

Contents

Overview	
Scope and boundary	IFC
Profile	1
Group at a glance	2
Location of markets and operations	4
Group timeline	6
Group structure	8
Assurance	9
Strategy and risk	
Strategic objectives	12
Business model	13
Risks and opportunities	14
Financial highlights	17
Future performance objectives	18
Remuneration	19
Review and reports	
Mineral Resources and Reserves summary	22
Chairman's statement	24
Board of directors	26
Operational review and commentary	28
Corporate governance and risk management report	32
Black economic empowerment status report	38
Group sustainability performance	42
Five-year summary	44
Financial statements	
Annual financial statements	48
Notice of Annual General Meeting	122
Form of proxy	127
Corporate information	IBC

Scope and boundary

The integrated annual report (IAR) of Assore Limited (Assore or group) covers the period 1 July 2015 to 30 June 2016.

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 2015 and 30 June 2016. The previous IAR covered the period 1 July 2014 to 30 June 2015. Where any restatements have been made to material disclosures in the previous IAR, these are explained within the relevant sections.

The entities reported on include the following:

- **Assore Limited (Assore)**
- **Assmang Proprietary Limited (Assmang), jointly controlled by Assore, 50% and African Rainbow Minerals Limited (ARM) 50%, accounted for on the equity accounting basis, 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);
 - Sakura Ferroalloys SDN BHD, Malaysia (ferromanganese and silico manganese smelters – Sakura Ferroalloys); and
 - Dwarsrivier Chrome Mine (Dwarsrivier), refer page 87 for details of Assore's acquisition of the remaining 50% of the mine from ARM, which was completed on 29 July 2016.

In addition to determining the strategy and monitoring 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 as a 50% partner (refer "Business model", page 13), with these activities being managed through:

- **Ore & Metal Company Limited (Ore & Metal), which conducts the marketing and distribution of Assmang's products, with marketing and trading taking place in the United States by Minerais U.S. LLC (Minerais); and**
 - **African Mining and Trust Company Limited's (AMT) operations which include:**
 - Wonderstone Limited (Wonderstone);
 - Head Office operations (Head Office), comprising the activities of those of AMT and Ore & Metal, where relevant;
 - Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals);
 - Zeerust Chrome Mines Limited (Zeerust);
- with the latter two of these operations having been placed on care and maintenance.

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	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 and 23, the complete Mineral Resources and Reserves report is located on the group's website under "Annual reports" in the "Investor centre"
Corporate governance and risk management	King Code on Corporate Governance, issued in September 2009 (King III)	Pages 32 to 37 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) and Codes of Good Practice, issued by the Department of Trade and Industry (dti)	Pages 38 to 40
Sustainability	Various relevant guidelines, as well as those contained in the Global Reporting Initiative (GRI) G3 indicators	Page 42, throughout and the complete sustainability report, located on the group's website under "Annual reports" in the "Investor centre"
Annual financial statements	International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, South African Companies Act, as amended, and JSE Listings Requirements	Pages 48 to 121

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 Proprietary 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 Assore and Assmang groups, the bulk of which is exported and the remainder either used in the group's beneficiation processes or sold locally.

The company was incorporated in 1950 and its shares are listed on the JSE Securities 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 required that by 1 May 2014, 26% of mining companies' shares are controlled by historically disadvantaged South Africans.

Report feedback

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

This report is also available at

www.assore.com

Group at a glance

Joint-venture entity (Assmang)

Iron Ore division (refer page 28)	Manganese division (refer page 29)	Chrome division (refer page 30)
Iron ore	Manganese ore and alloys	Chrome ore
Type of operation <ul style="list-style-type: none"> – Mining, crushing, screening and jigging of run-of-mine ore and tertiary recovery of fine iron ore product 	Type of operation <ul style="list-style-type: none"> – Mining, crushing, washing and screening of ore – Smelting of ferromanganese – Production of refined ferromanganese 	Type of operation <ul style="list-style-type: none"> – Mining, crushing and concentrating of ore
Description <p>Iron ore is mined in the Northern Cape province 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.</p>	Description <p>Various grades of manganese ore are mined at the Nchwaning and Gloria mines, located in the Black Rock area of the Northern Cape province, and manganese alloys are produced at the Cato Ridge Works in KwaZulu-Natal. Cato Ridge Alloys, a joint venture with Japanese partners, produces refined ferromanganese at the Cato Ridge Works. Feed for the Cato Ridge Works is derived mainly from Assmang's manganese mines. The ore and alloy produced are both sold on the export market and locally.</p>	Description <p>Chrome ore is mined at the Dwarsrivier Chrome Mine in the Limpopo province, located near Steelpoort and Lydenburg. The ore produced is sold both on the export market and locally. With effect from 1 July 2016, Assore owned 100% of Dwarsrivier Chrome Mine (refer note 36 to the consolidated financial statements).</p>
Attributable profit	Attributable profit	Attributable profit
2016	2016	2016
R1 220,1 million (2015: R1 190,7 million)	R51,9 million (2015: R47,1 million)	R21,5 million (2015: R91,9 million)
Revenue generated*	Revenue generated*	Revenue generated*
2016	2016	2016
R6 266,3 million (2015: R6 311,2 million)	R3 333,1 million (2015: R3 576,2 million)	R946,9 million (2015: R899,4 million)

