ASSORE

INTEGRATED ANNUAL REPORT 2019

Scope and boundary

The integrated annual report (IAR) of Assore Limited (Assore or the group) covers the period 1 July 2018 to 30 June 2019.
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 2018 (FY18) and 30 June 2019 (FY19). The previous IAR covered the period 1 July 2017 to 30 June 2018. Where any restatements have been made to material disclosures in the previous IAR, these are explained within the relevant sections.

The 2019 integrated annual report provides an overview of the financial, operational and sustainability performance of our subsidiaries and jointly controlled operations. The sustainability performance is reported on for all the operations over which Assore has direct or joint control and, besides certain safety-related information, does not include the Sakura operations.

Supporting documentation to the integrated annual report is available on the website **(www.assore.com)**

- Annual financial statements
- Mineral Resources and Reserves report
- Sustainability report
- Global Reporting Initiative (GRI) Index

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)), the sale at which was concluded on 28 February 2019;
  - Cato Ridge Alloys Proprietary Limited (CRA) (refined ferromanganese smelter); and
  - Sakura Ferroalloys SDN BHD, Malaysia (ferromanganese and silico manganese smelters), in which Assmang holds a 54,36% interest (Sakura).

In addition to participation in 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**", pages 16 and 17), 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).

IFC
About this report

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Overview

The group conducts its own operations under the technical supervision of African Mining and Trust Company Limited (AMT), which, in addition to providing technical services to Assmang, provides technical services to:

- Dwarsrivier Chrome Mine Proprietary Limited (Dwarsrivier);
- Wonderstone Limited (Wonderstone);
- Head Office operations (Head Office), comprising the activities of those of AMT and Ore & Metal, where relevant;
- Group Line Projects Proprietary Limited (Group Line), sold subsequent to year-end with effect 16 August 2019;
- Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals), sold with effect 1 October 2019; and
- Zeerust Chrome Mines Limited (Zeerust), sold with effect 15 November 2018.

With the latter two of these operations no longer in commercial production.

The group's head office functions are combined under the activities of Ore & Metal and AMT.

Navigating this report:

For more information please visit **www.assore.com**

Reference to a page inside the book

Report feedback

Feedback on this Assore report can be made directly to Mrs MJ Claassen at: marethaclaassen@assore.com.

Target audience and materiality

This report has been prepared primarily for current and potential investors as well as business partners, employees, communities, customers, suppliers and any other stakeholder who has an interest in the group's integrated performance.

This report focuses on material matters as determined by careful analysis of the group's strategic objectives (page 18), risks and opportunities (page 19), value creation as per the business model (page 16) and ongoing consultation with stakeholders.

Forward-looking statements

This report may contain forward-looking statements with respect to the group's future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, a number of risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance. Foward-looking statements have not been reviewed or audited by the auditors.

Approval of report

The Assore Limited board (the board) acknowledges its responsibility for ensuring the integrity of this integrated annual report and supplementary reports. In our opinion, the 2019 integrated annual report addresses all relevant facts, issues and risks that are pertinent to the group's operations and fairly presents the group's integrated performance. This integrated annual report has been prepared in accordance with the reporting framework as detailed on page 2.

Desmond Sacco
Chairman

Charles Walters
Chief executive officer

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Cover image:
Mining activity at Beeshoek

Profile

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

The group's principal investments consist of its 50% interest in Assmang, which it controls jointly with ARM, and its 100% interest in Dwarsrivier. 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 are 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.

In total, 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%).

Reporting framework

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. The following guidelines were used in compiling the separate elements of the IAR include:

Report element				
Mineral Resources and Reserves	**Corporate governance and risk management**	**Black economic empowerment status report**	**Sustainability**	**Annual financial statements**
Guidelines				
South African Code for Reporting Mineral Resources and Mineral Reserves (SAMREC 2016 Code)	King Code on Corporate Governance, issued in November 2016 (King IV™*)	Mineral and Petroleum Resources Development Act and the Broad-based Socioeconomic 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)	Various relevant guidelines, as well as those contained in the Global Reporting Initiative (GRI) indicators	International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, South African Companies Act, as amended, and JSE Listings Requirements
Reference				
The complete Mineral Resources and Reserves report is located under "Annual reports"	Corporate governance report and throughout	Black economic empowerment status report	Sustainability report, throughout complete sustainability report, located under "Annual reports"	The annual financial statements, available on the group's website (referred to throughout as the annual financial statements)

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Assurance

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.

Assurance providers are as follows:

Environment

Assore Ibis ESG Assurance South Africa Proprietary Limited (Ibis), TUV Rheinland Inspection Services Proprietary Limited (TUV Rheinland) and Environmental Law Group **Assmang** Environmental Law Group, DQS South Africa Proprietary Limited (DQS), South African Bureau of Standards (SABS)	**Standard(s) and comment** 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 and DQS South Africa Proprietary Limited. Assore and Assmang have received independent assurance on specified elements of safety, health and sustainability indicators from Ibis All Assmang operations were also certified in terms of ISO 45001

Risk

Assore PwC (from 1 July 2018), KPMG and SizweNtsalubaGobodo Grant Thornton (until 30 June 2018), as internal auditors **Assmang** KPMG (until 31 December 2017), Deloitte (from 12 March 2018), as internal auditors	**Standard(s) and comment** ISO 31000

Safety and health

Assore Various professional consultants **Assmang** LCS, DQS, SABS	**Standard(s) and comment** Per provider and the Department: Mineral Resources (DMR). Limited assurance for Assore is provided in the form of bi-annual audits on legal compliance The Northern Cape Assmang operations were certified in terms of ISO 16001

Quality

Assore TUV Rheinland, DQS South Africa Proprietary Limited **Assmang** Internal management	**Standard(s) and comment** ISO 9001 (2008, 14001, 45000). Limited assurance for Assore is provided in the form of certification by various assurance providers

Corporate governance

Assore Institute of Directors (IoD)	**Standard(s) and comment** The Governance Instrument (GI) is a third-party product (www.governance.africa) applied in the management of the group's governance, whereby the completeness of process contained in the GI provides assurance to executives and board members

Assurance pertaining to financial controls and reporting is achieved by conducting extensive internal auditing across the Assore group by PwC (previously by SizweNtsalubaGobodo Grant Thornton) who report to Assore's Audit and Risk committee on their findings, while in Assmang, Deloitte (previously 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.

Overview

Creating sustainable **shareholder value**

Khumani Iron Ore Mine

Group at a glance

JOINT-VENTURE ENTITY (ASSMANG)

Iron Ore division

Iron Ore

R21 410,2m
Revenue generated*
(2018: R15 135,3 million)

R6 796,1m
Attributable profit
(2018: R3 343,5 million)

Refer to page 26

Type of operation

- Mining, crushing, screening and jigging of run-of-mine ore and tertiary recovery of fine iron ore product

Description

Iron ore is mined in the Northern Cape province in open-pit operations at the Khumani Iron Ore Mine which is located near Kathu and at the Beeshoek Iron Ore Mine which is located outside Postmasburg. The ore produced is sold both on the export market and locally.

** 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.*

	2019	2018
Production volumes (Metric tons '000)		
– Khumani	14 146	14 694
– Beeshoek	3 640	3 884
LTIFR		
– Khumani	0,08	0,10
– Beeshoek	0,06	0,07
Total employees and contractors		
– Khumani	3 827	5 066
– Beeshoek	1 445	1 378

Manganese division

Manganese ore and alloys

R14 817,1m
Revenue generated*
(2018: R12 859,6 million)

R2 301,7m
Attributable profit
(2018: R3 772,0 million)

Refer to page 26

Type of operation

- Mining, crushing, washing and screening of ore
- Smelting of ferromanganese
- Production of refined ferromanganese

Description

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. Sakura Ferroalloys, a joint venture smelting operation in Malaysia in which Assmang holds a 54,36% stake, produces high carbon ferromanganese from ores sourced in the market. The smelting plant has been designed to allow for switching production capacity to silico manganese. Alloy produced is sold in the export market.

** 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.*

	2019	2018
Production volumes (Metric tons '000)		
– Black Rock	3 409	3 717
– Sakura	249	244
– Cato Ridge Works	143	151
LTIFR		
– Black Rock	0,33	0,20
– Sakura	0,52	0,26
– Cato Ridge Works	–	–
Total employees and contractors		
– Black Rock	5 528	4 623
– Sakura	447	475
– Cato Ridge Works	552	612

SUBSIDIARY COMPANIES

Dwarsrivier Chrome Mine

Chrome ore

R3 720,8m
Revenue generated
(2018: R3 892,8 million)

R516,0m
Attributable profit
(2018: R875,4 million)

Refer to page 27

Type of operation

- Mining, crushing and concentrating of ore

Description

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.

	2019	2018
Production volumes (Metric tons '000)	1 551	1 619
LTIFR	0,17	0,19
Total employees and contractors	2 625	2 262

Ore & Metal Company

Marketing and distribution

R909,3m
Revenue generated
(2018: R831,0 million)

R611,6m
Attributable profit
(2018: R409,8 million)

Refer to page 28

Type of operation
- Marketing, sales and shipping of ores and alloys

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.

	2019	2018
Total employees and contractors	57	52

African Mining and Trust Company

Marketing and distribution (Management services)

R644,6m
Revenue generated
(2018: R488,1 million)

R254,9m
Attributable profit
(2018: R164,6 million)

Refer to page 28

Type of operation
- Operational management, exploration and technical adviser

Description
In order to support Ore & Metal Company in its activities, 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.

	2019	2018
Total employees and contractors	96	79

Minerais U.S. LLC

Marketing and distribution, USA

R2 586,0m
Revenue generated
(2018: R2 444,8 million)

R29,8m
Attributable profit
(2018: R65,3 million)

Refer to page 28

Type of operation
- Marketing of minerals and alloys in the USA

Description
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.

	2019	2018
Total employees and contractors	10	9

Wonderstone

Wonderstone

R58,7m
Revenue generated
(2018: R53,4 million)

R3,7m
Attributable loss
(2018: R1,43 million)

Refer to page 28

Type of operation
- Mining and manufacturing of pyrophyllite 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.

	2019	2018
LTIFR	1,19	2,44
Total employees and contractors	94	78

Mineral Resources and Mineral Reserves summary

The summaries below reflect the Measured and Indicated Resources and the corresponding Proved and Probable Reserves for each mine or project. The complete Mineral Resources and Reserves report is located on the group's website under "Annual reports" in the "Investor centre". The Mineral Resources are inclusive of those modified to produce Mineral Reserves.

Joint-venture entity – Assmang, as at 30 June 2019

	Mineral Resources						Mineral Reserves					
	Measured		Indicated		Measured and indicated		Proved		Probable		Proved and probable	
Iron ore	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Beeshoek Mine												
All pits	90,56	64,11	5,11	63,44	95,67	64,07	29,71	64,70	0,13	63,35	29,84	64,69
Stockpiles									0,77	58,52	0,77	58,52
Low grade stockpiles	2,41	56,46	12,64	53,22	15,05	53,74	2,29	56,46	11,97	53,22	14,26	53,74
Khumani Mine												
Bruce	133,75	62,68	75,80	63,70	209,55	63,05	102,96	61,57	66,82	62,80	169,78	62,05
King	285,24	63,16	35,53	62,59	320,77	63,10	237,23	62,14	8,51	62,18	245,74	62,14
Mokaning South			25,97	62,69	25,97	62,69			17,92	61,95	17,92	61,95
Stockpiles									6,04	55,08	6,04	55,08

	Mineral Resources						Mineral Reserves					
	Measured		Indicated		Measured and indicated		Proved		Probable		Proved and probable	
Manganese	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%
Nchwaning Mine												
Seam 1	82,11	44,65	49,05	40,48	131,16	43,09	38,65	44,16	30,11	42,20	68,76	43,30
Seam 2	104,25	42.83	68,54	42,08	172,79	42,53	73,09	42,70	36,01	42,80	109,10	42,73
Black Rock (Koppie area)												
Seam 1	9,03	40,30	34,57	40,70	43,60	40,60						
Seam 2	8,23	37,40	18,58	39,20	26,81	38,60						
Gloria Mine												
Seam 1	64,01	37,49	92,93	37,65	156,94	37,58	41,84	37,40	73,20	37,42	115,04	37,41
Seam 2			34,81	28,41	34,81	28,41						

Subsidiary companies, as at 30 June 2019

	Mineral Resources						Mineral Reserves					
	Measured		Indicated		Measured and indicated		Proved		Probable		Proved and probable	
Mine	Mt	%	Mt	%	Mt	%	Mt	%	Mt	%	Mt	%
Dwarsrivier Chrome Mine	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$
Steelpoort Chromitite Seam	48,92	37,39	29,16	36,60	78,08	37,09	34,57	33,51	24,32	31,83	58,89	32,82
Wonderstone	Mt		Mt		Mt		Mt		Mt		Mt	
Pyrophyllite	7,54		9,90		17,44		7,16		9,40		16,56	

Joint-venture entity – Assmang, as at 30 June 2018

	Mineral Resources								Mineral Reserves			
	Measured		Indicated		Measured and indicated		Proved		Probable		Proved and probable	
Iron ore	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Beeshoek Mine												
All pits	95,10	64,16	2,54	63,22	97,64	64,14	35,13	64,85	0,01	63,18	35,14	64,85
Stockpiles									2,83	55,58	2,83	55,58
Khumani Mine												
Bruce	139,73	62,74	73,11	63,67	212,84	63,06	113,61	62,14	68,76	62,90	182,37	62,43
King	303,26	63,05	34,88	62,30	338,14	62,97	255,55	62,12	9,21	61,97	264,76	62,11
Stockpiles									5,01	55,08	5,01	55,08

	Mineral Resources								Mineral Reserves			
	Measured		Indicated		Measured and indicated		Proved		Probable		Proved and probable	
Manganese	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%
Nchwaning Mine												
Seam 1	75,70	44,61	52,35	40,78	128,05	43,04	35,31	44,30	37,87	42,30	73,17	43,26
Seam 2	97,38	42,57	74,86	42,09	172,24	42,30	69,36	42,52	33,83	42,62	103,19	42,55
Black Rock (Koppie area)												
Seam 1	9,03	40,30	34,57	40,70	43,60	40,60						
Seam 2	8,23	37,40	18,58	39,20	26,81	38,60						
Gloria Mine												
Seam 1	64,32	37,45	93,93	37,69	157,25	37,59	49,62	37,51	74,31	37,91	123,93	37,75
Seam 2			34,81	28,41	34,81	28,41						

Subsidiary companies, as at 30 June 2018

	Mineral Resources								Mineral Reserves			
	Measured		Indicated		Measured and indicated		Proved		Probable		Proved and probable	
Mine	Mt	%	Mt	%	Mt	%	Mt	%	Mt	%	Mt	%
Dwarsrivier Chrome Mine	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$
Steelpoort Chromitite Seam	52,72	37,31	28,80	36,79	81,52	37,13	37,39	33,27	25,15	31,84	62,54	32,69
Rustenburg Minerals	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$						
LG6 chromite	3,60	44,04	1,70	44,04	5,30	44,04						
Zeerust	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$	Mt	$\%Cr_2O_3$						
LG1, 2 & 3 chromite	0,30	45,44	1,10	45,44	1,40	45,44						
Wonderstone	Mt		Mt		Mt		Mt		Mt		Mt	
Pyrophyllite	7,69		9,90		17,59		7,30		9,40		16,70	

Group timeline

1928

Gloucester Manganese Mines (Postmasburg) Limited established by Guido Sacco

1930

Formation of **Ore & Metal Company Limited** (Ore & Metal)

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)

1936

Acquisition of the **Wonderstone Mine**

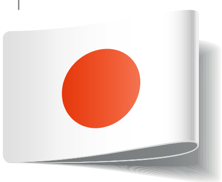
1959

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

1961



Agency relationship established with **Sumitomo Corporation** of **Japan**

1973

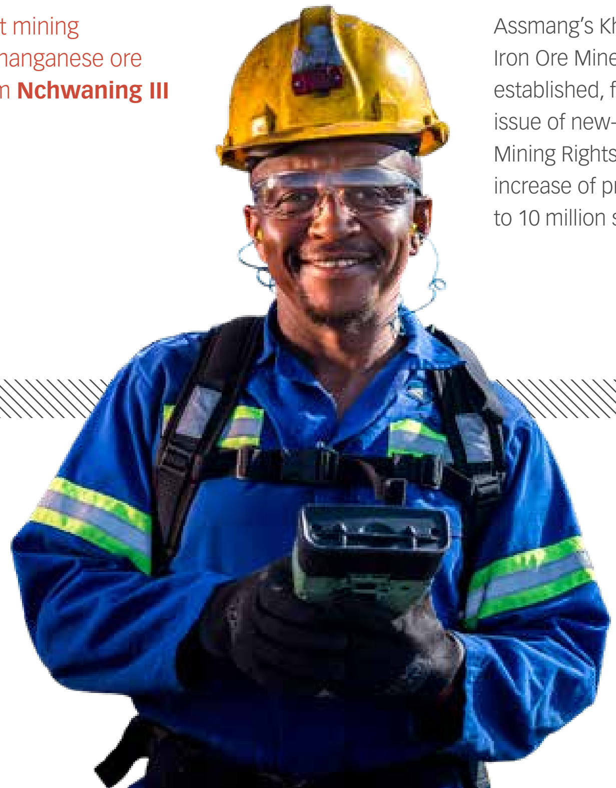
Commissioning of the Nchwaning Manganese Ore Mine

1979

Gloria Manganese Ore Mine commissioned

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

2006

Acquisition of minorities in, and delisting of, Assmang and finalisation of 50/50 joint venture agreement with ARM

2009

Approval of the Khumani Expansion Project to increase design capacity of iron ore output to 14 million tons per annum

2016

Conclusion of the acquisition of the remaining 50% of Dwarsrivier from ARM. Commissioning of first ferromanganese furnace at Sakura Ferroalloys

2017

First full year of 100% inclusion of Dwarsrivier in the group. Successful commissioning of second furnace at Sakura Ferroalloys by Assmang

1937

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

1939

Export of manganese through Durban

1940

Obtaining of **mining lease at Black Rock** where initial manganese mining operation commenced

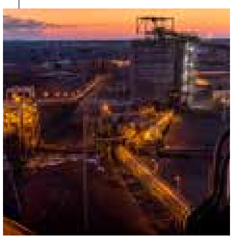
1950

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

1957

Alloy producer, **Ferroalloys Limited**, incorporated by **Assmang**

1981



Nchwaning II Mine came into production

1996

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

1997

Beeshoek South Mine expansion commissioned

1999

Mining of chrome deposit by Assmang at Dwarsrivier

2010

5-for-1 sub-division 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 (subsequent to the first empowerment transaction concluded in 2005), 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 Assore Employee Trust (refer "Black economic empowerment status report")

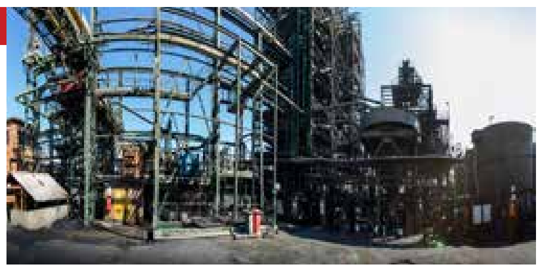
2014

First distributions made by **empowerment trusts** (R7,2 million) and to employees by **employee trust** (R13,2 million)

