.

In addition to the above changes, a set of Improvements to IFRS issued by the IASB in May 2012 became effective for the group on 1 June 2013. It is expected that implementation of these improvements will not have any significant impact on the results or disclosures of the group.

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	Anticipated impact
IAS 19	*Employee Benefits (Revised)*	January 2013	The "corridor approach" currently allowed as an alternative basis in IAS 19 for the recognition of actuarial gains and losses on defined benefit plans has been removed. Actuarial gains and losses in respect of defined benefit plans will be recognised in other comprehensive income when they occur. For defined benefit plans, the amounts recorded in profit and loss are limited to current and past service costs, gains and losses on settlements and interest income/expenses. The distinction between short-term and other long-term benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits. In many instances this is expected to have a significant impact on the manner in which leave pay and similar liabilities are currently classified. The group is in the process of determining the impact of the standard on its results or disclosures.
IAS 27	*Separate Financial Statements (consequential revision due to the issue of IFRS 10)*	January 2013	IAS 27, as revised, is limited to the accounting for investments in subsidiaries, joint ventures and associates in the separate financial statements of the investor. The group does not expect this amendment to have a material effect on its results or disclosures.

IFRS and IFRIC interpretations not yet effective (continued)

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	Anticipated impact
IAS 28	*Investments in Associates and Joint Ventures (consequential revision due to the issue of IFRS 10 and 11)*	January 2013	The revised standard caters for consequential changes upon the introduction of IFRS 11 (refer "IFRS 11" below). The group is in the process of determining the impact of the standard on its results or disclosures.
IAS 32	*Offsetting Financial Assets and Liabilities (Amendments)*	January 2014	Clarifies the meaning of the entity currently having a legally enforceable right to set off financial assets and financial liabilities as well as the application of IAS 32 offsetting criteria to settlement systems (such as clearing houses). The group is in the process of determining the impact of the standard on its results.
IAS 36	*Impairment of assets – Disclosure requirements for the recoverable amount of impaired assets*	January 2014	The amendments clarify the IASB's original intention, that the scope of the disclosure requirements is limited to the recoverable amount of the impaired assets, if the recoverable amount is based on the fair value less costs of the disposal. The group is in the process of determining the impact of the standard on its results.
IFRS 7	*Offsetting Financial Assets and Liabilities (Amendments)*	January 2013	Requirements for additional disclosures relating to the offset of financial assets and financial liabilities. The group is in the process of determining the impact of the standard on its disclosures.
IFRS 9	*Financial Instruments*	January 2015	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. Phase 1 of this project addresses the classification and measurement of financial instruments. The required accounting is as follows: Financial assets: – All financial assets are initially measured at fair value; – Subsequent measurement of debt instruments is only at amortised cost if the instrument meets the requirements of the "business model test" and the "characteristics of financial asset test"; – All other debt instruments are subsequently measured at fair value; – All equity investments are subsequently measured at fair value either through OCI or profit and loss; and – Embedded derivatives contained in non-derivative host contracts are not separately recognised. Unless the hybrid contract qualifies for amortised cost accounting, the entire instrument is subsequently recognised at fair value through profit and loss. Financial liabilities: – For liabilities designated as being measured at fair value through profit and loss, the change in the fair value of the liability attributable to changes in credit risk is presented in OCI. The remainder of the change in fair value is presented in profit and loss; and – All other classification and measurement requirements in IAS 39 have been carried forward into IFRS 9. The group is in the process of determining the impact of the standard on its results.

IFRS and IFRIC interpretations not yet effective (continued)

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	Anticipated impact
IFRS 9, IFRS 7	*Mandatory effective date and transition disclosures (Amendments to IFRS 9 and IFRS 7)*	January 2015	The amendment to IFRS 9 changes the mandatory effective date for IFRS 9 to 1 January 2015. The amendments to IFRS 7 will depend on the effective adoption date of IFRS 9 and will affect the extent of comparative information required to be disclosed. The group is in the process of determining the impact of the standard on its results.
IFRS 10	*Consolidated Financial Statements*	January 2013	Includes a new definition of control which is used to determine which entities will be consolidated. This will apply to all entities, including special-purpose entities (structured entities). IFRS 10 will require management to exercise significant judgement in determining which entities are controlled and therefore consolidated, and may result in a change to the way in which the entities within a group are consolidated. The group is in the process of determining the impact of the standard on its results.
IFRS 10	*Consolidated Financial Statements*	January 2014	The amendment provides an exception to the consolidation requirement for entities that meet the definition of investment entities. The amendment requires that investment entities, as defined, account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments*. The group is in the process of determining the impact of the standard on its results.
IFRS 11	*Joint Arrangements*	January 2013	IFRS 11 replaces IAS 31 *Interest in Joint Ventures* and SIC 13 *Jointly Controlled Entities – Non-monetary Contributions by Ventures*. IFRS 11 describes the accounting for a "joint arrangement", which is defined as a contractual arrangement over which two or more parties have joint control. Joint arrangements are classified as either joint operations or joint ventures. IFRS 11 provides a new definition of joint control, and substantially changes the accounting for certain joint arrangements. Jointly controlled assets and jointly controlled operations (as defined under IAS 31, which is currently applicable), are now termed as joint operations under IFRS 11, and the accounting of those arrangements will be the same under IAS 31. That is, the joint operator continues to recognise its assets, liabilities, revenues and expenses, and/or its relative share of those items, if any. Where proportionate consolidation was used to account for jointly controlled entities under IAS 31, such entities will most likely be classified as joint ventures under IFRS 11. The transition to IFRS 11 could result in substantial changes to the financial statements of the joint venturer (now defined as a party that has joint control in a joint venture); due to the requirement that joint ventures will be required to be accounted for using the equity method, in terms of IAS 28 – *Investments in Associates*, and that proportionate consolidation will no longer be permitted.