* Note that, in terms of International Financial Reporting Standards (IFRS), Assmang is accounted for on the equity accounting basis. Therefore, "Revenue generated", which is stated at 50% of its reported figure, as included in this analysis, does not form part of the group's reported revenue as reported in terms of IFRS.

Subsidiary companies

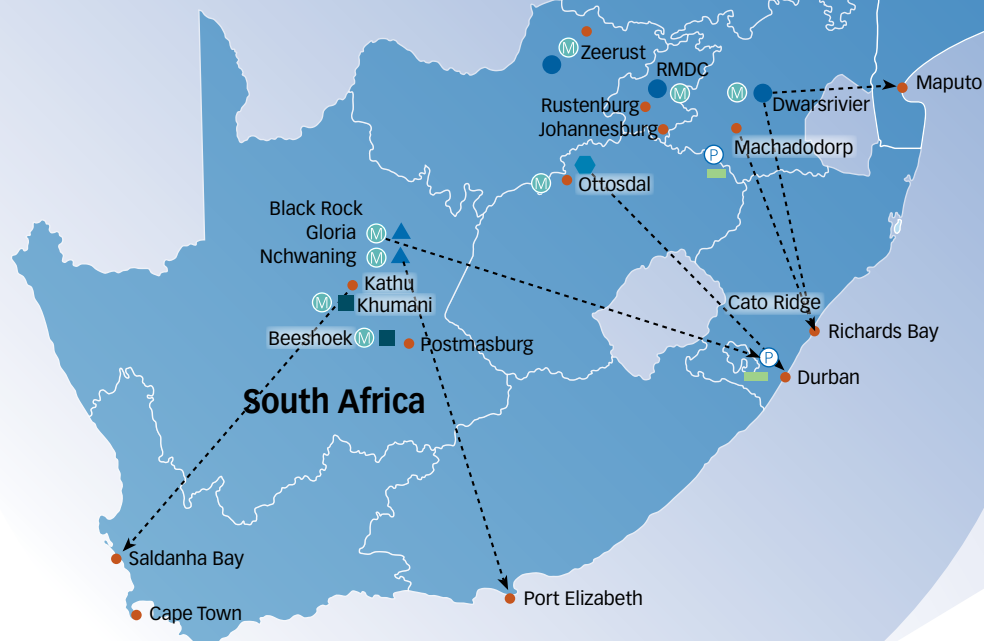
<p>Wonderstone (refer page 30)</p> <p>Wonderstone</p> <p>Type of operation</p> <ul style="list-style-type: none"> – Mining and beneficiation of Wonderstone, and manufacture and installation of ceramic products <p>Description</p> <p>The company mines a type of pyrophyllite which, for trade purposes, is 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 and installed on a project basis in certain instances.</p> <p>Attributable loss 2016</p> <p>R(22,0) million[‡] (2015: R(9,6) million)</p> <p>Contribution to group revenue 2016</p> <p>R98,2 million (2015: R99,3 million)</p>	<p>Rustenburg Minerals Development Company (refer page 30)</p> <p>Chrome ore</p> <p>Type of operation</p> <ul style="list-style-type: none"> – Open-cast mine, on care and maintenance <p>Description</p> <p>Chrome ore is mined near Rustenburg in open-cast operations and production is supplied mainly to the local market. The open-cast pits have reached the point of depletion and the mine continues to process existing mined and waste materials. Once this process is complete, the mine is scheduled to be placed on care and maintenance.</p> <p>Attributable loss 2016</p> <p>R(114,2) million[#] (2015: R(179,7) million)</p> <p>Contribution to group revenue 2016</p> <p>R173,8 million (2015: R163,9 million)</p>	<p>Zeerust Chrome Mines (refer page 30)</p> <p>Chrome ore</p> <p>Type of operation</p> <ul style="list-style-type: none"> – Open-cast mine, on care and maintenance <p>Description</p> <p>Current market conditions have necessitated that the mine be placed on care and maintenance.</p> <p>Attributable loss 2016</p> <p>R(0,5) million (2015: R(12,2) million)</p> <p>Contribution to group revenue 2016</p> <p>R6,4 million (2015: R76,4 million)</p>