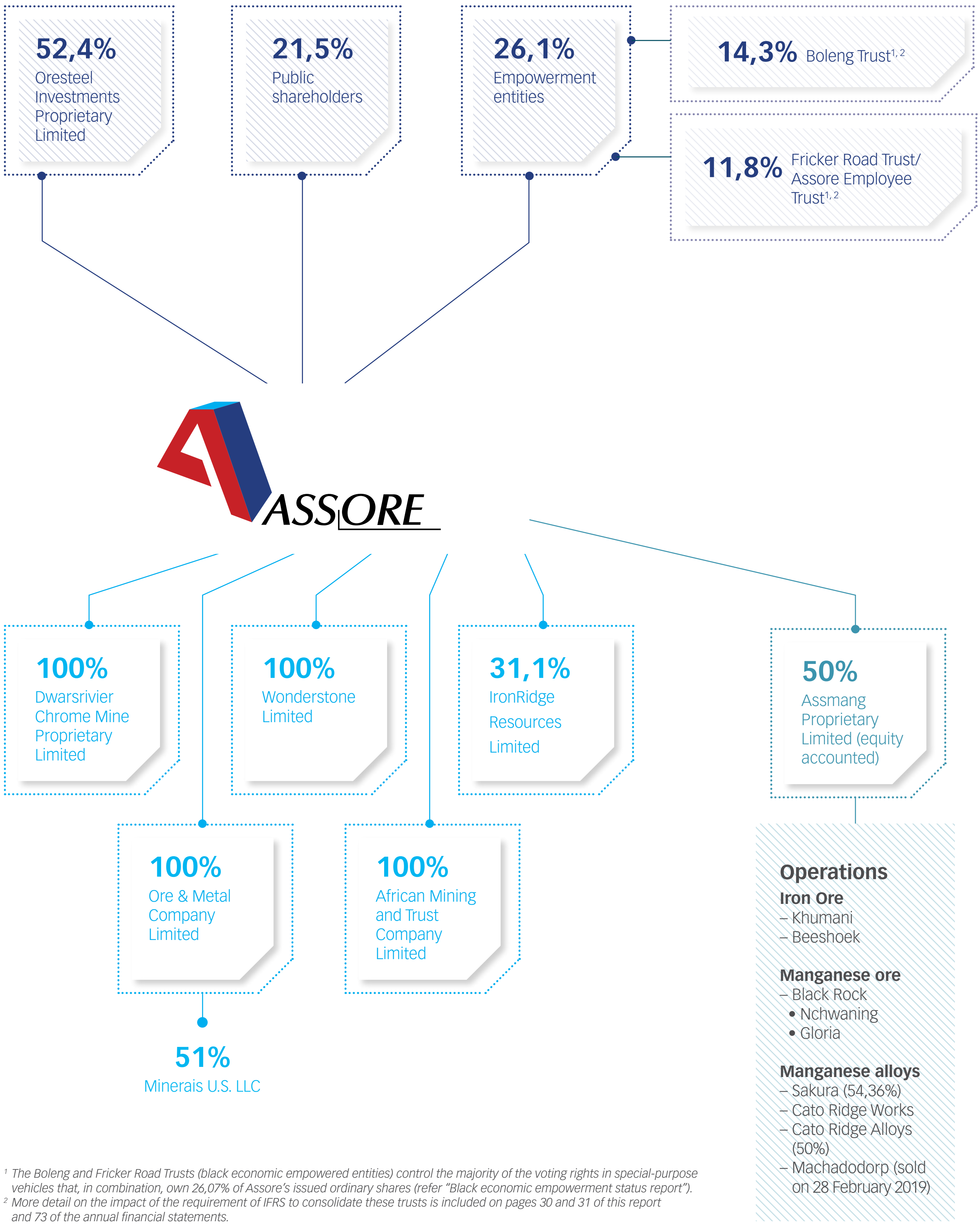
Construction of **Sakura Ferroalloys** commences

2019

Conclusion of the disposals of Machadodorp Works by Assmang and Zeerust, Rustenburg Minerals and Group Line Projects (subsequent to year-end)



Group structure



[1] *The Boleng and Fricker Road Trusts (black economic empowered entities) control the majority of the voting rights in special-purpose vehicles that, in combination, own 26,07% of Assore's issued ordinary shares (refer "Black economic empowerment status report").*
[2] *More detail on the impact of the requirement of IFRS to consolidate these trusts is included on pages 30 and 31 of this report and 73 of the annual financial statements.*

Organisational governance

Strong corporate governance is an essential part of minimising the risks faced by the group. Corporate governance and risk management not only enhance sustainability of the group, but are essential to preserving organisational reputation, investor confidence, access to capital when required and sustainable employee motivation.

Ethics

Ethical issues are managed by way of executive involvement in day-to-day management processes

The group has adopted a code of ethics

4 meetings

Committed to principles

- **Corporate discipline**
- **Transparency**
- **Independence**
- **Accountability**
- **Fairness**
- **Employment equity**
- **Social responsibility**

93% attendance by members

Board of directors

Composition

10 directors

5 executives

5 non-executive and independent

2 female

Key roles and functions

CEO

The CEO assumes ultimate responsibility for all executive issues

CFO

The CFO assumes responsibility for the group's financial position and related issues

Lead independent director

The lead independent director provides leadership to the independent directors, and liaises with the CEO on behalf of the independent directors

Committees

Audit and Risk

Monitors the risk profile, reviews and approves financial statements and monitors, supervises and facilitates the work performed by independence of internal and external auditors

3 non-executive and independent

3 meetings

100% attendance by members

Social and Ethics

Monitors the group's activities relating to any relevant legislation affecting the group's activities and prevailing codes of best practice

2 non-executive and independent

2 executives

2 meetings

100% attendance by members

Remuneration

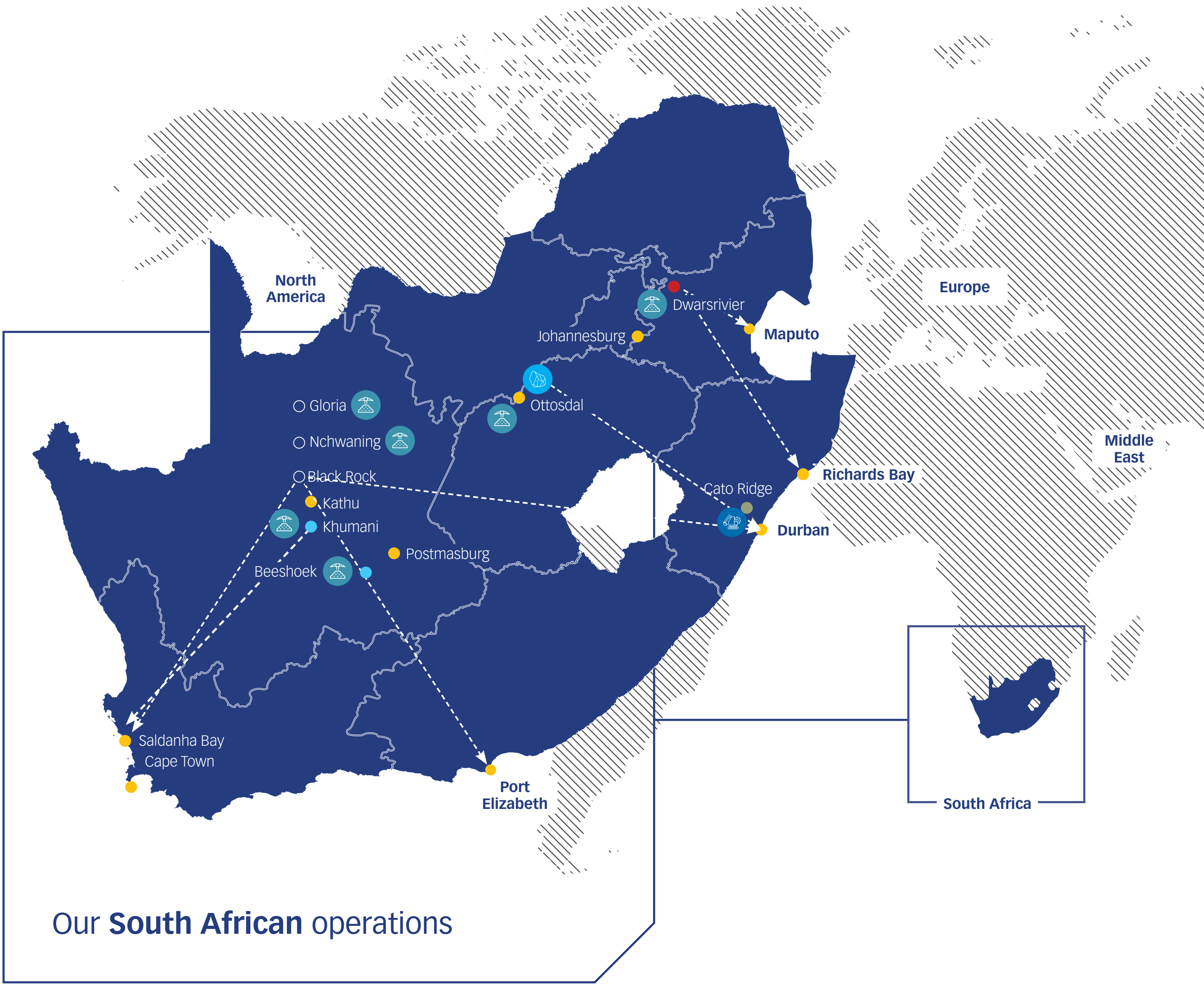
Recommendations on the broad framework and cost of executive remuneration are made annually to the committee for approval

2 non-executive and independent

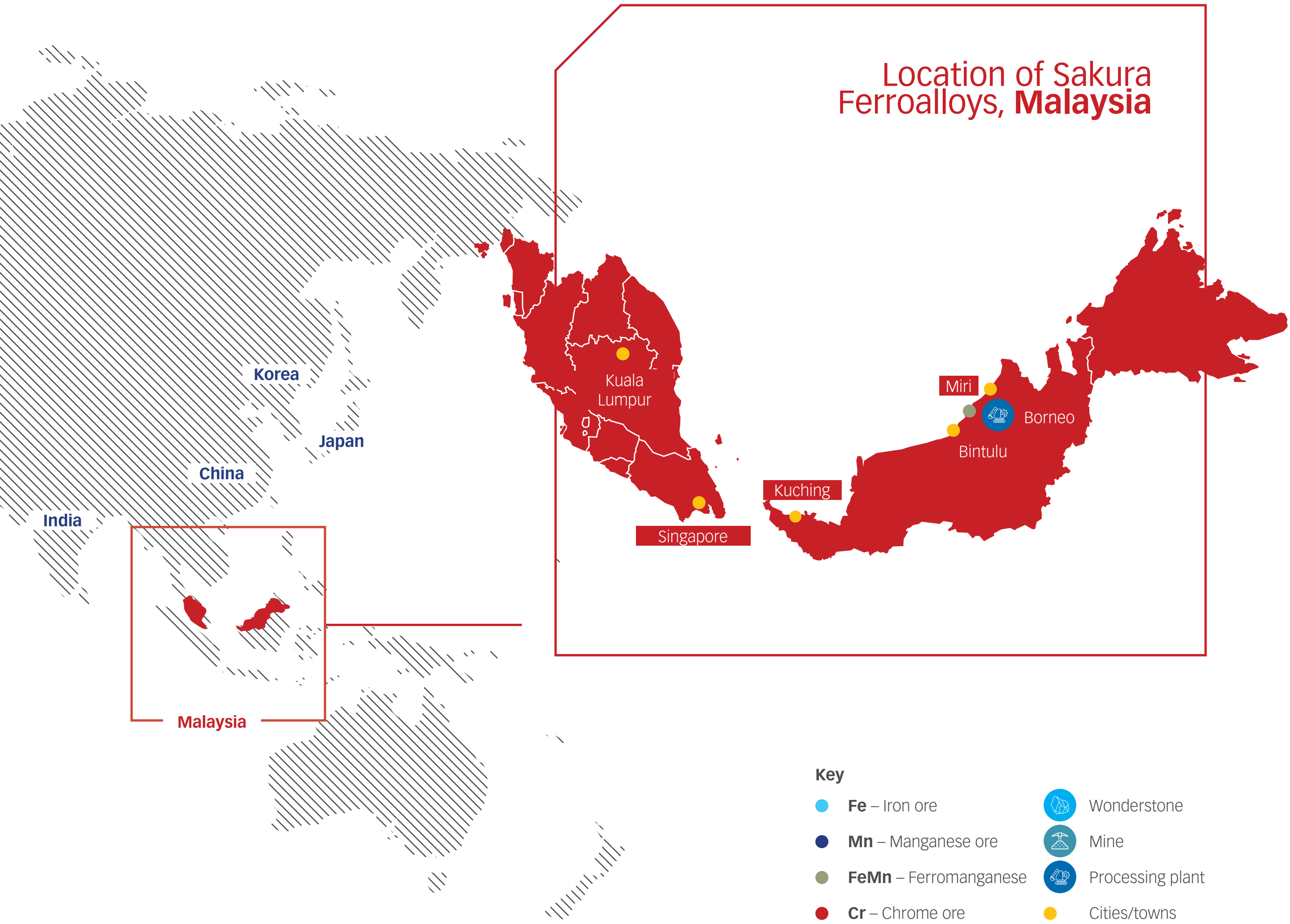
1 executive

3 decisions made by round robin resolutions

Location of our operations and markets



Our **South African** operations



The group's principal investments consist of its 50% interest in Assmang, which it controls jointly with ARM and its 100% interest in Dwarsrivier. 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 (in South Africa and Malaysia).

Business model

Resources we rely on ...

Financial capital

Long-term sustainable value is created by re-investing in the business, funding growth opportunities and rewarding shareholders

Human capital

Human capital is a key element in creating value for shareholders. It is important to attract and retain ethical, skilled and experienced talent while ensuring a non-discriminatory and safe working environment

Manufactured capital

Managing the manufactured capital efficiently ensures effective mining processes in a cost-effective manner

Inputs

Financial capital

- Group net cash balance of R9,0 billion
- Overdraft facilities for trade

Human capital

- A stable and engaged workforce with the relevant capabilities and experience
- A strong leadership team involved in day-to-day activities
- Employees committed to the Assore code of conduct

Manufactured capital

- Above and below ground infrastructure and specialised equipment to effectively extract and process the minerals mined and alloys produced

Activities

Mining
Mining involves exploration, extraction and processing activities

Services
Delivery of sales and marketing services through interaction with customers and agents and assessing customer needs.
Arrangements of cost-effective and responsible logistical channels

Other
Management of activities pursuant to the Mining Charter as well as the group's established empowerment entities

Value creation

Financial capital	2019	2018
Net cash balance (Assore group) (Rbn)	**9,0**	7,9
Dividends paid (Assore group) (Rbn)	**2,3**	1,9

Human capital	2019	2018
Number of employees and contractors (Assore group)	**2 946**	2 631
Number of employees and contractors (Assmang operations – excluding Sakura)	**11 494**	11 821
Fatalities (Assore operations)	**–**	–
Fatalities (Assmang operations)	**–**	1
LTIFR (Assore operations)	**0,22**	0,27
LTIFR (Assmang operations)	**0,19**	0,13

Manufactured capital	2019	2018
Capital expenditure (Assore group) (Rm)	**487**	389
Capital expenditure (Assmang) (Rm)	**4 407**	3 082

Social and relationship capital

Shared values with key stakeholders ensure that the Assore brand is synonymous with long-term conservative growth, ethical conduct and value creation for communities, employees, government and regulators

Natural capital

Protecting the group's natural capital ensures long-term value for stakeholders

- Customer and agency relationships
- Legal requirements and safety standards
- Social licence to operate based on key stakeholder relationships
- Brand and reputation

- Mineral resources and reserves
- Land
- Water

Outputs

Mining
Iron ore, chrome ore, manganese ore and alloys and pyrophyllite products produced in accordance with customers' needs

Services
Material sold ethically at competitive prices in current market conditions
Material delivered to customers on time and within budget

Intellectual capital
Marketing intelligence is maintained by continued investment, both in staff development and market research

Social and relationship capital	2019	2018
Funding of community economic development projects (Assore operations) (Rm)	44,4	31,5
Funding of community economic development projects (Assmang operations) (Rm)	120,1	101,2
Portion of payroll spent on training (Assore operations) (%)*	7,9	10,9
Portion of payroll spent on training (Assmang operations) (%)*	12,1	13,9

Natural capital	2019	2018
Greenhouse gas (GHG) emissions (Assore operations) (CO_2e)	309 260	Not reported in 2018
Greenhouse gas (GHG) emissions (Assmang operations) (CO_2e)	621 536	
Balancing the availability and consumption of water (Assore operations) (efficiency %)	57	
Balancing the availability and consumption of water (Assmang operations) (efficiency %)	76	
Land stewardship (Assore operations) (Ha)	124 912	
Land stewardship (Assmang operations) (R'000)	744 401	

Assmang figures are reflected at 100%.

* *This percentage is calculated in accordance with the definition contained in the Mining Charter, on all training-related expenditure, including training relating to community projects and is based on payroll costs relating to historically disadvantaged South African (HDSA) employees.*

Our strategy

Strategy

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

KEY PERFORMANCE AND FUTURE PERFORMANCE INDICATORS

The following criteria form the group's KPIs and are linked to short and medium-term future performance objectives, as follows:

	ASSMANG	ASSORE SUBSIDIARIES
Expansion and replacement projects completed on time, to specification and within budget measured in the "Chief executive officer's report"	• the execution of the sustainability and expansion project at Black Rock Manganese Mines, of which the expected year of completion is 2021, to increase and sustain production from the Nchwaning Mine to higher volumes, achieving sustainable production in excess of 4 million tons per annum of manganese ore in the long term; • following the successful commissioning and ramp up of both furnaces at Sakura Ferroalloys in Malaysia, to maintain high-carbon ferromanganese (HCFeMn) production on both furnaces at a total production capacity of approximately 240 000 tons per annum; • the continued optimisation of alloy production at the group's ferromanganese facilities in order to mitigate increases in the price of electricity, which are expected to exceed inflation rates; and • execution of the recently approved project to recapitalise and increase production at the Gloria Mine.	• continuing (via IronRidge Resources) to explore early-stage opportunities mainly in gold and lithium in West Africa; and • enhancing the group's position in South Africa's chrome ore market and consolidating the production output of Dwarsrivier at levels of approximately 1,6 million tons per annum
Sustainable exploitation of mineral deposits measured in "Mineral Resources and Reserves report", located on the group's website under "Annual reports"	• maintaining steady-state production performance from Khumani Iron Ore Mine, by optimising the off-grade washing plant and the Wet High Intensity Magnetic Separation (WHIMS) plant, to ensure realisation of planned life of mine; and • optimising the Life of Mine at Beeshoek Iron Ore Mine with the blending of ore from the Village Pit with other pits, also pursuing options to treat historical off-grade dumps to produce on-grade product.	• maintaining steady state production levels at Dwarsrivier Chrome Mine, while assessing the long-term life-of-mine plan
Optimise prices and tonnages sold per segment and regional concentration of customers measured in the "Chief executive officer's report"	• continuing to develop the group's market for the material produced from the upper seam, as well as alternative grades across the lower seam at Nchwaning Manganese Mine; and • the continued optimisation of alloy production at the group's ferromanganese facilities in order to mitigate increases in the price of electricity, which are expected to exceed inflation rates.	• maximising the production of chemical grade and foundry grade concentrates at Dwarsrivier
Ongoing improvement in the group's safety record measured in "Sustainability report", located on the group's website under "Annual reports"	• continued positive trends in safety performances.	• continued positive trends in safety performances
Compliance with the requirements of the Mining Charter[#], specifically those relating to black economic empowerment (BEE) measured in "Black economic empowerment status report"	• the objective is to ensure compliance with the revised Mining Charter 3 within the time limits for implementation.	• the objective is to ensure compliance with the revised Mining Charter 3 within the time limits for implementation

[#] *Pursuant to the Mineral and Petroleum Resources and Development Act (the MPRD Act).*