IFRS and IFRIC interpretations not yet effective (continued)

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	Anticipated impact
			Because the group is extensively invested in joint arrangements, the adoption of this standard will result in the basis of preparing the financial statements being significantly altered. The group is, however, in the process of determining the impact of the standard on its results.
IFRS 12	*Disclosures of Interests in Other Entities*	January 2013	Describes and includes all the disclosures that are required relating to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. Entities will be required to disclose the judgements made to determine whether it controls another entity. The group is in the process of determining the impact of the standard.
IFRS 10, 11 and 12	*Amendments to Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: transition guidance*	January 2013	The amendments to these standards changed the transition guidance to provide further relief from full retrospective application. The group is in the process of determining the impact of the standard.
IFRS 13	*Fair Value Measurement*	January 2013	Provides guidance on how to measure fair value of financial and non-financial assets and liabilities when fair value measurement is required or permitted by IFRS. The group is in the process of determining the impact of the standard on its results or disclosures.
IFRIC 21	*Levies*	January 2014	Provides clarity on the recognition of a liability in respect of levies imposed by government, distinguishing these amounts between absolute, cumulative and those incurred upon the triggering of certain thresholds. The group is in the process of determining the impact of the standard on its results.

Accounting policies

2 Significant accounting judgements and estimates

2.1 Judgements

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

Consolidation of special-purpose vehicles

The Boleng Trust and Fricker Road Trust (the trusts) are broad-based community trusts which are for the benefit of historically disadvantaged South Africans (HDSAs) as contemplated in the Mining Charter. The trusts are invested in special-purpose vehicles (SPVs) and because the SPVs are indebted to the group, the trusts and the SPVs have been consolidated in the group financial statements in order to comply with the requirements of IFRS and specifically SIC 12. The Assore Employee Trust is operated by the group, and because the SPV in which the trust is invested in, is indebted to the group, the trust has been consolidated into the group financial statements in accordance with SIC 12. Accordingly, all the Assore shares under the control of these trusts are accounted for as treasury shares (refer item 13).

2.2 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 listed below.

Project risk and exploration expenditure

In evaluating whether expenditures meet the criteria to be capitalised, the group utilises several different sources of information, including:

- the degree of certainty over the mineralisation of the orebody;
- commercial risks including but not limited to country risks; and
- prior exploration knowledge available about the target orebody, which reduce the level of risk associated with the capitalisation of this expenditure to an acceptable level.

Production stripping costs

The group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. Furthermore, during the production phase, stripping costs are incurred in the production of inventory as well as in the creation of future benefits by improving access and mining flexibility in respect of the orebodies to be mined, the latter being referred to as a stripping activity asset. Judgement is required to distinguish between the development and production activities at the surface mining operations.

The group is required to identify the separately identifiable components of the orebodies for each of its surface mining operations. Judgement is required to identify and define these components, and also to determine the expected volumes (tons) of waste to be stripped and ore to be mined in each of these components. These assessments may vary between mines because the assessments are undertaken for each individual mine and are based on a combination of information available in the mine plans, specific characteristics of the orebody, the milestones relating to major capital investment decisions and the type and grade of minerals being mined.

Judgement is also required to identify a suitable production measure that can be applied in the calculation and allocation of production stripping costs between inventory and the stripping activity asset. The group considers the ratio of expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the orebody, compared to the current period ratio of actual volume of waste to the volume of ore to be the most suitable measure of production.

These judgements and estimates are used to calculate and allocate the production stripping costs to inventory and/or the stripping activity asset(s). Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset(s).