<p>[‡] After impairment charge of R24,3 million charged against goodwill, previously recorded pursuant to the acquisition of Groupline Projects in 2012 (refer page 64). [#] After impairment charge of R23,2 million (2015: R180,4 million) (attributable to the group) recorded against the remaining net book value of assets in Rustenburg Minerals (refer page 62).</p>		
<p>Ore & Metal Company (refer page 31)</p> <p>Marketing and distribution</p> <p>Type of operation</p> <ul style="list-style-type: none"> – Marketing, sales and shipping of ores and alloys <p>Description</p> <p>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.</p> <p>Attributable profit 2016</p> <p>R271,3 million (2015: R223,5 million)</p> <p>Contribution to group revenue 2016</p> <p>R511,5 million (2015: R428,8 million)</p>	<p>Minerais U.S. LLC (refer page 31)</p> <p>Marketing and distribution, USA</p> <p>Type of operation</p> <ul style="list-style-type: none"> – Marketing of minerals and alloys in the USA <p>Description</p> <p>Minerais U.S. LLC is responsible for marketing and sales administration of the group's products in the United States of America (USA), in particular manganese alloys, and trades in various related commodities.</p> <p>Attributable profit 2016</p> <p>R11,4 million (2015: R32,2 million)</p> <p>Contribution to group revenue 2016</p> <p>R1 763,7 million (2015: R2 222,1 million)</p>	<p>African Mining and Trust Company (refer page 31)</p> <p>Operational and technical advice</p> <p>Type of operation</p> <ul style="list-style-type: none"> – Operational management, exploration and technical adviser <p>Description</p> <p>African Mining and Trust Company Limited is technical adviser to Assmang and other group companies and provides operational management services to group mines and plants.</p> <p>Attributable profit 2016</p> <p>R101,5 million (2015: R109,8 million)</p> <p>Contribution to group revenue 2016</p> <p>R334,9 million (2015: R318,8 million)</p>