Risk and opportunities

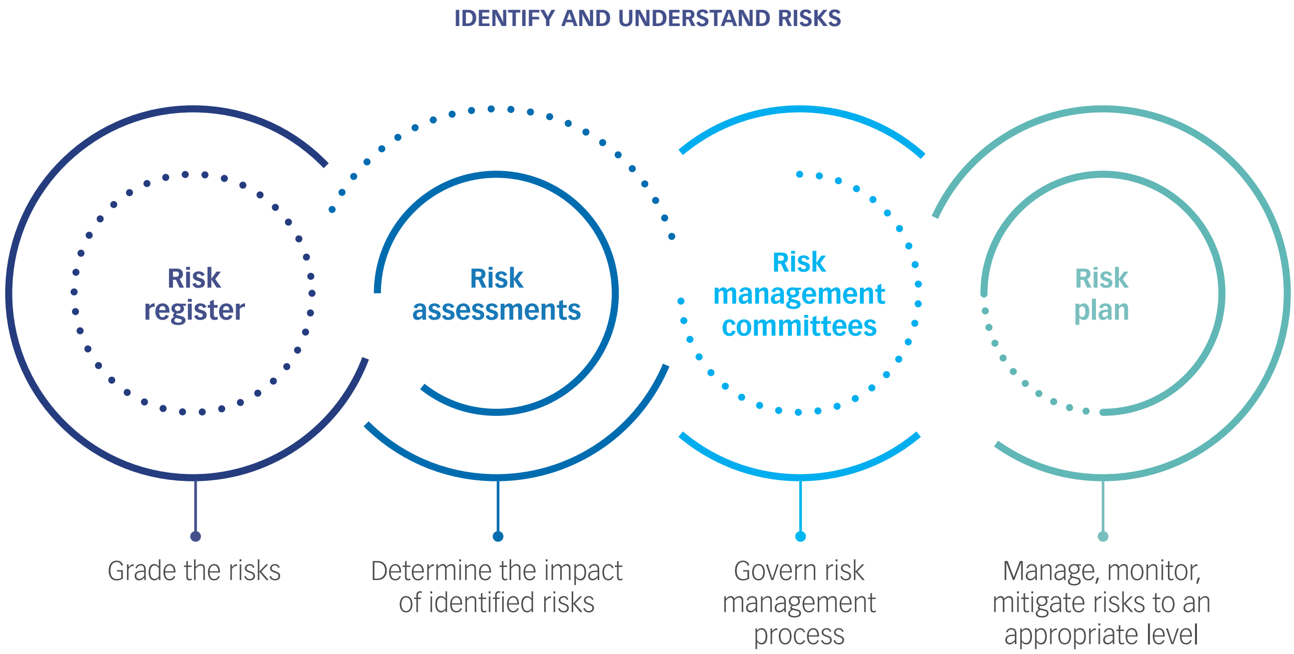
Operating context

The performance of the Assore group is largely dependent on the level of global economic growth, as almost all its commodities are used in the production of crude and stainless steel, the consumption of which is intimately related to global capital spend. Global economic growth, together with demand and supply dynamics, drives US dollar prices for commodities, while the level of exchange rates, combined with these prices, has a direct bearing on the group's financial performance. In assessing the group's risks and analysing its performance, it is essential to understand that, by its nature, mining is a long-term business and these analyses should be conducted bearing this in mind.

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", located on the group's website under "Annual reports". The table on page 21 sets out the most significant material risks to which the group is exposed and describes the mitigation measures adopted.

Risk and opportunities continued

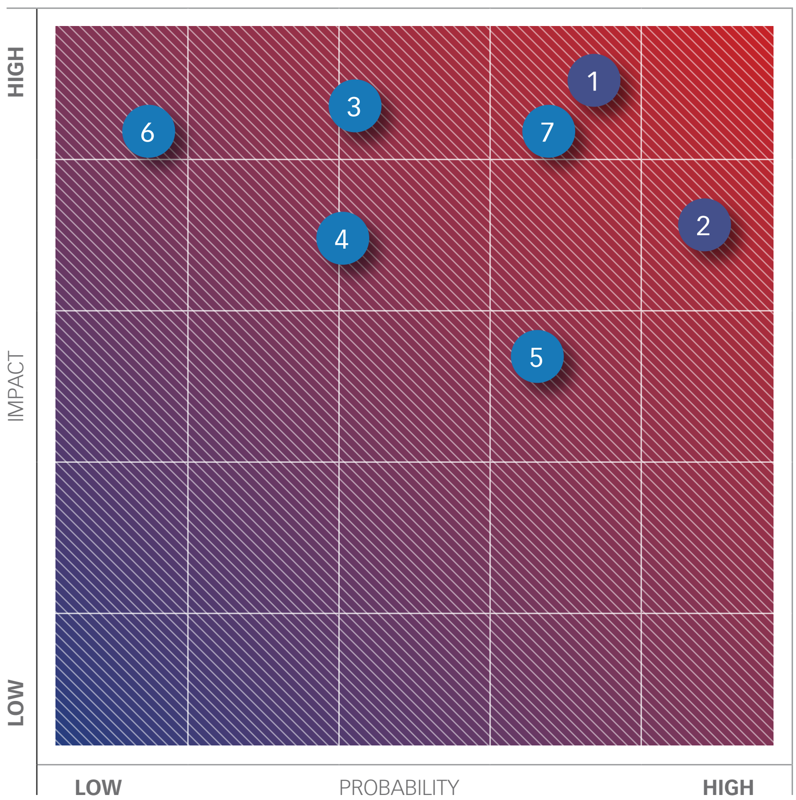
Risk process



Risk heat map

(refer facing page)

1. Fluctuations in exchange rates
2. Changes in international commodity prices
3. World economic growth
4. South African logistical infrastructure
5. South African labour market
6. Resources and Reserves
7. Mining Charter



RISK DESCRIPTION	IMPACT	MITIGATION MEASURES
Financial risks		
1 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 and Credit committee, the purpose of which is to limit exposure to exchange rate fluctuations. A limited degree of natural hedging occurs, given that some capital expenditure occurs in foreign currency as well
2 Changes in international commodity prices	Iron and manganese ore sales are priced on either a monthly, quarterly or on a shipment-by-shipment basis. Most other commodities are priced quarterly in advance. Fluctuations in these prices can 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 provides a degree of hedging against variable commodity prices
Operational risks		
3 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 globally, which in turn is linked to global economic growth	Management continually monitors market conditions and 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
4 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 through Portnet and Transnet. The level of maintenance and quality of management of the logistical facilities have 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 and optimal maintenance of these channels
5 South African labour market	The labour market in South Africa has become increasingly volatile, with prolonged strikes in certain sectors, which usually carry unrealistic demands from trade unions on employers, resulting in protracted negotiations with negative effects on productivity	Management attempts as far as is practical to commence wage negotiations at an early stage, and in an attempt to gain certainty on operating costs. These usually encompass negotiations towards agreements that cover more than one year
6 Resources and Reserves	By nature, the metal content 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, using modelling techniques, 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 to the "**Mineral Resources and Reserves report**", located on the group's website under "Annual reports"
7 Mining Charter	The Mining Charter places requirements on the operations in order to meet its objectives	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 46 to 49)

Group performance

Anticipating and reacting to change in the market

Khumani Iron Ore Mine

Chairman's statement

Three mines achieve consecutive fatality-free shift records

Third consecutive year of record earnings

Record annual dividend of R24,00 per share

Net cash of R9 billion

The year under review

I am delighted to report on another very successful year for Assore.

On the safety front, all operations recorded significant achievements.

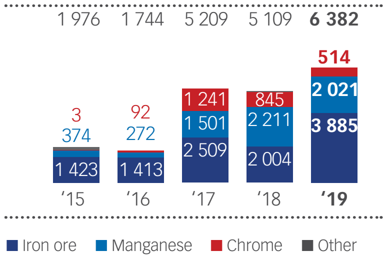
Headline earnings for the year to June 2019 increased 25% to a record R6,4 billion while attributable earnings increased for a third consecutive year to R5,9 billion, 16% above the prior year. Assmang's contribution to headline earnings amounted to R5,0 billion (41% higher than the previous year), while Dwarsrivier's contribution amounted to R516 million (41% lower than the previous year).

The higher earnings were driven by the weaker rand/dollar exchange rate, an increased average price realised for iron ore and higher sales volumes of both manganese ore and alloy. These positive factors were offset by slightly reduced sales volumes in iron ore and lower realised prices for chrome ore, manganese ore and manganese alloys.

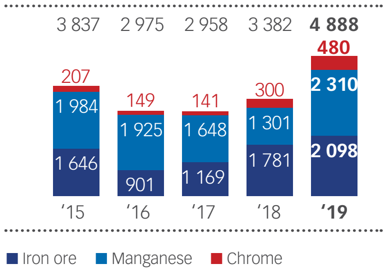
Headline earnings over the past five years by commodity are set out in the graph alongside.

Due to the continued difficult economic situation facing non-integrated ferroalloy producers, Assmang's investment in Sakura had to be impaired by R1 billion, of which Assore's share was just over R500 million.

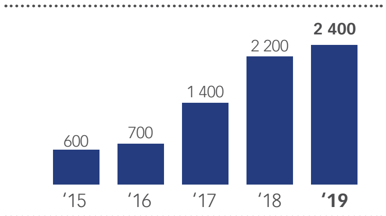
Headline earnings by commodity
(R million)



Capital expenditure by commodity
(R million)



Dividends per share
(cents)



Significant progress was made in disposing of unproductive assets in the year. Assmang sold the Machadodorp works and Assore disposed of Rustenburg and Zeerust Chrome mines, and, subsequent to the year-end, Group Line Projects.

Expansion and capital expenditure

The group continues to spend significant capital in its operations. Assmang's Black Rock expansion project has reached 93% completion, while the Gloria Mine modernisation project has reached 25% completion. On completion, approximately R10 billion will have been invested in our manganese operations. These investments aim to provide an improved balance in Black Rock's resource, production and marketing capabilities, while increasing the overall production capacity of manganese ore from the Black Rock complex to five million tons per annum.

On a per-commodity basis, capital expenditure over the last five years has been as per the graph alongside.

Dividends

The group's cash generation was strong this year due to the positive market conditions which prevailed. The net cash position of the group increased by R1,1 billion during the year to R9,0 billion at year-end. This enabled the board to approve a final dividend of R14 per share, taking the total dividend for the financial year to a record R24 per share.

Appreciation

This past year has been another very successful year for the group. I am proud of all our achievements, especially achieving record attributable earnings for the third consecutive year, a very healthy cash balance, no fatalities and continued safety achievements. I wish to commend the management team and all members of staff who have contributed to this success. In addition, such success could not be achieved without the significant contribution from our joint venture partners, trading partners and advisers. Likewise, I extend my thanks to them for their support during the year.

Patrick Sacco was appointed as deputy chief executive officer, in addition to his function as group marketing director, on 21 November 2018. We welcomed Mandla Tobela as executive: legal to the group's executive team on 1 January 2019. I wish them everything of the best in their new roles in the group.

D. Sacco

Desmond Sacco
Chairman

18 October 2019

Desmond Sacco

Chief executive officer's report

It gives me pleasure to report on another very successful year for the Assore group.

The financial results of the group are largely dependent on the level of global economic growth as the majority of commodities produced are used in the production of crude and stainless steels, the consumption of which is directly related to global capital spend.

In addition, group results are significantly affected by US dollar commodity prices and prevailing exchange rates which are risks that are generally beyond the control of management.

Safety

Dwarsrivier improved its lost-time injury frequency rate (LTIFR) to 0,17 for FY19 from 0,19 in FY18. The mine achieved five million fatality-free shifts in March 2019 and its safety performance contributed significantly to an improvement of the LTIFR of the operations controlled by Assore to 0,22 for FY19 from 0,27 in FY18.

The operations of Assmang, which are jointly controlled by Assore and ARM, achieved a combined LTIFR of 0,19 for FY19, representing a deterioration from the level recorded in FY18 of 0,13. However, its operations continue to maintain and achieve exceptional safety records. Khumani Iron Ore Mine achieved the best LTIFR in its operational history of 0,08, while Beeshoek Iron Ore Mine achieved four million fatality-free shifts in January 2019. In the Manganese division, the Black Rock Mines achieved seven million fatality-free shifts in February 2019, with the Cato Ridge smelters completing a second consecutive year without a lost-time injury.

The group remains committed to pursuing sustainable improvement in its overall safety performance.

Markets

The group's major markets are located in the Far East, India, Europe, North America and South Africa. Although the group's sales for iron and manganese products are reasonably diversified, the Chinese market remains the dominant destination for the group's products, especially for chrome ore. Diversification has been achieved through the establishment of long-term supply relationships, both directly and through agents. The group continues to develop other markets using its existing industry knowledge while anticipating future market developments.

World crude steel production grew by 4,5% in the 2018 calendar year (CY18), led by Chinese demand for crude steel which remained firm due to continued economic stimulus. Production in China is expected to grow by 5,7% in the 2019 calendar year (CY19). China produces more than half of the world's supply of crude steel and continues to report high levels of crude steel production, reaching 89 million tons in May 2019, which represented an all-time monthly record. The increases in global steel output drove good levels of demand for ores, with increased prices for iron ore and stable prices for manganese ore. Sustained, tight environmental controls continue to drive demand for the group's high-grade products.

The trade conflict between the USA and China has had a negative impact on consumer and business confidence and resulted in a lower than expected demand for stainless steel. As a result, prices for stainless steel and subsequently chrome ore prices weakened throughout FY19. This pricing weakness occurred despite an increase in world production of stainless steel for CY18, which increased by 5,4% from the 2017 calendar year (CY17).

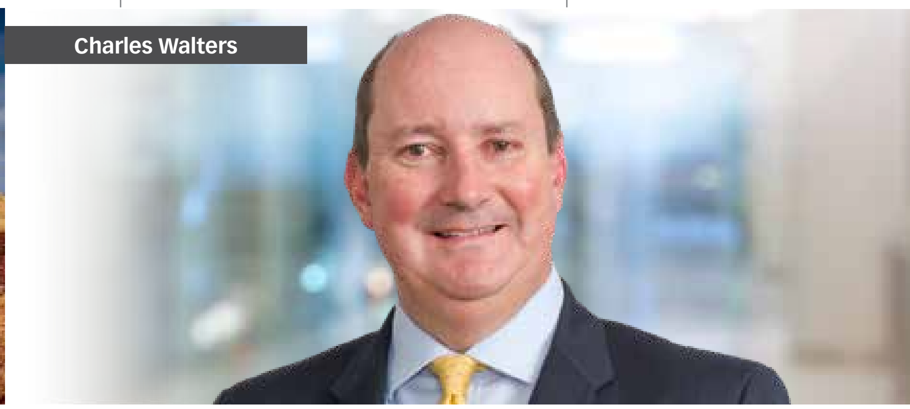
Earnings

The favourable market conditions experienced in the period enabled the group to sell increased volumes of manganese ore and alloys and maintain the volumes of chrome ore sold in FY18.

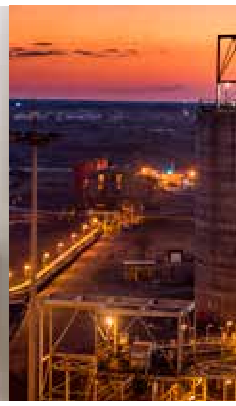
The average SA rand/US dollar (ZAR/USD) exchange rate for FY19 was R14,12, 10% weaker than the level that prevailed during FY18. The weaker exchange rate, higher iron ore prices, elevated although steadily declining manganese ore prices, and higher sales volumes of manganese ore, resulted in a notable increase in headline earnings (25%) with contributions to headline earnings/(loss) by commodity as follows:

	FY19 R million	FY18 R million
Iron ore	**3 885**	2 004
Manganese	**2 021**	2 211
Chrome	**514**	845
Other group transactions	**(38)**	49
Per consolidated income statement	**6 382**	5 109

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.



Charles Walters



Chief executive officer's report continued

The sales volumes for Assmang (iron ore and manganese) and Dwarsrivier (chrome ore) for the current and previous years were as follows:

	FY19 Metric ton '000	FY18 Metric ton '000	% (decrease)/ increase
Iron ore	**17 543**	17 874	(2)
Manganese ore*	**3 434**	3 177	8
Manganese alloys	**398**	378	5
Chrome ore	**1 556**	1 557	–

** Excludes intragroup sales to alloy plants.*

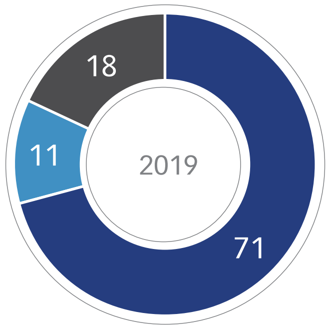
Iron ore

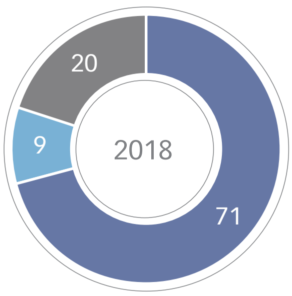
The increase in attributable profit for FY19 is due to the increase in prices and the weaker ZAR/USD exchange rate over the financial year. The average market price for iron ore increased over FY19 from USD69 per ton (62% iron content, "fines" grade, delivered in China) to USD80 per ton. At the end of FY19, the iron ore price level reached USD118 per ton, a level last recorded in 2014. A tragic tailings dam failure in Brazil, as well as weather disruptions in northern Brazil and Western Australia, resulted in reduced seaborne supply of iron ore. Furthermore, improved levels of demand for steel in China, mainly as a result of economic stimulus measures, changed what was anticipated to be an oversupplied market into an undersupplied market.

The strong demand for the group's product, combined with an increase of approximately 60% in the average level of the "lumpy" premium, to USD21 for FY19 (FY18: USD13) per ton, contributed to the increase in iron ore revenue of 39%. Sales volumes for FY19 were slightly lower (2%) than those for FY18, due to logistical difficulties encountered on the export rail line to Saldanha and requirements to balance inventories on site and at port. Production volumes decreased by 4% due to water supply challenges experienced at Khumani Mine.

Assmang's sales strategy for iron ore is to supply those markets that show a higher degree of stability, increasing sales in the higher return markets and attempting to diversify country risk. China remains the group's largest market. Limited progress was made in concluding a higher proportion of sales to other countries during FY19. On a per-region basis, the sales volumes for the year and FY18 are illustrated as follows:

Sale of iron ore on a per-region basis (%)





Capital expenditure in the Iron Ore division amounted to R2,1 billion, an increase of 18% on FY18, relating mostly to the replacement of additional mining fleet machinery.

Manganese ore and alloys

The growth in steel production ensured that demand for manganese ores remained firm throughout FY19, resulting in stable index prices, despite some weakness in Chinese ferroalloy prices towards the end of FY19.

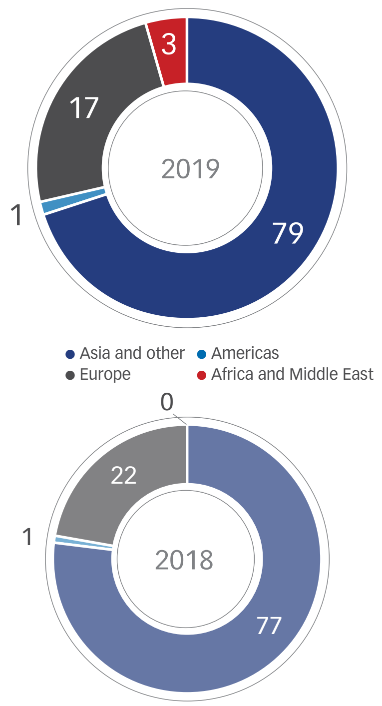
The manganese ore market was characterised by significant changes in the Chinese ferroalloy industry which saw silico-manganese production increase by 30% in CY18. This was driven by an increase in the unit consumption of silico-manganese due to changes in the Chinese rebar steel quality standards implemented in early 2018, requiring an increase of manganese content in rebar from 8kg/ton to approximately 11kg/ton. On the supply side, domestic Chinese manganese ore production continued to decline.