Provisions for environmental rehabilitation

The group provides for the estimated costs of rehabilitation which include both restoration and decommissioning of associated assets. An environmental liability assessment is conducted by an independent adviser 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. Refer note 13 in the notes to the consolidated financial statements.

2 Significant accounting judgements and estimates (continued)

Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the group's mines, based on proven and probable ore reserves. The group estimates its ore reserves and mineral resources based on information compiled by appropriately qualified persons, relating to the geological data on the size, depth and shape of the orebody, and require complex geological judgements to interpret the data. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and mining assets in terms of depreciation charged and possible impairment. Refer note 1 in the notes to the consolidated financial statements.

Depreciation based on units of production

Costs related to the development and infrastructure of the mine to the stage when economically accessible reserves are to be extracted, are depreciated over the entire proven and probable reserves for the relevant mineral resource. Subsequent development and infrastructure costs incurred in accessing mineral resources are depreciated over the expected proven and probable reserves expected to be extracted for each phase of the planned mining activity, taking into account reasonably certain plans for ongoing economically feasible mining activity. Refer note 1 in the notes to the consolidated financial statements.

Impairment of non-financial assets

The group assesses each cash-generating unit annually to determine whether any indications of impairment exist. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered the higher of the fair value less cost to sell and value-in-use. These assessments require the use of estimates and assumptions such as commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted at an appropriate discount rate to determine the net present value. For the purpose of calculating the impairment of any asset, management regards an individual mine or works site as a cash-generating unit (refer note 20 in the notes to the consolidated financial statements).

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 intra-group transactions, have been eliminated on consolidation.

3.1 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.

Non-controlling interests (NCI) represent the portion of profit or loss and equity not held by the group which are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. The NCI is allocated its share of the total comprehensive income/losses for the period, even if that results in a deficit balance.

3.2 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 intra-group transactions and balances are eliminated on consolidation. The joint venture is proportionately consolidated from the date the group gains joint control until the date on which the group ceases to have joint control over the joint venture.

4 Property, plant and equipment and depreciation

4.1 General

Property, 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.

4 Property, plant and equipment and depreciation (continued)

4.1 General (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. When an item of plant and equipment comprises a number of significant components each with different useful lives, these components are recorded and depreciated as separate items. Expenditure incurred to replace or modify a significant component of plant is capitalised and any remaining book value of the original component is expensed in the income statement.

The costs of adding to, replacing part of, or servicing 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.

4.2 Production stripping costs

The capitalisation of pre-production stripping costs as part of mine development and decommissioning assets ceases when the mine is commissioned and ready for production.

Where the benefits of production stripping costs are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred, resulting in the creation of mining flexibility and improved access to orebodies to be mined in the future, the costs are recognised as a non-current asset. These are referred to as stripping activity assets, if:

- future economic benefits (being improved access to the orebody concerned) are probable;
- the component of the orebody for which access will be improved can be accurately identified; and
- the costs associated with the improved access can be reliably measured.

If these criteria are not met, the production stripping costs are charged to the income statement as operating costs.

The stripping activity asset is initially measured at cost, which consists of the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of the orebody and an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. In the event that the costs of the stripping activity asset and the inventory produced are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset.

The stripping activity asset is subsequently depreciated over the life of the identified component of the orebody that became more accessible as a result of the stripping activity. Based on proven and probable reserves, the units-of-production method is used to determine the expected useful life of the identified component of the orebody that became more accessible.

4.3 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 25 years. All exploration expenditures are expensed until they result in projects that are evaluated as being technically and commercially feasible and from which a future economic benefit stream is 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 identified project risk areas and which indicates by means of a prefeasibility 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 on a straight-line basis over a maximum period of 25 years.

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

Refer 12.1 for the decommissioning assets accounting policy.

Underground mine development includes all directly attributable development costs including those incurred prior to the commencement of stoping are capitalised when incurred.

4 Property, plant and equipment and depreciation (continued)

4.4 Depreciation

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

Mineral and prospecting rights

Mineral reserves, 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 5 and 25 years (being the remaining life of the mine), 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.

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 3 and 10 years
Office equipment, including information technology infrastructure	between 2 and 11 years

Leased assets

Leased assets are depreciated over the shorter of the lease term or the useful life of the assets leased.

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.

Mining development assets

Mining development assets are depreciated using the units-of-production method based on proven and probable ore reserves. The tons used to determine depreciation include all the proven and probable ore reserves that management expects to access within the respective phase. The proven and probable ore reserves of other phases are adjusted to include those reserves that management determines will be extracted from these areas that are to be developed (refer "2.2 Depreciation based on units of production"), once it has been determined that these other phases of mining will be undertaken.

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.

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.

6 Intangible assets

6.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the group elects whether it measures the non-controlling interest in the acquiree at either fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 as a change to profit and loss. If the consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate accounting standard per IFRS.