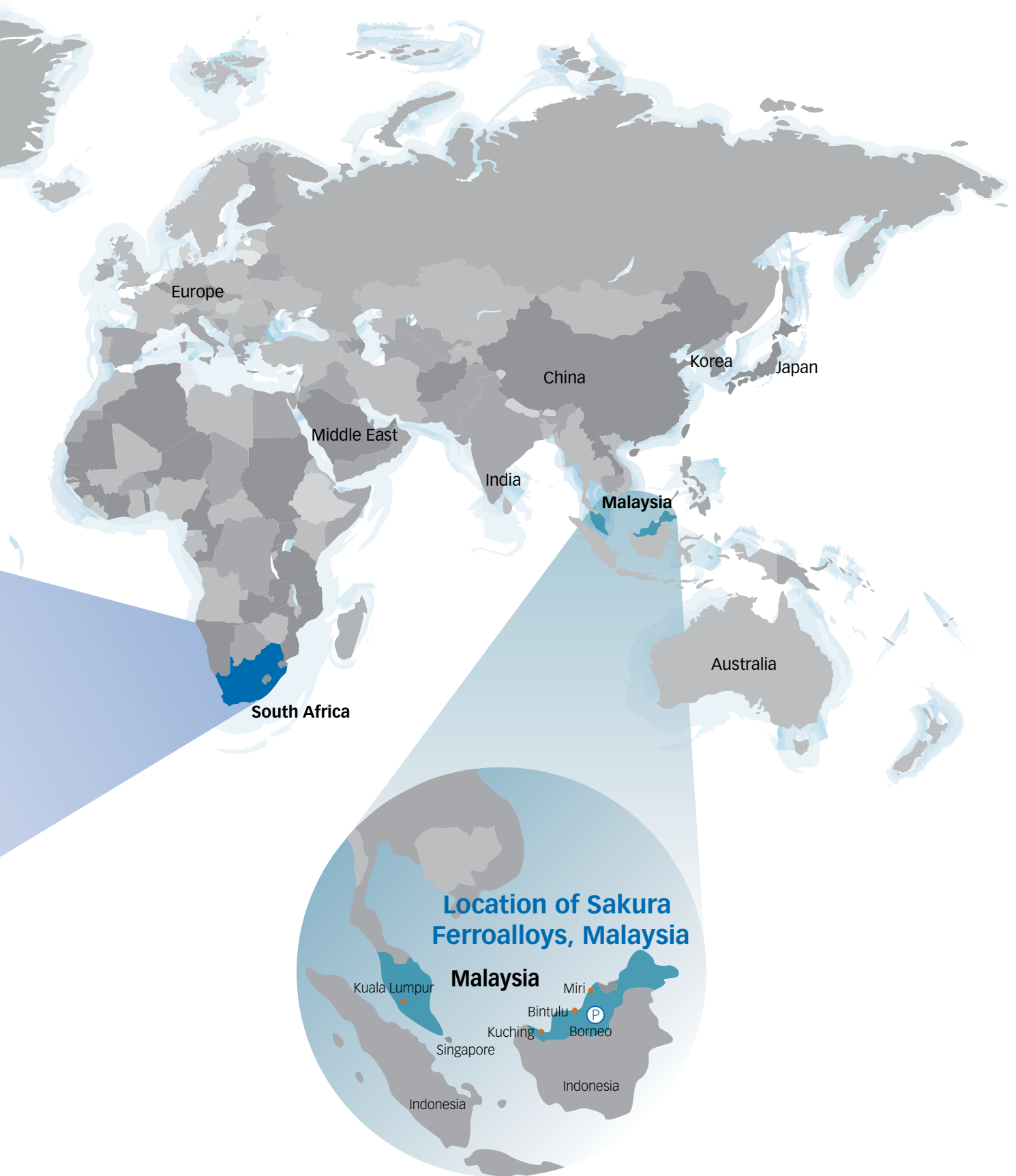
Location of markets

- **Fe** – Iron ore
- ▲ **Mn** – Manganese ore
- **FeMn** – Ferromanganese
- **Cr** – Chrome ore
- ◆ Wonderstone
- Ⓜ Mine
- Ⓟ Processing plant
- Cities