The FY19 average index price for the high-grade "lumpy" ore (44% manganese content) was USD6,68 per dry metric ton unit (dmtu), delivered (CIF) in China (FY18: USD6,88 per dmtu), while the average medium-grade "lumpy" ore price index (37% manganese content) for FY19 was USD5,55 per dmtu, free on board (FOB) from South Africa (FY18: USD5,59 per dmtu).

The stable prices together with the 8% increase in sales volumes and the weak ZAR/USD exchange rate resulted in the increased earnings from manganese ore. Production volumes decreased by 8% due to the five-and-a-half months shut at the Gloria Mine for its modernisation and optimisation project.

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

Sale of manganese ore on a per-region basis (%)

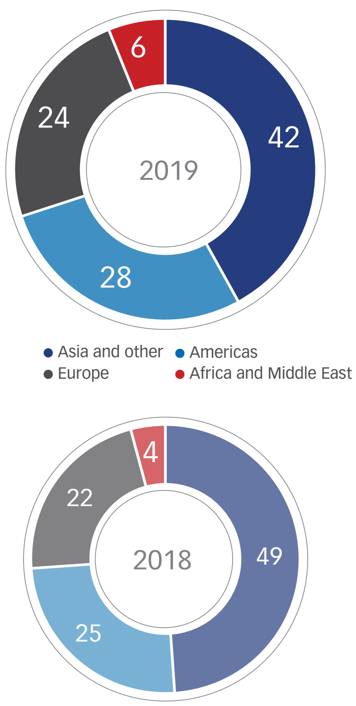


Despite the strong steel production, the manganese alloy market remained over-supplied during the reporting period. This resulted in continued price weakness and poor profitability for ferroalloy producers, with greater pressure on non-integrated producers.

The average index price for the USA and Europe for the FY19 for high-carbon ferromanganese was USD1,245 per ton delivered (including duties) (DDP), (FY18: USD1,434 per ton DDP.

Sales of ferromanganese on a per-region basis for the current and previous financial years are illustrated as follows:

Sale of ferromanganese ore on a per-region basis (%)



FY19 saw several major ferroalloy producers announce production cuts in an attempt to curb losses and accelerate the clearing of the over-supplied ferroalloy market. The uncertain economic environment continued to affect alloy demand in the markets outside China, with elevated input costs and weak alloy prices placing pressure on profit margins which are not expected to recover in the short term. Accordingly, by way of using a discounted cash flow model, management at Sakura have recorded an impairment charge against its property, plant and equipment of Malaysian ringgit (MYR) 338 million, of which Assmang's equity-accounted portion (54,36%) amounted to R625 million. In addition, management at Assmang assessed Assmang's equity-accounted carrying value of its investment in Sakura, by comparison to its determined fair value (less cost to sell) and an additional impairment charge in this respect of R388 million was recorded in this respect. The group's 50% share of the sum of these charges amounted to R507 million.

These impairment charges resulted in an overall decrease of 9% in the attributable profit of the Manganese division.

The Manganese division's capital expenditure increased by 77% to R2,3 billion (FY18: R1,3 billion), mainly due to R662 million capital spent on the modernisation and optimisation of Gloria Mine as well as a new slimes dam and thickeners for water recovery at the Nchwaning operations. At the end of FY19, approximately 93% of the approved capital of R6,9 billion on the Black Rock Expansion Project was committed or spent and 25% of the approved capital of R2,7 billion for the Gloria Mine modernisation and optimisation was spent.

Chrome

The attributable profit for FY19 decreased by 41% to R516 million (FY18: R875 million), due to lower prices for chrome ore and increased operating costs. The reduced profit was compounded by a labour strike suffered by Dwarsrivier in March 2019, which led to a decrease of 4% in production volumes. The cost management performance was disappointing, with unit production costs increasing by 14% over FY18.

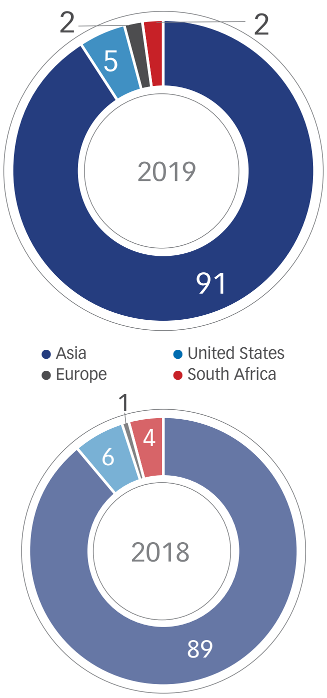
Chief executive officer's report continued

The US-China trade conflict and subsequent trade actions had a negative impact on consumer confidence and resulted in lower than expected demand for stainless steel. The production of stainless steel in China increased by 3,4% from 25,6 million tons in the 2017 calendar year (CY17) to 26,6 million tons in CY18 and world stainless steel production increased by 5,4% in the same period. The over-supply of ferrochrome in the group's main market resulted in a decrease in demand for chrome ore, especially during the last quarter of FY19, which saw the average index market price for FY19 decreasing to USD187 per ton from USD224 in FY18 (44% chrome content material, delivered in China).

The weaker ZAR/USD exchange rate partially negated the decrease in prices, with revenue decreasing by 4% to R3,6 billion. The mine spent capital of R480 million, mostly on ongoing projects aimed at increasing plant efficiency.

Sales of ores on a per-region basis for the current and previous financial years are illustrated as follows:

Sale of chrome ore on a per-region basis (%)



Wonderstone

The group has been mining pyrophyllite since 1937 from a deposit outside Ottosdal, approximately 300 kilometres south-west of Johannesburg, which it trades as Wonderstone. It is volcanic in origin and displays unique heat holding, insulation and pressure-resistant 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. These 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 specialist ceramic products. The most significant market for Wonderstone products is its use in the manufacture of polycrystalline diamond (PCD) cutters for drilling in the oil and gas well industries.

The export market, being the most significant market for Wonderstone, had a slow start to the year but saw some business returning in the last half of FY19. The weakened exchange rate made up for some of the lost export sales volume. Local demand for manufactured products showed good growth, following the successful completion of a locally developed product. Demand for Wonderstone run-of-mine (ROM) material into China remained strong.

The attributable loss recorded by the Wonderstone operations amounted to R3,7 million (FY18: R1,4 million profit).

Group Line Projects

Demand in the wear lining market continued to be weak with very few major construction projects. Despite a revised marketing effort and cost cutting measures being implemented, the company could not produce a profit, but was able to contain losses to R3,6 million (FY18: R14,9 million loss). Following a strategic review of the business, a decision was made to divest from Wonderstone's shareholding in Group Line Projects and subsequent to year-end, on 14 August 2019, the group sold its shareholding in Group Line Projects for R6 million.

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 Assmang. Strong relationships have been established with customers in the Far East, Europe, North America, South America, Africa and India, and products with a market value of approximately R35,6 billion (2018: R27,5 billion), on which it earns commission, 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 80 years. Attributable profit after taxation for the year improved to R611,6 million (FY18: R409,8 million), due mainly to the weaker exchange rate, higher prices for iron ore, and the elevated but steadily declining manganese ore prices.

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. Minerais is responsible for marketing and sales administration of the group's products in these countries, in particular manganese alloys, and it trades in other commodities related to the steelmaking industry. Minerais' contribution to the group's attributable profit for the year decreased to R29,8 million (FY18: R65,3 million) as a result of significantly reduced trading opportunities and a much greater reliance on commission income from its distribution businesses.

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, which is related to turnover in Assmang and to services provided to Dwarsrivier. The impact of increased commissions received of R146 million resulted in its attributable net profit after taxation for the year increasing to R254,9 million (FY18: R164,4 million).

Investments

Assore holds a 31,12% interest in IronRidge Resources Limited (IronRidge), which is accounted for using the equity method (refer to note 5 to the consolidated annual financial statements for more detail). IronRidge has a portfolio of gold, lithium, bauxite, titanium and iron ore prospects in Africa and Australia. During the financial year, IronRidge focused on its gold and especially its lithium exploration portfolio in the Ivory Coast and Ghana. The market value of the group's investment in IronRidge has decreased from GBP22,8 million (R410,4 million) at 30 June 2018 to GBP14,9 million (R267 million) at 30 June 2019.

The group holds a limited portfolio of listed shares which are selected and held in accordance with long-term investment criteria. In accordance with IFRS, the portfolio is valued in the financial statements at fair value. At 30 June 2019, the market value of the remainder of the portfolio was R317,8 million, based on a cost of R157,8 million.

Other income for the group includes interest received of R557 million (2018: R502 million) generated on cash in excess of current requirements, which was invested on a short-term basis in the money market, both on variable and fixed rates. The increased amount of interest received is mostly due to elevated average available cash balances and higher rates of interest, which prevailed in part due to fixed rates being higher than the variable rates.

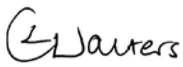
Outlook

Global economic growth is being affected by increasing geopolitical risk. The uncertainties that prevail in the world markets may hamper steel demand in the year ahead which could have a negative impact on the prices we receive for our products. In response to the trade war initiated by the United States, China has increased its fiscal and monetary stimulus, announcing a new round of major infrastructure projects and various tax cuts. These actions, if successful in maintaining continued growth in China, should support demand for the group's products in the near term. The direction of prices will ultimately be determined by the level of discipline exercised by suppliers.

The mining industry in South Africa continues to face a high level of regulatory uncertainty and increased expectations from its various stakeholders. When combined with continued increases in electricity prices and wage demands that continually exceed inflation, significant pressure is being placed on the competitiveness of South African suppliers of commodities to world markets.

Appreciation

I would like to express my sincere appreciation to the group's customers and partners for their support during the year which made these results possible. I would also like to thank my executive team, the management teams at our operations, our dedicated sales and marketing colleagues around the world and all the staff of the Assore group for their support and tremendous contribution to this successful year.



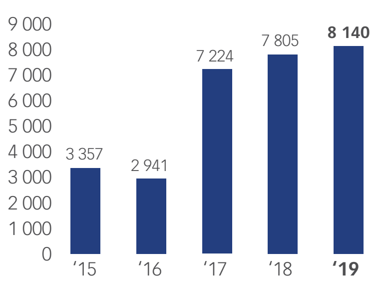
Charles Walters
Chief executive officer

18 October 2019

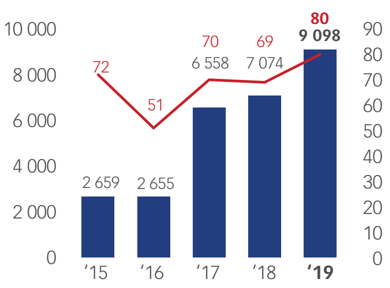
Five-year summary of the consolidated financial statements

INCOME STATEMENTS	2015 R'000	2016 R'000	2017 R'000	2018 R'000	**2019 R'000**
Revenue	3 357 297	2 941 047	7 223 959	7 804 737	**8 140 469**
Profit excluding profit on disposal of available-for-sale listed investments	76 792	400 303	2 472 277	2 270 040	**2 080 609**
Profit on disposal of available-for-sale listed investments	—	—	—	42 432	**—**
Taxation	(102 293)	(176 376)	(583 420)	(645 546)	**(629 756)**
Share of profits and losses from joint-venture entity and foreign listed associate, after taxation (equity accounted)	1 315 941	1 273 714	3 249 473	3 508 076	**4 513 079**
Profit for the year	1 290 440	1 497 641	5 138 330	5 175 002	**5 963 932**
Attributable to:					
– Shareholders of the holding company	1 403 371	1 539 363	5 021 171	5 119 329	**5 932 037**
– Non-controlling shareholders	(112 931)	(41 722)	117 159	55 673	**31 895**
As above	1 290 440	1 497 641	5 138 330	5 175 002	**5 963 932**
Other information					
Attributable earnings as above (R'000)	1 403 371	1 539 363	5 021 171	5 119 328	**5 932 037**
Headline earnings (R'000)	1 976 351	1 744 176	5 209 046	5 108 750	**6 381 769**
Earnings per share (cents)	1 360	1 491	4 869	4 963	**5 751**
Headline earnings per share (cents)	1 915	1 690	5 049	4 953	**6 187**
Dividends declared during the year	1 186 660	698 035	1 535 677	2 512 926	**3 071 354**
Less: Dividends attributable to treasury shares	(309 400)	(182 000)	(400 400)	(656 207)	**(802 095)**
	877 260	516 035	1 135 277	1 856 719	**2 269 259**
Dividends relating to the activities of the group for the year under review (cents)					
– Interim declared and paid	300	200	600	1 000	**1 000**
– Final (declared subsequent to year-end)	300	500	800	1 200	**1 400**
	600	700	1 400	2 200	**2 400**
Weighted average number of shares for purposes of calculating earnings per share					
Ordinary shares in issue	139 607	139 607	139 607	139 607	**139 607**
Treasury shares, in accordance with IFRS	(36 400)	(36 400)	(36 430)	(36 456)	**(36 462)**
Weighted average	103 207	103 207	103 117	103 151	**103 145**
Average exchange rates for the year:					
SA rand to US dollar	11,46	14,65	13,26	12,82	**14,08**
SA rand to euro	13,61	15,97	14,62	15,77	**15,26**

Revenue
(R million)



Assmang earnings versus iron ore price
(R million) (US dollar/ton)*

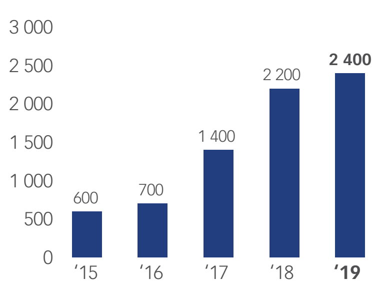


** Average for 62% iron content, fines grader, CFR China (Platts).*

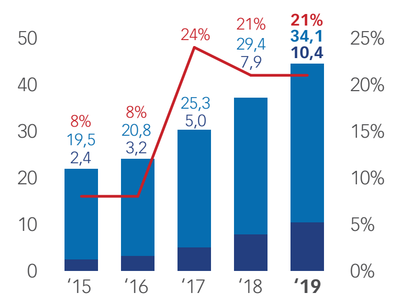
STATEMENTS OF FINANCIAL POSITION

	2015 R'000	2016 R'000	2017 R'000	2018 R'000	**2019 R'000**
ASSETS					
Non-current assets					
Investment in joint-venture entity	14 585 308	15 094 529	15 327 400	15 984 321	**17 215 032**
Property, plant and equipment and intangible assets	256 504	178 609	1 584 642	1 793 865	**2 145 694**
Investments					
– available-for-sale listed investments	233 972	180 084	229 376	262 003	**317 795**
– foreign listed associate	120 756	124 848	108 729	154 896	**187 387**
– available-for-sale unlisted investments	47 808	44 591	24 098	7 568	**3 354**
Long-term receivable	—	—	—	6 000	**9 320**
Pension fund surplus	57 474	68 070	93 144	129 245	**141 536**
Deferred taxation	4 964	17 421	—	—	**—**
	15 306 786	15 708 152	17 367 389	18 337 898	**20 020 118**
Current assets					
Other current assets	1 335 087	1 455 937	2 327 364	2 584 281	**3 690 597**
Cash resources (including restricted cash)	2 871 195	3 664 447	5 626 778	8 449 797	**10 395 268**
Assets held for sale as part of identified disposal groups	—	—	—	1 351	**288**
Total assets	19 513 068	20 828 536	25 321 531	29 373 327	**34 106 271**
EQUITY AND LIABILITIES					
Share capital and reserves					
Equity attributable to shareholders of the holding company	17 808 956	18 945 480	22 649 300	26 091 352	**29 772 014**
Non-controlling shareholders' interests	15 765	(33 871)	(24 348)	(40 990)	**30 368**
Total equity	17 824 721	18 911 609	22 624 952	26 050 362	**29 802 382**
Non-current liabilities					
Deferred taxation	—	—	283 778	345 440	**471 091**
Long-term liabilities	367 181	28 918	134 920	184 152	**228 756**
	18 191 902	18 940 527	23 043 650	26 579 954	**30 502 229**
Current liabilities					
Non-interest-bearing	360 300	892 235	1 698 162	2 191 727	**2 211 827**
Interest-bearing	960 866	995 774	579 719	584 472	**1 391 564**
	—	—	—	17 174	**651**
Total equity and liabilities	19 513 068	20 828 536	25 321 531	29 373 327	**34 106 271**
Exchange rates at year-end					
SA rand to US dollar	12,27	14,86	13,03	13,72	**14,06**
SA rand to euro	13,73	16,49	14,89	15,98	**15,92**

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

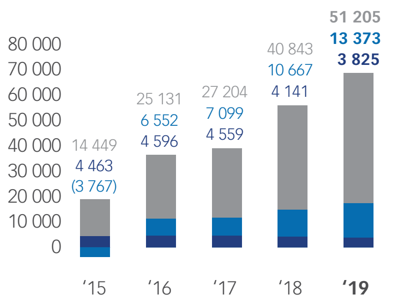


Total assets versus available cash
(R billion)



Total assets
Available cash
ROCE %

Market capitalisation analysis
(R million)



Non-BEE controlled (as measured by Mining Charter requirements)
Market capitalisation of IFRS consolidated BEE controlled shares
Unpaid vendor financing

Sustainability report

Lost-time injuries (LTIs)

Dwarsrivier	5
Wonderstone	2

7
(2018: 8)

Total Assore operations

Lost-time injury frequency rates (LTIFRs)

Dwarsrivier	0,17
Wonderstone	1,19

0,22
(2018: 0,27)

Total Assore operations

Occupational health surveillance

3 691
Audiometric surveillance tests

5 847
Medicals performed

Total Assore operations: Workforce composition

1 579
Temporary/contract employees

1 204
Permanent employees

Focus of CED funding

34
Learnerships

38
Bursaries

Focus of CED funding

R12,2 million
was allocated to infrastructure development

R24,9 million
to education

R44,4 million
(2018: R31,5 million)

Total CED spend per Assore operations

Alien and invasive plant control

Dwarsrivier Chrome Mine developed a comprehensive Biodiversity Action Plan (BAP) in early 2015. The BAP was compiled with the assistance of various ecological specialists in the field of biodiversity management. Protecting, and even enhancing, the biodiversity of the mining area is key to long-term sustainable mining in the Steelpoort Valley. The mining and surrounding areas fall within the Endangered Sekhukhune Mountainlands region and are formally classified as a Critical Biodiversity Area (CBA).

For these reasons, biodiversity management is a key pillar of the Environmental Management System at the mine. One of the biggest biodiversity threats in the area is the proliferation of alien and invasive plant species. Eradication of alien and invasive plant species is one of the aspects addressed in the mine's BAP.

As part of the planning process the mine, together with the ecological specialists, identified a number of priority areas – ranging from riparian areas (high priority) to mining office blocks (low priority). In addition, a number of priority invasive plants were identified in line with the latest legislative requirements. The initial focus of the programme concentrated on high priority plant species located in the high priority sensitive areas such as the riparian areas.

It was also important for the mine to clearly decide on and set out the principles of the Alien and Invasive Plants Control Plan (AIPCP). Some of these principles include the following:

- Avoiding impacts by not performing environmentally detrimental actions.
- Minimising impacts by limiting aspects of an action which could lead to environmental damage.
- Rectifying impacts through rehabilitation and restoration of the affected environment.
- Minimising impacts by optimising processes, structural elements, and other design features.
- Provide ongoing monitoring and management of environmental impacts of development and documenting of any digressions and good performances.

To implement the requirements of the BAP, in relation to alien and invasive plant species, the mine partnered with a specialist company in 2018. As part of the partnership agreement, the specialist company provides a qualified supervisor to oversee the invasive plant removal programme and provide training to local employees. Over time the trained employees would be able to assist with increasing awareness on biodiversity threats in the area, specifically those relating to alien and invasive plants.