Goodwill is initially measured at cost being the excess of the consideration paid over the fair value of the identifiable assets acquired net of the liabilities assumed of the acquired entity. Following initial recognition, goodwill is measured at cost less any accumulated impairment charges. Goodwill is allocated to the CGU (cash-generating unit) to which it relates and is reviewed for impairment annually or more frequently if changes in circumstances indicate that the carrying value may be impaired based on future income streams of the CGU. Where goodwill has been allocated to a CGU and part of the operation in that unit is disposed of, the goodwill associated with the disposed part of the operation is included in its carrying amount when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed part of the operation of and the portion of the CGU retained.

6.2 Intangible assets other than goodwill

Intangible assets represent proprietary technical information. 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. Intangible assets with indefinite useful lives are not amortised.

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. Intangible assets with indefinite useful lives are not amortised, and are subjected to annual impairment reviews.

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.

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

7 Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that the carrying value of an asset or a CGU 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset/CGU 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 pre-tax 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/CGU.

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 re-estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognised, in which case the carrying amount of the asset/CGU 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/CGU 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.

8 Capitalisation of borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of major capital projects, which require 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.

9 Financial instruments

9.1 Recognition and measurement

The recognition and measurement of financial instruments depend on their classification as 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 of available-for-sale investments 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, 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 impairment amount is charged to the income statement when it arises.

Other non-current costs

Other non-current costs are recorded at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, but exclude any restricted cash that is not available for use by the group and therefore is not considered highly liquid.

Cash and cash equivalents are initially recognised at fair value and subsequently stated at amortised cost.

Preference shares, trade and other payables

Preference shares, trade and other payables are initially recognised at fair value, including any transaction costs directly associated with the borrowing, and subsequently stated at amortised cost, being the initial recognised obligation less any repayments made and any other adjustments plus interest accrued.

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.

9 Financial instruments (continued)

9.2 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. Derivative financial instruments 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.

9.3 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 has transferred substantially all the risks and rewards of the asset, or 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 expired. 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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

9.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

9.5 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 in respect of a financial asset, 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 reduced and the amount of the loss is recognised in the income statement.

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.

Available-for-sale investments

If an available-for-sale investment is impaired, an amount comprising the difference between its cost 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.

10 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.

11 Foreign currency translation

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

11.2 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.

11.3 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 after 1 January 2005 are treated as assets and liabilities of the acquired entity and are recorded at the exchange rate at the date of the transaction and are remeasured at the closing rate at each reporting date.

12 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 and disclosed as follows:

12.1 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.

12.2 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.

12.3 Ongoing rehabilitation costs

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

12.4 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 to the trust funds are determined in accordance with the estimated environmental obligation divided by the remaining life of a mine after taking into account bankers' guarantees in favour of the Department of Mineral Resources. Income earned on monies paid to the trust is accounted for as net investment income. The environmental trust funds are consolidated.

13 Treasury shares

Own equity instruments acquired are regarded as treasury shares and are accounted for 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, as these transactions are taken directly to equity.

14 Taxation

14.1 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. 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.

14.2 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.

14.3 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.

14.4 Secondary taxation on companies (STC)

Up until 31 March 2012 (on which date it was abolished), STC was 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.

14.5 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.

15 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 pre-tax 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. (Refer items 12.1 and 12.2.)

16 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 carrying 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.

17 Share-based payment transactions

Certain employees of the group are granted share appreciation rights, which are settled in cash (cash-settled transactions).

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. The fair value is expensed over the period until the vesting date with the recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense.

18 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". 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 defined benefit asset or liability comprises the present value of the defined benefit obligation less past service costs and actuarial gains and losses not yet recognised and less the fair value of plan assets out of which the obligations are to be settled. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

18 Post-employment benefits (continued)

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.

Contributions to all defined contribution funds are expensed in profit and loss when incurred.

19 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 in the statement of financial position but disclosed in the notes to the financial statements.

20 Definitions

Earnings and headline earnings per share

The calculation of earnings per share is based on net income after taxation and, 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 3/2012 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 statement of financial position.

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.

Corporate information

Directors

Executive directors
Desmond Sacco (Chairman)#
CJ Cory (Chief Executive Officer)
AD Stalker (Group Marketing Director)
BH van Aswegen (Group Technical and Operations Director)

Non-executive directors

EM Southey (Deputy Chairman and lead independent director)†*#
RJ Carpenter
S Mhlarhi†*
WF Urmson†*•#

Alternate director

PE Sacco (alternate to Desmond Sacco)

† Independent
* Member of the Audit and Risk Committee
• Member of the Social and Ethics Committee
Member of the Remuneration Committee

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Corporate information

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