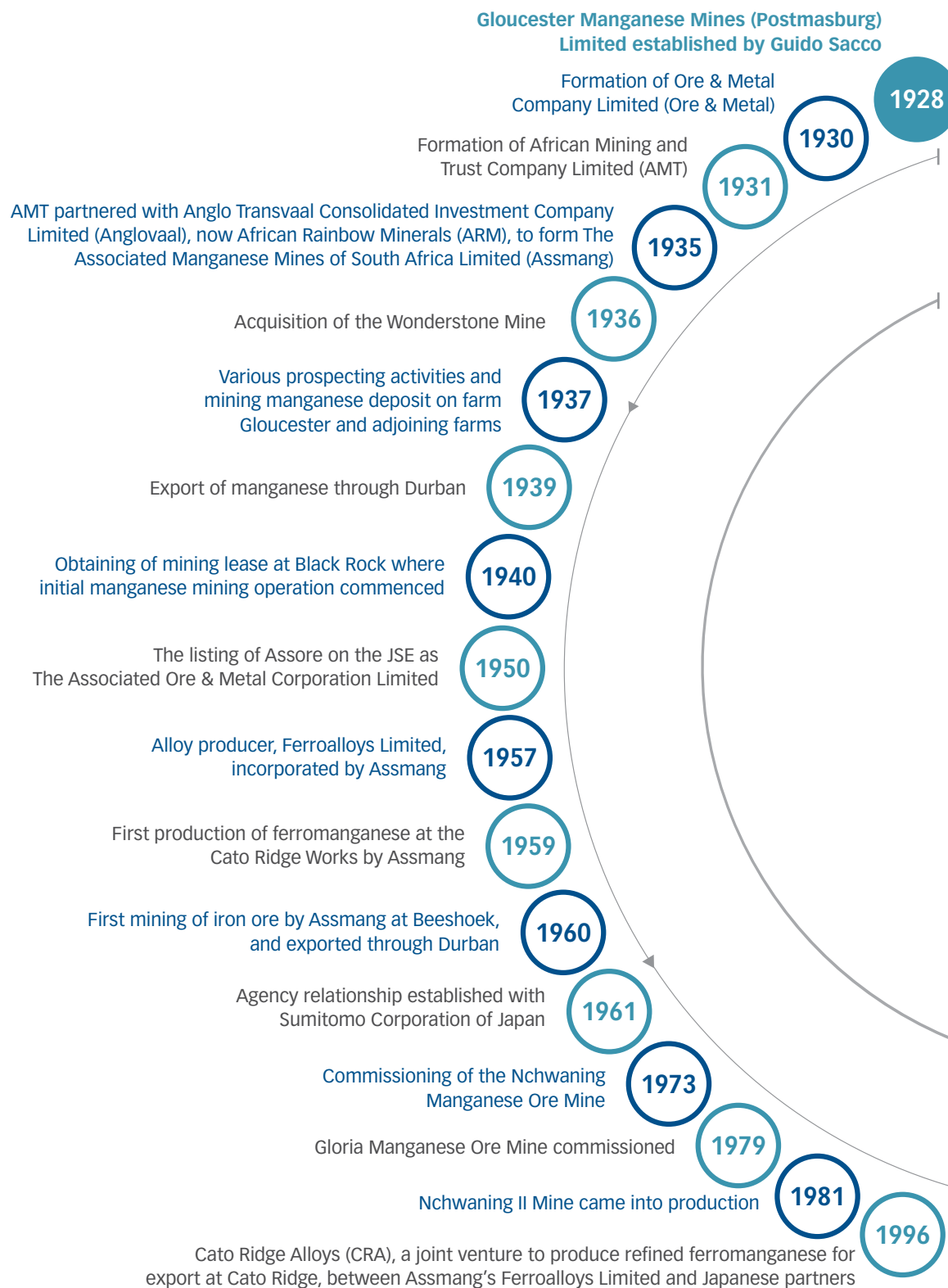


Location of South African operations





Group timeline



Conclusion of the acquisition of the remaining 50% of Dwarsrivier from ARM. Commissioning of ferromanganese furnaces at Sakura Ferroalloys, within budget

2016

2015

Purchase of the remaining 50% of Dwarsrivier Chrome Mine (Dwarsrivier) from ARM, subject to regulatory approval for R450 million and exploration for iron ore deposits in Gabon through investment in IronRidge commences

2014

First distributions made by empowerment trusts (R7,2 million) and to employees by employee trust (R13,2 million) and commencement of construction of offshore ferromanganese smelters in Sarawak province of Malaysia (Sakura Ferroalloys)

2012

Conclusion of third empowerment transaction, whereby 11,79% of Assore shares were bought back from Shanduka Resources and disposed of to its broad-based empowerment trusts being the Fricker Road Trust and the Assore Employee Trust (refer "Black economic empowerment status report")

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

2009

Approval of the Khumani Expansion Project to increase design capacity of iron ore output to 14 million tonnes per annum, to be completed in 2012, on time and within budget

2006

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

2005

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

2004

Assmang's Khumani Iron Ore Mine established, following issue of new-order mining rights, and increase of production to 10 million sales tonnes per annum