A number of successes have been achieved since the initiation of the AIPCP. Within a relatively short period, several alien and invasive plant species have been successfully controlled at our South Shaft. There has also been good capacity building with the appointment of local employees from the Steelpoort area.

The AIPCP is in its first year of implementation and we hope to build on the successes already achieved in the coming years.

Alien and invasive pest control at Dwarsrivier

Indicator	Unit	2019 Assmang operations	2019 Assore operations	2018 Assmang operations	2018 Assore operations
Total number of employees as of 30 June	Number	**11 494**	**2 783**	11 821	2 454
• Permanent	Number	**5 557**	**1 204**	5 336	1 251
• Contract	Number	**5 937**	**1 579**	6 485	1 203
Production days lost to strike action	Number	**8**	**42**	4	–
Total new employee houses completed since start of project	Number	**1 518**	**87**	1 518	87
Fatalities	Number	**–**	**–**	–*	–
Lost-time injuries	Number	**17**	**7**	11	8
Lost-time injury frequency rate	Per 200 000 hours	**0,19**	**0,22**	0,13	0,27
Section 54 notices issued (Mine Health and Safety Act)	Number	**1**	**3**	2	3
Production shifts lost due to section 54 notices	Number	**–**	**32**	3	5
Prohibition notices issued (Occupational Health and Safety Act)	Number	**–**	**–**	–	–
Medicals performed	Number	**17 116**	**5 847**	19 597	4 121
Audiograms performed	Number	**17 955**	**3 691**	24 326	2 585
Noise-induced hearing loss cases referred for compensation	Number	**6**	**2**	2	7
New TB cases reported	Number	**11**	**5**	17	7
• Pulmonary TB	Number	**4**	**5**	6	7
• Multi-drug resistant TB	Number	**–**	**–**	–	–
Total greenhouse gas emissions	Tons CO_2e	**1 248 696**	**160 842**	1 174 063	79 589
• Scope 1 emissions	Tons CO_2e	**372 600**	**7 286**	369 573	8 254
• Scope 2 emissions	Tons CO_2e	**875 461**	**70 767**	804 490	71 335
• Scope 3 emissions	Tons CO_2e	**635**	**82 789**	Not reported	Not reported
Diesel consumption	'000 litres	**61 119**	**2 516**	59 164	2 853
Electricity consumption	MWh	**825 906**	**72 956**	829 372	72 065
Water consumption	m^3	**11 889 545**	**251 707**	10 203 604	475 290
Waste generation					
• Waste rock	Tons	**59 856 705**	**85 073**	60 739 143	89 638
• Tailings/slag/discarded waste	Tons	**3 860 153**	**831 201**	3 977 827#	819 168
Financial provision for rehab and closure	R million	**744,4**	**124,9**	723,3	128,4
Number of environmental administrative penalties/fines	Number	**–**	**–**	–	–
Community and economic development expenditure	R million	**120,1**	**56,2**	101,2	31,5

Restated from previous year.
* *One fatality was reported for Sakura Ferro Alloys SDN BHD in which Assmang Limited (South Africa) has a 54,36% shareholding.*
All figures for the Assmang operations are stated on a 100% basis.

The complete sustainability report is located on the group's website under "Annual reports".

Khumani Iron Ore Mine

Corporate governance

Ethical corporate citizenship

Leadership

Directors and members of the executive

Desmond Sacco
(79)

Chairman

BSc (Hons) (Geology)

Board committee:

* Appointed on 6 August 1974

Charles Walters
(51)

Chief executive officer

BSc (Mech) Eng, BCom, PMD

* Appointed on 1 July 2017

Patrick Sacco
(41)

Deputy chief executive officer and group marketing director

BA (Indus Psych), MA (Marketing)

* Appointed on 1 July 2007. Appointed as deputy chief executive officer on 21 November 2018 and group marketing director on 1 July 2007.

Ross Davies
(49)

Chief financial officer

BCompt (Hons), CA(SA)

Board committee:

* Appointed on 20 February 2018

Bastiaan van Aswegen
(58)

Group technical and operations director

BEng (Metallurgy), BCom, MEng

Board committee:

* Appointed on 1 September 2012

Kieran Daly
(50)

Executive: growth and strategic development

BSc (Mining) Engineering, MBA

Bongani Phakathi
(49)

Executive: HR and public affairs

BCom, PG Dip IR

Mandla Tobela
(43)

Executive: Legal

BProc, LLB, LLM, MBA

** Appointed to the Assore board.*

Independent non-executive directors

Edward Southey
(77)
Deputy chairman and lead independent non-executive director
BA, LLB
Board committee: Remuneration; Audit and Risk
* Appointed on 2 January 2009

Delight Aitken
(43)
Independent non-executive director
Dip Bus Admin
* Appointed on 1 March 2017

Thandeka Mgoduso
(63)
Independent non-executive director
BA, MA (Clinical Psychology)
Board committee: Social and Ethics
* Appointed on 2 February 2015

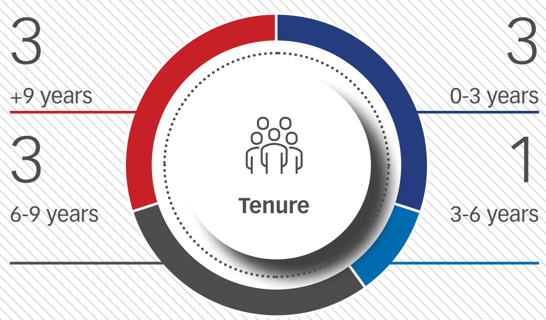
Sydney Mhlarhi
(46)
Independent non-executive director
BCom, BAcc, CA(SA)
Board committee: Audit and Risk
* Appointed on 15 October 2012

William Urmson
(77)
Independent non-executive director
CA(SA)
Board committee: Remuneration; Social and Ethics; Audit and Risk
* Appointed on 1 October 2010

Curriculum vitae of the leadership can be found at
www.assore.com/directorate-2/

Board committees: Remuneration | Social and Ethics | Audit and Risk

Member of the board *Executive Committee*



Board composition

5 Executives
5 Independent non-executives
20% Female
80% Male
30% Historically disadvantaged
70% Non-historically disadvantaged

Corporate governance report

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 IV Report on Corporate Governance (King IV), which it implements in accordance with the following framework:

- Establishing a risk and control environment within each of its business entities where management, in conjunction with the necessary support from the Audit and Risk, and Social and Ethics committees, is responsible for identifying, quantifying and managing risks related to the achievement of the organisation's objectives on a sustainable basis. The assessment of risk is based on their potential impact on the group to continue its business.
- Creating a process which provides the board, through the Audit and Risk, and Social and Ethics committees, with assurance regarding the adequacy of internal control within the organisation, i.e. that the risk and control environment is appropriate for the business concerned and that the business is operated in a manner which provides the board with reasonable assurance that the group's assets are appropriately safeguarded.
- 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. (Refer "Assurance".)

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 King IV. A detailed governance register is located on the group's website, under the "About us" tab.

PRINCIPLE 1: The governing body should lead ethically and effectively

The governing body of the group, namely the board, is committed to ethical leadership beyond mere legal compliance, and to acting in the best interest of the group at all times. The board sets the standards for values, business practices and ethical behaviour for the group. The tone at the top filters through to all levels and is enforced by senior management through stringent control, involvement and review processes. All board members have senior managerial or related professional experience, have knowledge of applicable rules and standards and adhere to the group's code of conduct. The board considers the impact of operational and business decisions on the environment, as well as on society and on the communities where the group operates. Executive board members and other executives conduct regular meetings with each other and with their respective staff in order to ensure that the necessary direction is applied and maintained in the group's activities.

PRINCIPLE 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture

Ethics

The board assumes responsibility for the establishment and maintenance of ethical standards. Ethical issues are managed by way of executive involvement in day-to-day management processes of the group, and by 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, which acts on behalf of the board (SEC, refer "Social and Ethics committee"). The group applies a code of ethics, as approved by the SEC and the board, and all staff who bear line responsibility are required to be trained in the application of this code. Various channels to facilitate effective whistle-blowing procedures are in place in the group to afford employees and other parties the opportunity to bring unethical or unlawful practices to the attention of senior management on an anonymous basis. 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 consults with external legal counsel in unfamiliar and complex areas.

Insider trading and closed periods

The group declares closed periods which are applicable to all members of staff 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. A closed period extends from the first day of the month following the end of a financial reporting period to the day on which the interim or final results are published. Where appropriate, dealing is also restricted where a public announcement is imminent and which includes information considered to be price sensitive. Where relevant, prior to these announcements, all staff, third parties and advisers who require consultation are required to sign non-disclosure agreements, where the announcement is of a price-sensitive nature.

All directors and staff are required to obtain the written approval of the chief executive officer (CEO) prior to dealing in the company's shares at any time during the year. Any dealings by the CEO in Assore shares require the approval of 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), senior staff members are also precluded from dealing in ARM's shares in these closed periods.

PRINCIPLE 3: The governing body should ensure the organisation is and is seen to be a responsible corporate citizen

Responsible corporate citizenship is embodied in the group's operations from its mining and manufacturing activities through to involvement within the communities in which it operates and to its customers who utilise its products. The activities in these areas are overseen by the SEC, which also receives feedback from Assmang's SEC and are reported on a bi-annual basis to the Audit and Risk committee and to the board, which assumes ultimate responsibility in this regard.

PRINCIPLE 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process

The core purpose of the group is to generate value for its shareholders and to maintain and increase this value in a sustainable manner, always mindful of the legitimate and reasonable needs, interests and expectations of material stakeholders. Decisions that are made within the group are undertaken at appropriate levels, which ensures that opportunities are carefully assessed in conjunction with an analysis of associated risks. Key aspects of these decisions include an assessment of the value to be added or maintained, as set out in the business model.

PRINCIPLE 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects

The integrated annual report (IAR) has been prepared on the basis of the framework of the International Integrated Reporting Council (IIRC). Management ensures that the IAR is compiled in a manner that enables stakeholders to determine the risks associated with investing in or transacting with the group, placing them in a position to make sufficiently informed decisions in attempting to achieve their objectives. The IAR sets out the group's strategy and business model, as well as the risks faced by the group and how these risks are addressed or responded to, and sets out those areas which the board believes are material to stakeholders in making their respective risk assessments. Materiality is considered qualitatively and, where relevant, numerically, in conjunction with assurance and service providers.

PRINCIPLE 6: The governing body should serve as the focal point and custodian of corporate governance of the organisation

Board of directors

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

Board composition

The Assore board has a unitary structure, comprising 10 directors, five of whom are executive and five non-executive, with all of the latter being independent. Since the chairman represents the controlling shareholder, and in order to enhance the balance of power and authority on the board, the chairman does not have a casting vote. Additionally, the board has appointed a lead independent director, who also occupies the position of deputy chairman.

The independent non-executive directors have, between them, considerable experience gained at senior management levels in diverse listed and unlisted companies and professional firms operating in South Africa and abroad. Assore has an informal gender policy that supports the appointment of women to the board, which currently has two female board members, constituting 20% of the board. Gender and racial diversity is an important consideration when effecting board and executive appointments and these considerations are made in conjunction with considering diversity in business, geographic and academic backgrounds.

Professional advice

In the event that board members believe that independent professional advice relating to the group's affairs would be of benefit to the group, the group will, at its expense, engage appropriate advisers in order to satisfy the concerns raised in this respect.

PRINCIPLE 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

Independence

Independent non-executive directors are appointed in terms of three-year renewable contracts and the board evaluates their independence annually, based on returns submitted by each director. 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 without board approval. Non-executive directors do not receive any benefits from the company other than their fees for services as directors.

Election and succession

Appointments to the board in an executive directorship capacity are based on the nominees holding appropriate professional qualifications and having had substantial exposure to business in general, and in particular in the mining industry, in senior managerial roles and/or related professional practice, including knowledge of applicable legislation, rules, codes and standards. If an executive vacancy arises, or is imminent, and the board is of the opinion that it is of such a nature that a formalised selection process is required, an *ad hoc* nomination committee is convened to make the relevant appointment. This committee usually consists of two independent non-executive directors, and reports to the board with its recommendations. Induction to the group for incoming non-executive directors occurs prior to appointment by means of a full appraisal of the group's activities by the CEO, and following appointment, non-executive directors are offered the opportunity to visit the group's operations to familiarise themselves with the group's activities.

In accordance with the company's Memorandum of Incorporation (MoI), 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 offer themselves for re-election at each 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 under the leadership tab on the group's website www.assore.com/directorate-2/. 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. The management structure of the group provides effective succession for each executive director, which occurs by way of understudy 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. The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

Corporate governance report continued

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
CE Walters	4	4
RA Davies	4	4
BH van Aswegen	4	4
PE Sacco	4	4
DN Aitken	4	4
S Mhlarhi	4	3
TN Mgoduso	4	3
WF Urmson	4	4

PRINCIPLE 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties

Audit and Risk committee

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

	Possible attendance	Attended
EM Southey (Chair)	3	3
S Mhlarhi	3	3
WF Urmson	3	3

The chairman of the committee reports 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, chief financial officer (CFO) and representatives of the company secretary attend all meetings by invitation. Board members who are not members of the committee are entitled to make submissions at its meetings, with the prior consent of its chairman. Internal and external auditors meet 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 audit work in the year under review. The committee recommended the approval of the integrated annual report for 2019 to the board on 18 October 2019.

The terms of reference of the Audit and Risk committee are documented, have been approved by the board, and are reviewed periodically to ensure they remain appropriate to the activities of the group. The principal objectives of the committee that emanate from its terms of reference, and which were applied during the year under review, are:
- to monitor the risk profile as compiled by internal audit and agreed to by management, and make recommendations on the composition and classification of the risk profile for the group (refer to "Risk management");
- by taking into account the group's combined assurance model (refer to "Assurance"), to integrate the activities of assurance providers so that all risks are identified and appropriate mitigation steps are taken;
- to provide a forum for management and representatives of the external and internal audit functions to resolve issues which arise from all external and internal audit activities;
- to make recommendations to the board regarding the appointment of the external auditors;
- to review the activities, services and performance of the external auditors, evaluate their independence and review their overall role and the appropriateness of fees charged;
- to 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;
- to consider the appropriateness of the group's accounting policies;
- to monitor and supervise the effectiveness of the internal audit function (refer "Internal audit and internal control") to ensure that the roles of both internal and external audit are clear in order to provide an objective overview of the operational effectiveness of the group's systems of internal control and reporting;
- to receive and consider feedback on issues relevant to the committee raised at meetings of the Social and Ethics committee (refer "Social and Ethics committee"); and
- obtain reports from management, and make the necessary enquiries from external and internal audit and of management, on any matters which are the subject of litigation, ensure compliance with material aspects of legislation and create awareness of pending changes to legislation (refer "Legal compliance").

All the members of the committee, including the chairman (who will make himself available to take questions at the AGM), are independent non-executive directors, who collectively possess the appropriate professional and business experience pertaining to legislative requirements, financial risks, financial and sustainability reporting, and internal controls applicable to the group.

The committee is satisfied that the external audit function remains independent. The chair of the committee approves all services undertaken by the external auditor prior to engagement. The external auditor's own requirements enforce an audit tenure of no more than five years for the incumbent chief audit executive (CAE). The committee assessed the suitability and recommended the reappointment of Ernst & Young Inc. (EY) and the CAE, Dawie Venter, as the group's independent external auditors for the 2019 financial year based on the information submitted by EY in terms of paragraph 22.15(h) of the JSE Listings Requirements.

Social and Ethics committee

In accordance with its documented terms of reference approved by the board, the committee is required to meet at least twice per annum on predetermined dates. The committee met twice during the year and attendance at these meetings is tabled below:

	Possible attendance	Attended
WF Urmson (Chair)	2	2
RA Davies	2	2
TN Mgoduso	2	2
BH van Aswegen	2	2

The Social and Ethics committee 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 where relevant. The key aspects of its terms of reference include the monitoring of the group's activities relating to any relevant legislation affecting the group's activities, or prevailing codes of best practice with regard to matters relevant to:

- its corporate strategy and any changes thereto that may be necessary from time to time;
- the social and economic development of communities located in the areas surrounding its operations;
- the maintenance of good corporate citizenship credentials;
- environmental, health and public safety issues at all its operations, including the impact of the group's activities and of its products or services on the environment;
- consumer relationships, including the group's advertising and public relations, and compliance with all legislation relating to the group's activities; and
- labour and employment, including working conditions and employee development.

Remuneration committee

Since salaries and bonuses are reviewed on an annual basis, the committee meets informally at least once a year, in addition to *ad hoc* meetings that may be necessary from time to time. The CEO attends meetings of the committee by invitation but is not entitled to vote. Executive remuneration awards were discussed and agreed to by way of round robin resolution.

The Remuneration committee is chaired by the lead independent director and consists of a majority of independent non-executive directors. Group chairman Desmond Sacco is appointed as a member of this committee, based on his interest as controlling shareholder of the company, which the board believes adds to the overall representation of the decisions and policies of the committee.

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.

Due to the sensitivity of individual remuneration levels, the remuneration of senior employees, other than directors, is not disclosed. However, the total cost of the remuneration of senior employees is disclosed in the consolidated financial statements (refer note 34.1), and directors' remuneration of the holding company directors for the current and previous financial year is set out in the annual financial statements.

PRINCIPLE 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness

Board and committee performance evaluation

The chairman represents the controlling shareholder and is therefore in a position effectively to evaluate the performance of board members and that of its various committees in meeting the group's objectives, and as a consequence ongoing evaluation of the board and its various committees does not occur on a formal basis. The structure of the management of the business permits regular interaction, which occurs between all levels of management, ensuring that the various structures in the Assore group operate in accordance with their terms of reference. As stated in the section on 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.

The composition and size of the board as described above enables regular formal and informal interaction between directors to take place to ensure appropriate application of authority in the decision-making process. This ensures that resolutions cannot be passed without the agreement of at least one of the independent non-executive directors.

A key aspect of the group's activities includes marketing and distribution. As a result, the reputation of and relationships with its customers and all other stakeholders is assessed in all of the board's actions, and not in isolation. Further insight into the group's activities is provided to the chairman at regularly convened chairman's review 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.

PRINCIPLE 10: The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibility

Chief executive officer and chief financial officer

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 subcommittees are addressed by the responsible staff and, further, that these issues are elevated to the appropriate level when it is apparent that more senior management involvement is necessary. The CEO does not have other professional commitments, and besides assuming the chairmanship of an educational institution, is not a member of any other governing bodies outside of Assore. The group has a chief financial officer, who assumes responsibility for the group's financial position and related issues.

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

Corporate governance report continued

provisions of the Companies Act are applied in the affairs and management of the group. The board of directors of AMT includes an adequate number of persons with professional qualifications to ensure that an appropriate level of independence is maintained and that its affairs are conducted on an arm's length basis. The board has considered the necessary skills and competence of these secretarial functions and was satisfied as to the level of expertise included in these functions.

Group boards

The subsidiary and joint-venture companies of the group have boards of directors that operate independently in relation to 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. The board of the holding company is satisfied that the delegation of authority framework contributes to the role clarification and the effective exercise of the authority and responsibilities.

PRINCIPLE 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives

Risk management

The board has delegated the assessment and management of the group's risk profile, which is compiled by the internal audit function, to the Audit and Risk committee, which advises the board of any unresolved risk management issues. Risk is an inherent feature of conducting business, and in the mining and smelting industries it is exacerbated by the remoteness of location of the operations, the physical danger inherent in the day-to-day activities of these operations and compliance with legislative requirements, particularly with regard to environmental management with which the industry has to comply. These risks are compounded by the volatility of exchange rates and international commodity prices to which the group is exposed on a daily basis and which are largely beyond the group's control.

Management of group risk is critical to the sustainability of the group and is achieved through the identification and control by various risk management committees of all risks, 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 group are prepared and updated three times annually by a dedicated risk management department, with assistance from specialist external consultants where necessary. Risk is also considered from a group perspective, with the group risk register and mitigating actions monitored by the executive leadership team and overseen by the Audit and Risk committee.

For larger business entities in the group, 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 taken out on insurable risks where considered appropriate. In addition to these processes, other risks deemed relevant to the Assore group are presented to the Audit and Risk committee, which is provided with 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. The group risk management process includes an ongoing review of compliance with relevant legislation and standards in the following areas (refer "Group sustainability performance"):

- Environmental rehabilitation management.
- Health and safety management.
- Human resource management.
- Quality of products and management systems.

Details of the principal risks to which the group is exposed are included in this report.

PRINCIPLE 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

The management of information technology (IT) falls within the remit of the CEO, who chairs regular meetings of the IT Steering committee (IT Steerco). The IT Steerco consists of senior staff members of the group, who receive representations from the chief information officer (CIO) on pertinent IT issues. 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 and cyber security, the design and maintenance of disaster recovery procedures, and related staffing and administrative issues. The IT Steerco seeks external advice when required. Matters of relevance to the business are communicated by the CEO to the Audit and Risk committee or the board, where appropriate. In addition, the IT systems are subjected to a detailed annual external audit, the results of which are reported on to the Audit and Risk committee for attention and action where necessary. Disaster recovery (DR) for remote operations are 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. The group has also replicated its hardware environment in a separately housed DR area.

PRINCIPLE 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

Legal compliance

The board has delegated the responsibility for oversight of legal compliance, covering operational, trade, labour and regulatory areas to the Social and Ethics committee, from which management receives any guidance deemed necessary for the fields appropriate to its terms of reference. Suitably qualified consultants have been appointed to ensure that legal compliance is maintained in the business sectors in which the group operates. Management of compliance by the group is effected through senior staff members, who report to executive board members responsible for safety, health, environment and quality

(SHEQ), and issues pertaining to contracts, human resource issues, procurement and information technology. Due to the importance attached to compliance with competition law requirements, the group operates a competition law compliance programme and has ensured that all senior staff members are familiar with the requirements of the Competition Act. The Audit and Risk committee ensures that matters having significant levels of risk 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 significant operations. In addition, a high-level compliance review is conducted every second year for the group's other operations, the results of which are noted at meetings of the SEC.

The size of the group, as well as the experience of the executive directors and senior management, afford management the opportunity to resolve disputes in these areas. External legal counsel is consulted when considered necessary to ensure the appropriateness of the methods adopted to resolve issues.

PRINCIPLE 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievements of strategic objectives and positive outcomes in the short, medium and long term

Remuneration policy

The remuneration policy of the group aims to ensure that all staff are remunerated fairly and in accordance with the levels of responsibility they assume in performing their duties. In applying the policy the following factors are taken into account:

- both mining and the marketing and selling of commodities, whether locally or internationally, are long-term businesses, and certain essential skills are required to ensure the sustainability of the group's operations through the various international commodity and economic cycles to which the group is exposed;
- the sustainability of the group's business depends on it being able to attract and retain individuals with appropriate skills, knowledge and experience in all aspects of the group's activities, particularly where long-term contracts are involved;
- the group's products are sold internationally and locally and the customer base has to be managed carefully to ensure profitability and sustainability; and
- the measurement of the group's achievements against its stated performance objectives (refer "Our strategy"), which takes into account changes in economic factors beyond the control of management.

Determination of remuneration

The remuneration of the group executive directors and management (the executive) is determined by the Remuneration committee, applying the group's policy on remuneration. The executive in turn determine the remuneration of the group's employees in conjunction with the Human Resources department and the relevant departmental heads. Independent remuneration consultants are employed when considered necessary.

The levels of remuneration are benchmarked annually against remuneration paid to executives in other listed companies in the resources sector and, where appropriate, against levels of remuneration paid within the relevant professions of individual employees. The remuneration of directors and senior staff depends on the size and complexity of the operations of the group and the level of professional input required within the business environment concerned, and has due regard to the calibre, expertise and seniority of the person required for the position.

All employees are remunerated on the basis of a fixed salary and variable bonus awards. Bonus awards are made to all staff and are based on the performance of the group and the successful achievement of its long-term strategic objectives. Limited reliance is placed on the achievement of short-term performance indicators in determining group and individual levels of remuneration, with emphasis being placed rather on contribution to group effort and achievement in the long term. Bonuses are determined on the basis of the results and performance of the group for the year in question, taking into account conditions applicable in the particular commodity cycle, and are reviewed and approved by the Remuneration committee. The impact on earnings per share after taxation for the year of the bonuses paid to executive directors of Assore was 29 cents (FY18: 25 cents), amounting to 0,50% (FY18: 0,50%) of earnings per share.

The group does not operate a share incentive scheme or share option scheme for executive directors or senior staff. However, these members of staff are the beneficiaries of certain performance bonus arrangements and incentive schemes.

In order to incentivise and create value for the group's employees, the group operates a dividend and equity participation scheme through the Assore Employee Trust (refer "Black economic empowerment status report"), whereby non-managerial staff who do not participate in pre-existing incentive schemes or performance bonus arrangements participate in dividends declared by Assore 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.

Service agreements

None of the executive directors has signed a service agreement (fixed term or otherwise) with the group. Accordingly, there are no contractual or financial obligations on the group in the event of premature termination of employment.

Non-executive directors

Non-executive directors are remunerated by means of annual fees, payable quarterly, which are not dependent on attendance at meetings. Fees for non-executive directors are reviewed regularly and are adjusted whenever necessary taking into account the remuneration of non-executive directors of companies with similar complexity profiles in the South African resources sector, and the degree of skill, time and experience required to discharge their duties.

Shareholders' approval

The board acknowledges the requirements of King IV for shareholders to pass a non-binding advisory vote on the company's remuneration policy on a bi-annual basis. The group, however, requires shareholders to pass a non-binding advisory vote in this respect on an annual basis. The advisory endorsement was passed by 94,00% of the voting shares at the previous AGM held on 30 November 2018. The implementation of directors' remuneration is set out in the consolidated annual financial statements, for which shareholders are require to pass a non-binding advisory vote at the AGM.

Corporate governance report continued

In the event that the non-binding advisory vote is voted against by 25% or more of the votes exercised at the AGM, the Remuneration committee will review the remuneration policy and/or its implementation, as appropriate. Directors' fees are approved by means of a special resolution as required by section 66(9) of the Companies Act, No 71 of 2008, as amended (the Companies Act). Details of these procedures and relevant information are set out in the Notice of annual general meeting.

PRINCIPLE 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity and information for internal decision-making and of the organisation's external reports

The various levels of assurance obtained by the group is set out in "Assurance".

Internal audit, internal control and external audit

Internal audit has adopted its terms of reference from the Audit and Risk committee (the committee), and all internal audit work is undertaken based on the ongoing risk assessment process which is presented annually by internal audit to the committee, to ensure that the focus of the internal audit activities are optimised and integrated with the external audit function (refer "Risk management" and "Internal audit and internal control"). The internal audit functions of Assore and Assmang are outsourced (refer "Assurance"), and the responsible senior executive on the engagement has direct access to the chairman of the committee.

Independent meetings are conducted with external audit in order to exchange views on the risk environment to which the group is exposed, as well as on issues that may have a bearing on the external audit process and internal audit objectives based on fieldwork performed by them. Internal audit provides assurance to the board and the committee on an annual basis that the internal and financial controls have not revealed any significant breakdown in internal controls or corporate governance principles or any issues that require the attention of the committee. The committee, having due regard to materiality and the 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 tabled by internal and external audit at its meetings, and having invited enquiries of the attendees at its meetings, is not aware of any breakdowns of internal controls or corporate governance that resulted in, or could lead to, material financial losses, fraud or material errors during the year under review.

The interim results of Assmang and Dwarsrivier, which generate the majority of the group's earnings, are reviewed and reported on by its external auditors in terms of ISRE 2410 – Review of Interim Financial Information Performed by its Independent Auditor of the Entity, prior to the publication of the group's interim results. The committee, after due enquiry of external and internal audit, has satisfied itself as to the appropriateness of the expertise, the adequacy of the finance function and the experience of the senior members of management responsible for the financial function.

The board, through its Audit and Risk Committee, is responsible 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 to "Risks and opportunities"). These controls are designed to manage the risk of failure of internal controls and provide reasonable assurance that there are adequate systems of internal control and appropriate corporate governance procedures in place. As with all management systems, the assurance which is provided is not absolute and the risk of failure cannot be eliminated entirely. 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. Material issues of compliance are among standard items on the agenda of the Audit and Risk committee, and minutes of these meetings are made available to internal audit. The heads of the outsourced internal audit functions have access to the chairman of the Audit and Risk committee 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 internal controls or corporate governance procedures has occurred during the year under review.

Representatives of the internal audit firms are invited to attend Audit and Risk committee meetings and, where areas of new risk are identified, such as 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 in this report.

PRINCIPLE 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation over time

All decisions made by the board and management take into account the interests of stakeholders. These processes are covered in more detail in the "Sustainability report", which is located under the "Annual reports" tab on the group's website, www.assore.com.

Audit and Risk committee report

Committee members

EM Southey (Chairman)
S Mhlarhi
WF Urmson

The chief executive officer, chief financial officer, representatives of the company secretary, members of staff responsible for the group's financial management and representatives of the internal and external auditor participate in meetings of the committee.

ROLES AND RESPONSIBILITIES

The roles and responsibilities of this committee are defined in its terms of reference (refer to the corporate governance report), approved by the board.

As part of its review of the integrated annual report, the committee has satisfied itself as follows for the year under review:

- that the composition of the combined assurance model is appropriate for the group and that it was effective;
- that the group's financial reporting procedures were in place and were operating as intended;
- the effectiveness of the chief audit executive (CAE);
- after having received and considered a report on the group's internal controls, that its internal control environment was effective;
- that the CFO has the appropriate expertise and experience;
- that the CFO and the finance function effectively fulfilled their duties; and
- that the committee fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Material issues considered by the committee during the year

The committee approved the internal and external audit plans and audit fees for the 2019 financial year. The internal and external audit reports were tabled at its meetings and any matters arising from the reports were resolved appropriately. Recommendations were made to the board for the approval of the financial results for the period and year ended December 2018 and June 2019 respectively. The committee also evaluated the group's financial position and agreed on an interim and final dividend to be proposed to the board for approval. Other standard agenda items consist of matters arising from the Social and Ethics committee and the review of the group's risk inventory.

In addition to the committee's standing agenda items, the following matters were tabled for consideration during the 2019 financial year:

- the submission of the income tax returns, correspondence with SARS and matters relating to taxation;
- progress on the initiation of a group-wide intervention to formalise business procedures and policies in conjunction with the review of the information technology infrastructure currently under way by executive management;
- a group-wide policy on the approval of audit services and the pre-approval on non-audit services were approved;
- issues raised in terms of the JSE's process regarding the proactive monitoring of financial statements;
- the impact of new accounting standards and applicable training for staff where relevant; and
- litigation matters.

Ed Southey

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).

The Minister of Mineral Resources released a revised Mining Charter, which was gazetted on 27 September 2018. The focus in this charter is on empowerment targets and benefits for mining communities. Any company to which a new Mining Right is granted after this date is required to contain a minimum of 30% broad-based black economic empowerment (BBBEE) shareholding. The Assore group will continue to endeavour to remain compliant under the MPRD Act and will assess the impact of the revised Mining Charter in due course.

The Mining Charter is intended to facilitate the entry of historically disadvantaged South Africans (HDSAs) into the mining industry. The scorecard which the state issued pursuant to the Mining Charter required, *inter alia*, that mining companies should achieve 26% HDSA ownership of mining assets by 1 May 2014. 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.

Assmang has secured new-order Mining Rights for all its operations, while Dwarsrivier has a registered new-order Mining Right. Wonderstone has successfully executed its new-order Mining Right for pyrophyllite on 20 March 2019.

The group has implemented a preferential procurement policy at all its operations (refer "Preferential procurement" in this report) and has developed social and labour plans (SLP) 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 "Sustainability report", located on the group's website under "Annual reports".

The extent of compliance with the charter is reported and monitored on a regular basis, both at the executive level and by the board, through the Social and Ethics committee and specifically with regard to new-order Mining Rights, which are subject to audit by the Department: Mineral Resources (DMR). To date, the DMR has not reported any significant non-compliance issues.

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

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

The Boleng and Fricker Road Trusts

The Boleng and Fricker Road trusts (the trusts) have been 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. Since the objectives of the trusts are very similar and they have the same trustees, the Boleng Trust is a beneficiary of the Fricker Road Trust.

In terms of agreements between Assore and the trusts, the Fricker Road Trust qualified for dividends (after dividends tax) of R33,4 million (2018: R27,2 million) during the year, while the Boleng Trust was entitled to a flow-through payment of R49,3 million (2018: R20 million), irrespective of the commitments to the Assore group with regard to the funding of the transaction provided by Assore. The boards of trustees of these trusts are as follows:

- Dr TG Sibiya (Chairman)*
- Mr JB Phakathi
- Ms K Makhaya*
- M Mtshali*
- Ms TPJ Ngxulelo*
- Mr CE Walters#

** Independent trustee.*
 # Founder trustee.

Assore has concluded agreements with the trusts in order to regulate the relationships between the respective parties to ensure the continued compliance by the trusts (as the Assore group's BEE partners) with the direct ownership requirements of the Mining Charter and the appropriate restrictions on the transfer of Assore shares by the trusts.

During the 2019 financial year, and pursuant to the trust deeds, the trustees have approved expenditure on its major projects amounting to R28 million (2018: R9 million) and have committed themselves to spending a further R13 million on these and other projects, details of which are as follows:

Operation	Description	Spend to date R'000	Commitment R'000	Total R'000
Dwarsrivier	Mobile school libraries	3 148	747	3 895
	Tertiary education preparation programme	2 327	–	2 327
	Early childhood development	1 279	346	1 625
	Sanitary solutions	2 485	2 721	5 206
	Soccer tournament	1 397	949	2 346
	Career assessments	181	181	362
	Boys2Men	410	438	848
	Mobile toy library	372	4 315	4 687
Wonderstone	Boleng Trust Bridging school and related expenditure	4 791	–	4 791
	Tertiary education preparation programme	6 981	–	6 981
	Bursaries	1 608	1 459	3 067
	Letsopa Disabled Centre	753	145	898
	Candle making	244	20	264
	Graduate development	69	581	650
Other projects		1 710	1 497	3 207
		27 755	13 399	41 154

Further detail of the expenditure on these projects is included under the "Annual reports" tab on the group's website, www.assore.com.

BOLENG AND FRICKER ROAD TRUSTS

Independent trustees




Dr TG Sibiya

Chairman

PhD (IT&IS), Med (ISD), Pittsburgh, BSc (Information systems), Carnegie Mellon, USA

K Makhaya

BusAdmin (Finance), Gonzaga University, Washington

M Mtshali

BLaws, LLB, UCT

TPJ Ngxulelo

Black economic empowerment status report continued

The Assore Employee Trust
Independent trustees

M Pillay
LLB LLM (Duke, USA)

NP Mngomezulu
LLB

I Phalane
LLB

The Assore Employee Trust was established by Assore for the economic benefit of the non-managerial employees of the Assore group by facilitating their participation in the dividend income distributed by Assore (dividend rights) and also participation 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 who do not participate in pre-existing incentive schemes or performance bonus arrangements. Senior management and board members are precluded from participating in these benefits. The trust is overseen by a board of trustees, the majority of whom are independent HDSAs. The board of trustees is constituted as follows:

- M Pillay‡* (Chairman)
- M Boodhia‡^
- GN Lavielle^
- Ms NP Mngomezulu‡*
- Ms WT Mnisi‡^
- JB Phakathi#‡
- I Phalane‡*

‡ *HDSA trustee.*
* *Independent trustee.*
^ *Employee representative trustee.*
# *Founder trustee.*

During the 2019 financial year, the trust made dividend rights distributions to employees totalling R8,6 million (FY18: R7,6 million). The increase in the dividend distributions are mainly due to a higher dividends declared by Assore. An independent valuation performed as at 30 June 2019 indicates that the fair value of equity rights granted to date to employees amounted to R14,2 million (FY18: R12,8 million) (refer note 17, "Share-based payment liability", to the consolidated annual financial statements).

Preferential procurement

Assore is committed to bringing previously disadvantaged South Africans into the mainstream of the economy and specifically the mining industry by identifying and developing business opportunities and by making them available to BBBEE suppliers at all its operations and activities. Assore has adopted a policy of precluding non-empowered vendors from the inward bound supply chain 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 million	Aggregate % BBBEE†
2019			
Assmang	**8 438,8**	**7 790,6**	**92,32**
Dwarsrivier	**2 056,4**	**1 735,9**	**84,4**
Wonderstone	**51,7**	**44,9**	**86,8**
African Mining and Trust	**137,7**	**131,3**	**95,4**
2018			
Assmang	10 824,6	10 544,6	97,4
Dwarsrivier	1 710,5	1 450,2	84,8
Wonderstone	65,5	53,2	81,2
Rustenburg Minerals	20,3	11,6	57,3
Zeerust	2,5	2,0	80,5
African Mining and Trust	143,6	155,5	108,3

Total discretionary procurement is defined as total procurement less procurement effected through related entities (intercompany transactions) and procurement from state-owned entities.

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

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

The decrease in the percentage of BBBEE expenditure within Assmang is due mostly to changes in the status of suppliers based on the dti code and the availability of valid BBBEE suppliers.

Wonderstone's expenditure decreased as the expenses relating to the community development projects were paid out of The Boleng Trust.

The expenditure in African Mining and Trust decreased due to expenditure incurred in the refurbishment of Assore's head offices being completed in 2018.