2002

First mining of manganese ore from Nchwaning III

2001

Commissioning of Nchwaning III Manganese Ore Mine

2000

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

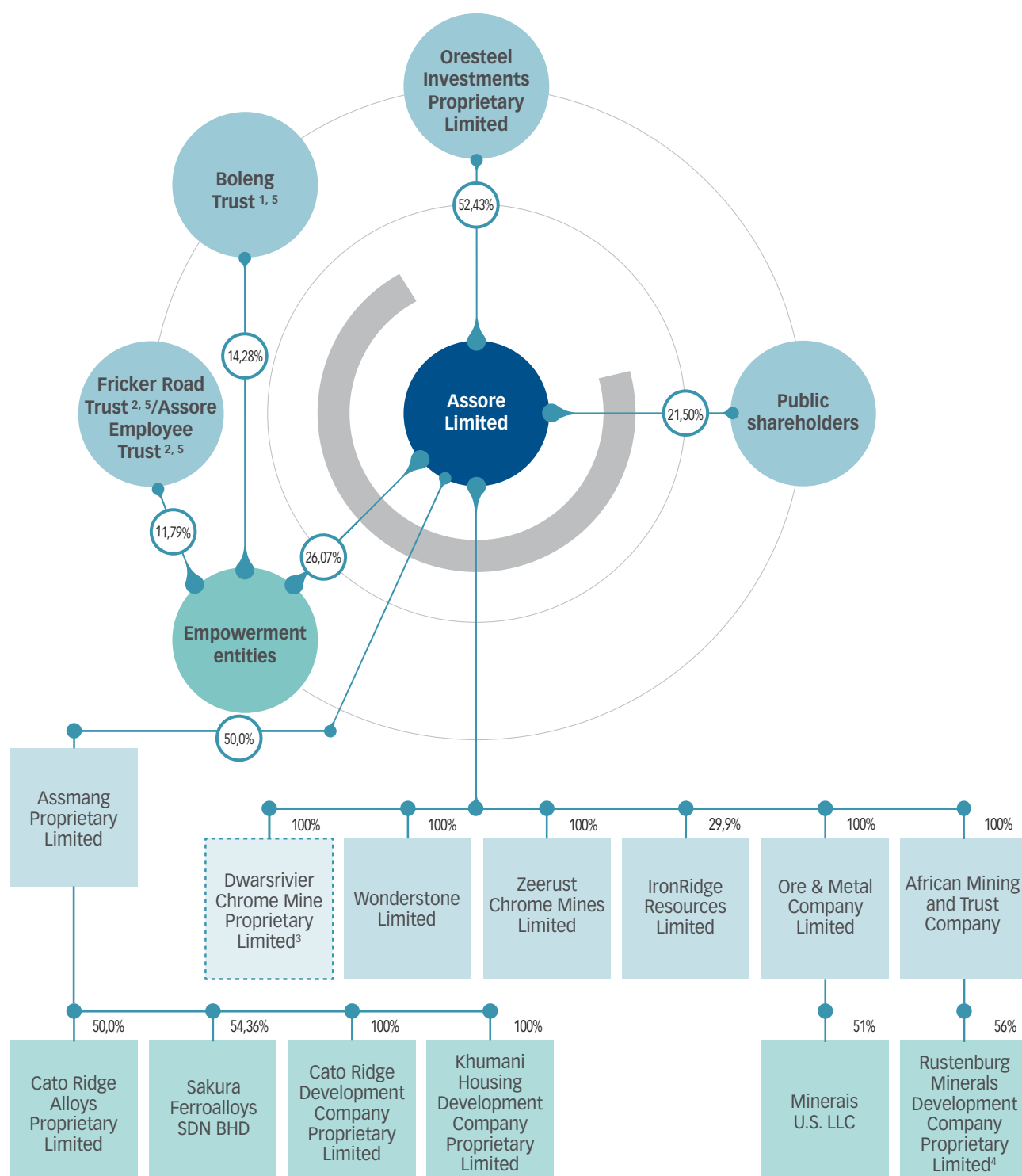
1999

Mining of chrome deposit by Assmang at Dwarsrivier

1997

Beeshoek South Mine expansion commissioned

Group structure



¹ The Boleng Trust is a black economic empowered entity which controls the majority of the voting rights in a special-purpose vehicle that owns 14,28% of Assore's issued ordinary shares (refer note 4 below and "Black economic empowerment status report").

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 (refer note 4 below and "Black economic empowerment status report").






³ Subsequent to the financial year-end, Assore acquired the remaining 50% interest in Assmang's Dwarsrivier Chrome Mine from ARM, completing the transaction on 29 July 2016 (refer page 87 for more detail).

⁴ 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").

⁵ More detail on the impact of the requirement of IFRS to consolidate these trusts is included on pages 44, 45 and 109 of this report.

Assurance

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 independent assurance on specified elements of safety and health from Sustainability Services
Risk 	SizweNtsalubaGobodo (SNG)	KPMG	COSO framework
Environment 	Umhlaba Environmental Consulting CC, TUV Rheinland Inspection Services Proprietary Limited (TUV Rheinland) and Ibis ESG Consulting South Africa Proprietary Limited (Ibis)	Ibis	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 independent assurance on specified elements of safety, health and sustainability indicators from Ibis
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 SizweNtsalubaGobodo, which reports to Assore's Audit and Risk Committee on its findings, while in Assmang, KPMG as internal auditor of all its divisions, reports related findings to Assmang's Audit Committee. These Audit and Risk Committees, 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.

The Assore group subscribes to a combined assurance model, which is intended to identify and 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.