Summarised annual financial statements

Understanding shareholder value

Khumani Iron Ore Mine

Summarised consolidated statement of financial position

for the year ended 30 June 2019

	Note	2019 R'000	2018 R'000
ASSETS			
Non-current assets			
Investment in joint-venture entity	1	**17 215 032**	15 984 321
Property, plant and equipment		**1 510 943**	1 132 725
Intangible assets		**634 751**	661 140
Investments			
– financial assets measured at fair value through other comprehensive income (2018: available-for-sale listed investments)		**317 795**	262 003
– foreign listed associate		**187 387**	154 896
– financial asset measured at fair value through profit and loss (2018: available-for-sale unlisted investments)		**3 354**	7 568
Pension fund surplus		**141 536**	129 245
Long-term loans		**9 320**	6 000
		20 020 118	18 337 898
Current assets			
Inventories		**2 013 317**	1 361 954
Trade and other receivables		**1 677 280**	1 222 327
Cash resources		**10 395 268**	8 449 797
Assets held-for-sale as part of identified disposal groups		**288**	1 351
		14 086 153	11 035 429
Total assets		**34 106 271**	29 373 327
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		**698**	698
Share premium		**264 092**	264 092
Treasury shares		**(5 067 440)**	(5 065 510)
Retained earnings		**34 296 313**	30 633 535
Other reserves		**278 351**	258 537
Equity attributable to shareholders of the holding company		**29 772 014**	26 091 352
Non-controlling shareholders' surplus/(deficit)		**30 368**	(40 990)
Total equity		**29 802 382**	26 050 362
Non-current liabilities			
Deferred taxation		**471 091**	345 440
Long-term provisions		**198 254**	166 639
Share-based payment liability		**30 502**	17 513
		699 847	529 592
Current liabilities			
Trade and other payables		**2 087 945**	2 039 587
Taxation		**14 907**	24 059
Short-term provisions		**108 975**	128 081
Overdraft		**1 391 564**	584 472
Liabilities associated with assets held-for-sale		**651**	17 174
		3 604 042	2 793 373
Total equity and liabilities		**34 106 271**	29 373 327

Summarised consolidated income statement

for the year ended 30 June 2019

	Note	2019 R'000	2018 R'000
Revenue		**8 140 469**	7 804 737
Turnover		**6 301 572**	6 305 587
Cost of sales		**(5 369 083)**	(4 800 780)
Gross profit		**932 489**	1 504 807
Add: Other income			
Commissions on sales and technical fees		**1 262 429**	979 005
Foreign exchange gains		**40 971**	59 827
Dividend income		**55 462**	17 778*
Interest income#		**557 437**	502 368*
Profit on sale of available-for-sale listed investments		**—**	42 432
Other income		**3 398**	26 159
Less: Other expenses			
Finance costs		**(55 302)**	(19 394)
Foreign exchange losses		**(200)**	(6 896)
Mining royalty taxes		**(67 909)**	(138 938)
Impairment of furniture, fittings and office equipment		**—**	(9 519)
Impairment of non financial assets		**—**	(21 564)
Staff remuneration and benefits		**(368 518)**	(375 672)
Other expenses		**(279 648)**	(247 921)
Profit before taxation		**2 080 609**	2 312 472
Taxation		**(629 756)**	(645 546)
Profit after taxation, before joint-venture entity and associates		**1 450 853**	1 666 926
Share of profit from joint-venture entity, after taxation	1	**4 536 396**	3 524 287
Share of losses in associates		**(23 317)**	(16 211)
Profit for the year		**5 963 932**	5 175 002
Attributable to:			
Shareholders of the holding company		**5 932 037**	5 119 329
Non-controlling shareholders' share of profits in subsidiary companies		**31 895**	55 673
As above		**5 963 932**	5 175 002
Earnings per share (cents) (basic and diluted)	2	**5 751**	4 963

Based on effective interest rates

* *These balances, disclosed as investment income in the prior year were disaggregated into dividend income and interest income to comply with amendments to IAS 1:* Presentation of Financial Statements*, which became effective during the current financial year.*

Summarised consolidated statement of comprehensive income

for the year ended 30 June 2019

	2019 R'000	2018 R'000
Profit for the year (as above)	**5 963 932**	5 175 002
Items that may be reclassified into the income statement dependent on the outcome of a future event	**12 302**	162 862
Gain on revaluation to available-for-sale listed investments, after taxation	**—**	32 933
Gains on revaluation to market value of available-for-sale listed investments	**—**	77 024
Deferred capital gains taxation thereon	**—**	(44 091)
Exchange differences on translation of foreign operations	**12 302**	129 929*
– recorded by joint-venture entity and foreign listed associate	**8 511**	127 810
– recorded by foreign subsidiary	**3 791**	2 119
Items that may not be reclassified into the income statement dependent on the outcome of a future event	**46 975**	17 206
Gain on revaluation to market value of financial assets measured at fair value through other comprehensive, after taxation	**43 295**	—
Gain on revaluation to market value of financial assets measured at fair value through other comprehensive income	**55 792**	—
Deferred capital gains taxation thereon	**(12 497)**	—
Actuarial gains in pension fund, after taxation	**3 680**	17 206
Total comprehensive income for the year, net of taxation	**6 023 209**	5 355 070
Less: Comprehensive income attributable to non-controlling shareholders	**(33 753)**	(57 709)
Attributable to shareholders of the holding company	**5 989 456**	5 297 361

** This balance was disaggregated in the current year to disclose other comprehensive income recorded by the group's joint venture entity, foreign listed associate and foreign subsidiary, separately in accordance with IAS 1: Presentation of Financial Statements and the comparative amounts were restated accordingly.*

Summarised consolidated statement of cash flow

for the year ended 30 June 2019

	Note	2019 R'000	2018 R'000
Cash (utilised)/generated from operating activities		**(1 618 275)**	185 515
Net cash generated from operations		**668 470**	2 342 134
Cash generated from operations		**1 677 633**	1 968 533
Dividend income		**55 462**	17 778
Movements in working capital		**(1 064 625)**	355 823
Interest income		**557 437**	470 425
Finance costs		**(47 737)**	(12 835)
Taxation paid		**(527 186)**	(683 139)
Dividends paid to shareholders of the holding company		**(3 071 354)**	(2 512 926)
Dividends attributable to treasury shares, utilised within the group		**802 095**	656 207
Dividends paid to non-controlling shareholders		**—**	(74 351)
Cash retained from investing activities		**2 756 654**	2 632 751
Proceeds from disposal of available-for-sale listed investments		**—**	86 706
Acquisition of interests in associates		**(59 795)**	(66 584)
Additions to property, plant and equipment		**(499 572)**	(404 121)
Dividend received from joint-venture entity	1	**3 315 000**	3 000 000
Proceeds on disposal of property, plant and equipment		**1 021**	16 750
Cash generated from financing activities		**807 092**	4 753
Movement in overdraft		**807 092**	4 753
Cash resources			
– increase for the year		**1 945 471**	2 823 019
– at beginning of year		**8 449 797**	5 626 778
– at end of year		**10 395 268**	8 449 797

Summarised consolidated statement of changes in equity

for the year ended 30 June 2019

	2019 R'000	2018 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
Treasury shares		
Balance at beginning of year	**(5 065 510)**	(5 062 848)
Acquired during the year	**(1 930)**	(2 662)
Balance at end of year	**(5 067 440)**	(5 065 510)
Retained earnings		
Balance at beginning of year	**30 633 535**	27 370 925
Profit for the year	**5 932 037**	5 119 329
Ordinary dividends declared during the year	**(2 269 259)**	(1 856 719)
Final dividend No 123 of 1200 cents (2018: 800 cents) per share - declared 5 September 2018	**(1 675 284)**	(1 116 856)
Interim dividend No 124 of 1 000 cents (2018: 1 000 cents) per share - declared on 25 February 2019	**(1 396 070)**	(1 396 070)
Less: Dividends attributable to treasury shares	**802 095**	656 207
Balance at end of year	**34 296 313**	30 633 535
Other reserves		
Balance at beginning of year	**258 537**	76 433
Other comprehensive income	**57 419**	182 104
– fair value adjustment on financial assets measured at fair value through other comprehensive income (2018: gain after taxation arising on revaluation of available-for-sale listed investments)	**43 295**	32 933
– foreign currency translation reserve arising on consolidation	**10 444**	131 965
– actuarial gains in pension fund, after taxation	**3 680**	17 206
Balance transferred to non-controlling shareholders' deficit	**(37 605)**	—
Balance at end of year	**278 351**	258 537
Equity attributable to shareholders of the holding company	**29 772 014**	26 091 352
Non-controlling shareholders' deficit		
Balance at beginning of year	**(40 990)**	(24 348)
Share of total comprehensive income/(loss)	**33 753**	(16 642)
Total comprehensive income for the year, net of taxation	**33 753**	57 709
– profit for the year	**31 895**	55 673
– other comprehensive income for the year	**1 858**	2 036
Dividends paid to non-controlling shareholders	**—**	(74 351)
Balance transferred from other reserves	**37 605**	—
Balance at end of year	**30 368**	(40 990)
Total equity	**29 802 382**	26 050 362

Fair values of financial instruments

for the year ended 30 June 2019

The group uses the following hierarchy for determining and disclosing the fair value inputs of financial instruments
Level 1 – quoted prices in an active market that are unadjusted for identical assets or liabilities
Level 2 – valuation techniques using inputs, which are directly or indirectly observable; and
Level 3 – valuations based on data that is not observable (not applicable to the group).

The values of all other financial instruments recognised, but not subsequently measured at fair value, approximate fair value.

	2019 R'000	2018 R'000
Assets measured at fair value, at level 1		
Financial assets measured at fair value through other comprehensive income (2018: available-for-sale investments)	**317 795**	262 003
Other investments	**3 354**	7 568
	321 149	269 571

Notes to the summarised consolidated financial statements

for the year ended 30 June 2019

1 INVESTMENT IN JOINT-VENTURE ENTITY

The group's principal investment is a 50% (2018: 50%) interest in Assmang Proprietary Limited (Assmang), a South African company which it jointly controls with African Rainbow Minerals (ARM) which is also listed on the JSE. Assmang mines iron and manganese ores and produces manganese alloys. In accordance with IFRS, the results of Assmang are accounted for by Assore using the equity method. The financial information set out below has been extracted from the audited financial statements of Assmang and its subsidiary companies for the year ended 30 June 2019.

	2019 R'000	2018 R'000
Consolidated income statement of Assmang		
Turnover	**35 613 171**	27 548 235
Cost of sales	**(18 445 160)**	(16 206 770)
Gross profit	**17 168 011**	11 341 465
Other operating income	**1 298 861**	1 356 756
Other operating expenses	**(4 943 576)**	(3 469 816)
Profit from operations	**13 523 296**	9 228 405
(Loss)/profit from joint-venture entity	**(1 120 950)**	236 606
Income from investments	**614 102**	597 514
Finance costs	**(96 203)**	(68 046)
Profit before taxation	**12 920 245**	9 994 479
Taxation	**(3 822 504)**	(2 920 956)
Profit for the year, net of taxation	**9 097 741**	7 073 523
Other comprehensive income	**18 631**	265 267
Total comprehensive income for the year, net of taxation (group interest therein 50% (2018: 50%)) (refer "Equity accounted results for Assmang" below)	**9 116 372**	7 338 790
Dividends declared during the year	**6 630 000**	6 000 000
Abridged consolidated statement of financial position of Assmang		
Total assets		
Non-current assets	**27 153 112**	26 509 377
Current assets		
Inventories	**4 961 281**	4 392 486
Trade and other receivables	**7 473 455**	5 522 327
Financial assets	**187 845**	228 367
Cash resources	**6 104 583**	5 014 065
	45 880 276	41 666 622
Total liabilities		
Non-current liabilities		
Deferred taxation	**6 358 502**	5 809 009
Long-term provisions	**1 079 186**	897 397
Trade and other payables	**84 519**	89 217
Current liabilities		
Trade and other payables	**2 664 249**	1 819 476
Short-term provisions	**983 207**	960 674
Taxation	**308 326**	206 184
Financial liabilities	**31 250**	—
	11 509 239	9 781 957
Net assets	**34 371 037**	31 884 665
Proportion of the group's ownership	**50%**	50%
Carrying amount of investment		
Opening balance	**15 984 321**	15 327 400
Share of profit, net of taxation	**4 536 396**	3 524 287
Share of other comprehensive income, net of taxation	**9 315**	132 634
Less: Dividends received	**(3 315 000)**	(3 000 000)
Carrying amount of investment in statement of financial position	**17 215 032**	15 984 321

	2019 R'000	2018 R'000
1 INVESTMENT IN JOINT-VENTURE ENTITY (continued)		
Carrying amount of investment (continued)		
Capital expenditure	**4 407 332**	3 082 204
Capital commitments	**3 847 951**	2 844 692
– contracted for	**1 755 706**	941 078
– not contracted for	**2 092 245**	1 903 614
Equity accounted results of Assmang		
Total comprehensive income for the year, net of taxation	**9 116 372**	7 338 790
Less: Other comprehensive income from operations	**(18 631)**	(265 267)
Assmang profit after taxation	**9 097 741**	7 073 523
50% thereof	**4 548 870**	3 536 761
Group consolidation adjustments	**(12 474)**	(12 474)
Share of profit from joint-venture entity after taxation per income statement	**4 536 396**	3 524 287
Impairment of assets		
The carrying values of the following assets were fully impaired at year-end, as no future economic benefits were expected to arise from these operations:		
– property, plant and equipment of Sakura Ferroalloys Sdn Bhd (Malaysia) (Sakura)	**625 874**	—
– investment in associate of joint venture	**387 542**	—
– Black Rock - winder	**41 911**	—
– feasibility studies relating to manganese operations	**—**	51 900
	1 055 327	51 900

2019 saw several major ferroalloy producers announce production cuts in an attempt to curb loses and achieve a more balanced ferroalloy market, which was, and remains oversupplied. Elevated input costs and weak alloy prices pressurised profit margins, which are not expected to recover in the short term. Accordingly, by way of using a discounted cash flow model, management at Sakura have recorded an impairment charge against its property, plant and equipment of Malaysian ringgit (MYR) 338 million, of which Assmang's equity-accounted portion (54,36%) amounts to R626 million. In addition, management at Assmang have assessed Assmang's equity-accounted carrying value its joint venture investment in Sakura, in comparison to its determined fair value (less cost to sell) and have recorded an additional impairment charge in this respect of R388 million. Assore's 50% share of the sum of these charges amounts to R507 million.

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2019

		2019	2018
2	**EARNINGS AND HEADLINE EARNINGS PER SHARE**		
	Earnings and headline earnings per share (cents)		
	Earnings per share (basic and diluted)	**5 751**	4 963
	Headline earnings per share (basic and diluted)	**6 187**	4 953
	The above calculations were determined using the following information:		
		R'000	R'000
	Earnings		
	Profit attributable to shareholders of the holding company	**5 932 037**	5 119 329
	Headline earnings		
	Earnings as above	**5 932 037**	5 119 329
	Adjusted for:		
	Impairment of non-financial assets in joint-venture entity	**328 025**	18 684
	– before taxation (refer note 1)	**333 893**	25 950
	– taxation effect	**(5 868)**	(7 266)
	Impairment of investment in associate by joint-venture entity	**193 771**	—
	– before taxation	**193 771**	—
	– taxation effect	**—**	—
	Gain on disposal of investment in subsidiary company in joint-venture entity	**(70 987)**	—
	– before taxation	**(91 478)**	—
	– taxation effect	**20 491**	—
	Gain on disposal of investment in subsidiary company	**(2 669)**	—
	– before taxation	**(2 669)**	—
	– taxation effect	**—**	—
	Loss on disposal of property, plant and equipment in joint-venture entity	**1 544**	1 731
	– before taxation	**1 990**	2 230
	– taxation effect	**(446)**	(499)
	Loss/(profit) on disposal of property, plant and equipment in subsidiaries	**48**	(5 105)
	– before taxation	**62**	(6 578)
	– taxation effect	**(14)**	1 473
	Profit on disposal of available-for-sale listed investments	**—**	(42 432)
	– before taxation	**—**	(42 432)
	– taxation effect	**—**	—
	Impairment of non-financial assets	**—**	15 526
	– before taxation	**—**	21 564
	– taxation effect	**—**	(6 038)
	Impairment of furniture, fittings and office equipment in subsidiaries	**—**	6 854
	– before taxation	**—**	9 519
	–taxation effect	**—**	(2 665)
	Gain on disposal of investment in associate	**—**	(5 835)
	– before taxation	**—**	(8 104)
	– taxation effect	**—**	2 269
		6 381 769	5 108 752
	Shares in issue		
	Weighted number of ordinary shares in issue ('000)		
	Ordinary shares in issue	**139 607**	139 607
	Treasury shares held in trust	**(36 462)**	(36 456)
	Weighted average number of shares in issue for the year	**103 145**	103 151

3 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 Proprietary Limited (Assmang).

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

- iron ore (Iron Ore division);
- manganese ore and alloys (Manganese division); and
- charge chrome (Chrome division).

For purposes of presenting segmental information, disclosure is made of the entire value of the information pertaining to Assmang, with the portion attributable to the other joint-venture partner (50%) shown as part of the consolidation adjustments. On 28 February 2019, Assmang concluded the disposal of Machadodorp Works.

Dwarsrivier

Dwarsrivier is a 100% owned subsidiary, which mines chrome ores.

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 activities, eliminations and adjustments

This segment contains the chrome operations managed by Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals), Zeerust Chrome Mines Limited (Zeerust), the pyrophyllite and ceramic operations of Wonderstone Limited and adjustments necessary to give effect to the impact of equity-accounting the results of Assmang and other consolidation adjustments.

Rustenburg Minerals was identified as a disposal group held-for-sale at 30 June 2019 and Zeerust was disposed with effect on 15 November 2018 (refer note 10).

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2019

3 SEGMENTAL INFORMATION (continued)

R'000	Joint venture mining and beneficiation Iron Ore division	Manganese division	Chrome division	Sub-total	Dwarsrivier	Marketing and distribution	Other mining activities, eliminations and adjustments[1]	Total
Year to 30 June 2019								
Revenues								
Third party	21 410 200	14 817 073	—	36 227 273	3 720 788	4 304 376	(36 111 968)	8 140 469
Inter-segment	—	—	—	—	—	148 694	(148 694)	—
Total revenues	21 410 200	14 817 073	—	36 227 273	3 720 788	4 453 070	(36 260 662)	8 140 469
Revenue from contracts with customers	19 208 702	14 785 776	—	33 994 478	3 717 428	3 876 602	(33 994 478)	7 594 030
Cost, insurance and freight (CIF) and cost and freight (CFR)	9 963 383	10 454 919	—	20 418 302	1 101 677	—	(20 418 302)	1 101 677
Free on board (FOB) and free carrier (FCA)	9 245 319	4 330 857	—	13 576 176	2 615 751	2 614 173	(13 576 176)	5 229 924
Commissions	—	—	—	—	—	1 262 429	—	1 262 429
Other revenue[2]	615 858	31 297	—	647 155	73 218	576 468	(680 544)	616 297
Fair value adjustments to contract revenue[3]	1 585 640	—	—	1 585 640	(69 858)	—	(1 585 640)	(69 858)
Total revenue	21 410 200	14 817 073	—	36 227 273	3 720 788	4 453 070	(36 260 662)	8 140 469
Contribution to profit/(loss) for the year[4]	6 796 084	2 301 657	—	9 097 741	516 024	1 003 439	(9 166 351)	1 450 853
Contribution to headline earnings[5]	6 795 378	3 216 100	—	10 011 478	516 024	1 008 818	(5 154 552)	6 381 768
Impairment of financial and non-financial assets	(41 911)	(1 013 415)	—	(1 055 326)	—	—	1 055 326	—
Statement of financial position								
Consolidated total assets	24 087 673	21 792 602	—	45 880 275	3 473 323	30 299 954	(45 547 281)	34 106 271
Consolidated total liabilities	6 836 841	4 672 405	—	11 509 246	963 671	3 291 566	(11 460 594)	4 303 889
Other information								
Finance income	582 805	31 297	—	614 102	73 218	565 471	(695 354)	557 437
Finance costs	43 676	52 527	—	96 203	7 524	35 531	(83 956)	55 302
Depreciation and amortisation	1 456 856	680 988	—	2 137 844	105 665	10 271	(2 133 509)	120 271
Taxation	2 568 972	1 253 532	—	3 822 504	159 748	460 262	(3 812 758)	629 756
Capital expenditure	2 097 646	2 309 686	—	4 407 332	485 306	11 085	(4 404 151)	499 572

[1] The majority of adjustments are relating to Assmang which is equity accounted
[2] Mainly dividends and interest
[3] Provisional to final price adjustment
[4] Profit after taxation, before joint venture entity and associates
[5] Includes equity-accounted results of Assmang and IronRidge

3 SEGMENTAL INFORMATION (continued)

	Joint venture mining and beneficiation							
R'000	Iron Ore division	Manganese division	Chrome division	Sub-total	Dwarsrivier	Marketing and shipping	Other mining activities, eliminations and adjustments[1]	Total
Year to 30 June 2018								
Revenues								
Third party	15 135 316	12 859 636	180 309	28 175 261	3 892 752	3 974 210	(28 237 486)	7 804 737
Inter-segment	—	—	—	—	—	18 305	(18 305)	—
Total revenues	15 135 316	12 859 636	180 309	28 175 261	3 892 752	3 992 515	(28 255 791)	7 804 737
Revenue from contracts with customers	14 673 168	12 818 447	180 309	27 671 924	3 791 405	3 472 369	(27 752 454)	7 183 244
Cost, insurance and freight (CIF) and cost and freight (CFR)	5 790 880	7 095 257	—	12 886 137	842 187	—	(12 886 137)	842 187
Free on board (FOB) and free carrier (FCA)	8 882 288	5 723 190	180 309	14 785 787	2 949 218	2 493 364	(14 866 317)	5 362 052
Commissions	—	—	—	—	—	979 005	—	979 005
Other revenue[2]	630 807	41 189	—	671 996	87 554	520 146	(671 996)	607 700
Fair value adjustments to contract revenue[3]	(168 659)	—	—	(168 659)	13 793	—	168 659	13 793
Total revenue	15 135 316	12 859 636	180 309	28 175 261	3 892 752	3 992 515	(28 255 791)	7 804 737
Contribution to profit/(loss) for the year[4]	3 343 512	3 771 662	(41 650)	7 073 524	875 378	703 879	(6 985 855)	1 666 926
Contribution to headline earnings[5]	3 343 350	3 807 585	(41 650)	7 109 285	875 378	710 733	(3 586 644)	5 108 752
Impairment of financial and non-financial assets	—	(51 900)	—	(51 900)	—	(9 519)	12 490	(48 929)
Statement of financial position								
Consolidated total assets	23 149 661	17 988 956	524 319	41 662 936	3 884 794	25 300 630	(41 475 033)	29 373 327
Consolidated total liabilities	6 076 881	3 190 147	426 352	9 693 380	1 071 744	1 859 703	(9 301 862)	3 322 965
Other information								
Finance income	578 044	19 471	—	597 515	87 554	407 224	(572 147)	520 146
Finance costs	33 855	34 191	—	68 046	5 304	12 474	(66 430)	19 394
Depreciation and amortisation	1 400 776	593 768	8 287	2 002 831	130 794	16 066	(2 024 455)	125 236
Taxation	1 431 656	1 489 299	—	2 920 955	277 438	317 189	(2 870 036)	645 546
Capital expenditure	1 780 830	1 285 846	15 528	3 082 204	333 804	32 971	(3 044 858)	404 121

1 *The majority of adjustments are relating to Assmang which is equity accounted*
2 *Mainly dividends and interest*
3 *Provisional to final price adjustment*
4 *Profit after taxation, before joint venture entity and associates*
5 *Includes equity-accounted results of Assmang and IronRidge*

Notes to the summarised consolidated financial statements continued

for the year ended 30 June 2019

3 SEGMENTAL INFORMATION (continued)

Geographical information

Geographical segment by location of customers

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

	2019 Assmang revenue by segment R'000	2019 Subsidiaries revenue by segment R'000	2019 Total R'000	2018 Assmang revenue by segment R'000	2018 Subsidiaries revenue by segment R'000	2018 Total R'000
Customers by locations						
Far East	**27 078 509**	**3 136 015**	**30 214 524**	19 960 513	3 352 102	23 312 615
Europe	**4 769 203**	**151 345**	**4 920 548**	2 507 924	77 110	2 585 034
USA	**684 999**	**2 876 644**	**3 561 643**	976 274	2 740 625	3 716 899
South Africa	**3 597 098**	**1 976 465**	**5 573 563**	4 625 716	1 634 900	6 260 616
Other – foreign	**97 464**	**—**	**97 464**	104 834	—	104 834
Total	**36 227 273**	**8 140 469**	**44 367 742**	28 175 261	7 804 737	35 979 998

Notes:

1. There are no customers whose off-take represents more than 10% of revenue (2018: Rnil)
2. The revenue of Assmang (refer note 1) is excluded from the group's reported revenue, in terms of the application of IFRS 11: *Joint arrangements*

4 COMMITMENTS

At year-end, the group had the following commitments:

	2019 R'000	2018 R'000
Capital		
Expenditure authorised and contracted for	**357 213**	229 906
Expenditure authorised but not contracted for	**38 693**	102 583
	395 906	332 489
Operating lease commitments		
Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:		
Within one year	**1 366**	1 310
After one year but not more than five years	**3 275**	3 149
The group's commitments will be met by future anticipated cash flows	**4 641**	4 459

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The board of directors of Assore (the board) assumes full responsibility for the preparation of these summarised consolidated annual financial statements and for the correctness of the financial information extracted from the underlying annual financial statements, dated 18 October 2019. The summarised consolidated annual financial statements for the year have been prepared under the supervision of Mr RA Davies, CA(SA) and in accordance with IAS 34: *Interim Financial Reporting* and comply with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by Financial Reporting Standards Council, the Listings Requirements of the JSE Limited (JSE) and the Companies Act No 71 of 2008, as amended. The accounting policies applied are consistent with those adopted in the financial year ended 30 June 2018 except for IFRS 9: *Financial Instruments* and IFRS 15: *Revenue from Contracts with Customers*, which the group adopted on 1 July 2018, as described in the underlying annual financial statements for 2019, which can be obtained on the Assore website: https://www.assore.com/interim-and-final-results/.

NEW ACCOUNTING STANDARDS

IFRS 16: *Leases* was issued in January 2016 and it replaces IAS 17: *Leases* and its related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The group intends to adopt IFRS 16 using the modified retrospective approach, with its application becoming effective from 1 July 2019, with the cumulative impact of its adoption to 30 June 2019 recognised as at 1 July 2019, without restatement of comparative results.

In 2019 a detailed impact assessment and implementation analysis of IFRS 16 was initiated, focusing on reviewing contracts, aggregating data to support the evaluation of the accounting impacts and identifying where key policy decisions were required. The impact of the standard is being considered and is not expected to have a material impact on the group's financial statements.

In terms of IFRS 16, operating leases recorded in the group's results for FY19 will be classified as a right of use asset. The contracts with suppliers were considered and the agreements have either been classified as short term (less than 12 months), considered as low value assets or the lease payment terms were based on a variable consideration, resulting in no right of use asset requiring recognition.

INDEPENDENT AUDIT BY THE AUDITORS

These summarised consolidated annual financial statements for the year ended 30 June 2019 have been extracted from the complete set of annual financial statements on which the auditors, Ernst & Young Inc., have expressed an unqualified audit opinion. The auditor's opinion and annual financial statements are available for inspection at the registered office of the company. The summarised consolidated annual financial statements and the financial information have not been audited.

DECLARATION OF FINAL DIVIDEND

Shareholders were advised that on 4 September 2019, the board approved final dividend number 125 (the dividend), of 1 400 cents per share (gross) for the year ended 30 June 2019.

In terms of paragraph 11.17 of the Listings Requirements of JSE Limited, shareholders were advised of the following with regard to the declaration:

1. The dividend was declared from retained earnings
2. The local dividend tax (dividend tax) rate of 20% applied
3. The net local dividend amount was 1 120 cents per share for shareholders liable to pay the dividend tax
4. The issued ordinary share capital of Assore is 139 607 000 shares, of which 36 459 925 (FY18: 36 445 970) shares are accounted for as treasury shares in terms of IFRS and are therefore excluded from earnings per share calculations
5. Assore's income tax reference number is 9045/018/84/4.

The salient dates were as follows:

Last day for trading to qualify and participate in the final dividend	Monday, 23 September 2019
Trading "ex dividend" commenced	Wednesday, 25 September 2019
Record date	Friday, 27 September 2019
Dividend payment date	Monday, 30 September 2019
Dates (inclusive) between which share certificates were not to be dematerialised or rematerialised	Wednesday, 25 September 2019 to Friday, 27 September 2019

Notice to shareholders

Notice is hereby given to the shareholders of Assore Limited (Assore or the company) recorded in the securities register of the company on Friday, 18 October 2019 (being the record date for receiving this notice as determined by the board of directors of Assore (the board)), that the sixty-ninth annual general meeting (AGM) of the shareholders of Assore will be held at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 29 November 2019 at 10:30, during which meeting the following business will be transacted:

1 To present the audited annual financial statements of Assore and its group for the financial year ended 30 June 2019.

2 To elect the following directors who retire by rotation in accordance with the provisions of the company's Memorandum of Incorporation (MoI), all of whom are eligible and offer themselves for re-election to the board:
   2.1 Mr EM Southey; and
   2.2 Mr WF Urmson.

   A short *curriculum vita*e of each of the directors concerned is included on page 66.

3 To re-elect Messrs EM Southey, S Mhlarhi and WF Urmson (all being independent non-executive directors), as members of the Audit and Risk committee.

   A short *curriculum vitae* of each of the directors concerned is included on page 66.

4 To consider and, if deemed fit, to pass with or without modification the ordinary and special resolutions set out below.

5 To transact any other business that may be transacted at an AGM of the company.

MEETING RECORD DATE

In accordance with section 59(1) of the Companies Act, No 71 of 2008, as amended (Companies Act), the board has determined that the record date for the purposes of establishing which shareholders are entitled to participate in and vote at the AGM will be Friday, 22 November 2019. Accordingly, the last day to trade to be recorded in the share register is Tuesday, 19 November 2019.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The audited annual financial statements of Assore and its group (as approved by the board), including the directors' report, the independent auditor's report, the Audit and Risk committee's report and the Social and Ethics committee's report for the financial year ended 30 June 2019, have been distributed to shareholders as required by section 30(3)(d) of the Companies Act.

The annual financial statements referred to above are available electronically at **www.assore.com**.

AUTOMATIC REAPPOINTMENT OF THE COMPANY'S AUDITOR

In accordance with the provisions of section 90(6) of the Companies Act, Ernst & Young Inc shall automatically be reappointed at the AGM as the auditor of Assore for the forthcoming financial year.

Note: The company's Audit and Risk committee has determined that Ernst & Young Inc continues to be independent of the company, as required in terms of section 90(2)(c) of the Companies Act.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

In accordance with Regulation 43(5)(c) of the Companies Regulations, 2011 issued in terms of section 223 of the Companies Act, the chairman of the Social and Ethics committee will table the report of the Social and Ethics committee as set out on page 41 of the integrated annual report at the AGM.

ORDINARY RESOLUTIONS

The ordinary resolutions set out below are required to be passed by a simple majority of ordinary shareholders, representing more than 50% of the exercisable voting rights, present in person or by proxy and voting at the AGM. Where resolutions involve the election of directors, a short *curriculum vitae* of the director concerned is included on page 66.

Ordinary resolution number 1 (re-election of Mr EM Southey as a director)

RESOLVED THAT Mr EM Southey, who retires by rotation in terms of the MoI and who is eligible and available for re-election, is re-elected as a director of Assore.

Ordinary resolution number 2 (re-election of Mr WF Urmson as a director)

RESOLVED THAT Mr WF Urmson, who retires by rotation in terms of the MoI and who is eligible and available for re-election, is re-elected as a director of Assore.

Ordinary resolution number 3 (re-election of Mr EM Southey as Audit and Risk committee member and chairman)

RESOLVED THAT, in terms of section 94(2) of the Companies Act, Mr EM Southey be re-elected as member of the Audit committee until the conclusion of the next AGM.

Ordinary resolution number 4 (re-election of Mr WF Urmson as Audit and Risk committee member)

RESOLVED THAT, in terms of section 94(2) of the Companies Act, Mr WF Urmson be re-elected as member of the Audit committee until the conclusion of the next AGM.

Ordinary resolution number 5 (re-election of Mr S Mhlarhi as Audit and Risk committee member)

RESOLVED THAT, in terms of section 94(2) of the Companies Act, Mr S Mhlarhi be re-elected as member of the Audit committee until the conclusion of the next AGM.

Note: The reappointment of Mr EM Southey and Mr WF Urmson to the Audit and Risk committee is subject to ordinary resolution numbers 1 and 2 being passed.

ADVISORY ENDORSEMENT OF THE REMUNERATION POLICY AND ITS IMPLEMENTATION

In terms of the JSE Listings Requirements, an advisory vote should be obtained annually from the shareholders with regard to the company's annual remuneration policy. The vote allows shareholders to express their views on the remuneration policy adopted and the implementation thereof, but will not be binding on the company.

To endorse, through a non-binding advisory vote, the company's implementation plan of the remuneration policy (excluding the fees paid to the non-executive directors for their services), as set out on page 43 of the integrated annual report.

SPECIAL RESOLUTIONS

The following special resolutions are required to be passed by ordinary shareholders holding at least 75% of the exercisable voting rights, present in person or by proxy and voting at the AGM.

Special resolution number 1 (general authority to provide financial assistance)

RESOLVED THAT, the board may, subject to compliance with the requirements of the MoI, the Companies Act and the Listings Requirements of the JSE Limited, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance (as such term is defined in the Companies Act) to any present or future subsidiary or inter-related companies of Assore as contemplated in section 45 of the Companies Act.

VOTING

Only Assore shareholders registered in the company's securities register on Friday, 22 November 2019 will be entitled to participate in the AGM and to vote on the resolutions set out above. On a show of hands, every ordinary shareholder who is present in person or represented by proxy at the AGM, will have 1 (one) vote (irrespective of the number of ordinary shares held by such shareholder), and, on a poll, every ordinary shareholder will have 1 (one) vote for every ordinary share held or represented by such shareholder. Whether voting takes place by a show of hands or on a poll will be at the discretion of the chairman.

PROXIES AND IDENTIFICATION

Shareholders holding certificated shares and shareholders who have dematerialised their shares and have elected "own name" registration in the sub-register maintained by their central securities depository participant (CSDP), may attend, speak and vote at the AGM or may appoint one or more natural persons to act as proxies (who need not be shareholders of the company) to attend, speak and vote on behalf of such shareholder at the AGM. A form of proxy is attached to this notice of AGM. Duly completed forms of proxy must be detached and lodged with or posted to either the transfer secretaries of Assore (being Singular Systems Proprietary Limited, 28 Fort Street, Birnam, Johannesburg, 2196 (PO Box 785261, Sandton 2146)) or to the registered office of Assore at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 (Private Bag X03, Northlands, 2116). Shareholders are requested to submit their proxies to be received by no later than 10:30 on Wednesday, 27 November 2019. Proxies which are not delivered timeously to the registered office or transfer secretaries may be handed to the chairman of the AGM at any time before the proxy exercises any rights of the shareholder at the AGM.

The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the AGM and participating and voting in person thereat, to the exclusion of any such proxy.

Shareholders who have dematerialised their shares through a CSDP or broker and who have not elected "own name" registration in the sub-register maintained by a CSDP and who wish to attend the AGM, should instruct their CSDP or broker to issue them with the necessary authority or letter of representation to attend. If such shareholders do not wish to attend the AGM but wish to be represented thereat, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

Kindly note that, in terms of section 63(1) of the Companies Act, all meeting participants (including proxies) are required to provide acceptable identification before being entitled to attend or participate at the AGM. Forms of identification considered acceptable include original valid identity documents, driver's licences or passports.

By order of the board
African Mining and Trust Company Limited
Secretaries

Johannesburg
18 October 2019

Notice to shareholders continued

CURRICULUM VITAE OF DIRECTORS ELECTED, RETIRING IN TERMS OF THE MOI AND AVAILABLE FOR RE-ELECTION AND OF INDEPENDENT NON-EXECUTIVE DIRECTORS RECOMMENDED FOR RE-ELECTION AS MEMBERS OF THE AUDIT AND RISK COMMITTEE

S 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 is a financial services company with activities in corporate finance, fund management and principal investments. 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. Sydney was appointed to the board on 15 October 2012 and serves on the group's Audit and Risk committee.

EM 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 Province and of the Law Society of South Africa and 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.

WF Urmson
Independent non-executive director
CA(SA)

Bill was appointed as an independent non-executive director in October 2010 and chairs the group's Social and Ethics committee. He also serves on the group's Audit and Risk and Remuneration committees. He is a former deputy chairman of Ernst & Young and has served the accounting profession as chairman of the Accounting Practices and Ethics committees of the South African Institute of Chartered Accountants. He is a former Director: Surveillance of the JSE and consulted to the exchange on a part-time basis until December 2013.

Form of proxy

ASSORE LIMITED

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

For use only by shareholders holding certificated shares and shareholders who have dematerialised their shares and have elected "own name" registration in the sub-register maintained by the central securities depository participant (CSDP), attending the annual general meeting (AGM) of Assore ordinary shareholders to be held at 10:30, on Friday, 29 November 2019 at the registered office of Assore, located at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg.

Shareholders who have dematerialised their shares through a CSDP or broker and have not elected "own name" registration in the sub-register maintained by the CSDP must not complete this form of proxy, but should instruct their CSDP or broker to issue them with the necessary letter of representation to attend the AGM or, if they do not wish to attend the AGM, but wish to be represented thereat, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such ordinary shareholders and their CSDP or broker.

Form of proxy for the AGM of Assore ordinary shareholders (refer notes on completion attached)

I/we (Name in block letters)

of (address)

being the holder/s of ordinary shares

in the company, hereby appoint/s (see note 1)
1. or failing him/her

of

2.

of or failing him/her

the chairman of Assore, or failing him, the chairman of the AGM as my/our proxy to vote for me/us on my/our behalf at the AGM of Assore to be held at 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 29 November 2019 at 10:30 or at any adjournment thereof.

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

	For	Against	Abstain
Ordinary resolution number 1 Re-election of Mr EM Southey as a director of the company			
Ordinary resolution number 2 Re-election of Mr WF Urmson as a director of the company			
Ordinary resolution number 3 Re-election of Mr EM Southey as a member and chairman of the Audit and Risk committee of the company			
Ordinary resolution number 4 Re-election of Mr WF Urmson as a member of the Audit and Risk committee of the company			
Ordinary resolution number 5 Re-election of Mr S Mhlarhi as a member of the Audit and Risk committee of the company			
Advisory endorsement of the remuneration policy Advisory endorsement of the remuneration policy			
Advisory endorsement of the implementation plan Advisory endorsement of the implementation plan			
Special resolution number 1 General authorisation to Assore directors to provide financial assistance to subsidiary and inter-related companies of Assore			

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed at on 2019

Signature

Assisted by me (where applicable)

Please see notes overleaf

Notes to the form of proxy

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

2. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box alongside the resolution concerned. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if he is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or abstain from voting at the AGM as he/she deems fit, in respect of the shareholder's total holding.

3. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

4. Every shareholder present in person or by proxy and entitled to vote shall, on a show of hands, have only one vote and, upon a poll, every shareholder shall have one vote for every ordinary share held.

5. In the case of joint holders, the vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of shareholders in respect of joint holding(s).

6. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity (eg for a company, close corporation, trust, pension fund, deceased estate, etc) must be attached to this form of proxy unless previously recorded by the transfer secretaries of Assore or waived by the chairman of the AGM.

7. The chairman of the AGM may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the Memorandum of Incorporation of Assore.

8. Completed forms of proxy and the authority under which they are signed (if any) must be lodged with or posted to either Assore's registered office, Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 (Private Bag X03, Northlands, 2116) or its transfer secretaries being Singular Systems Proprietary Limited, 28 Fort Street, Birnam, Johannesburg, 2196 (PO Box 785261, Sandton, 2146). Shareholders are requested to submit their proxy forms to be received by no later than 10:30 on Wednesday, 27 November 2019.

Corporate information

EXECUTIVE DIRECTORS

Desmond Sacco (Chairman)#
CE Walters (Chief executive officer)
PE Sacco (Deputy chief executive officer and marketing director)
RA Davies (Chief financial officer)°
BH van Aswegen (Group technical and operations director)°

NON-EXECUTIVE DIRECTORS

EM Southey (Deputy chairman and lead independent director)# †*
DN Aitken†
TN Mgoduso°†
S Mhlarhi†*
WF Urmson# °†*

 # Member of the Remuneration committee
° Member of the Social and Ethics committee
† Independent
** Member of the Audit and Risk committee*

SECRETARY AND REGISTERED OFFICE

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

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

TRANSFER SECRETARIES AND SHARE TRANSFER OFFICE

Singular Systems Proprietary Limited
28 Fort Street
Birnam
Johannesburg, 2196

AUDITORS

Ernst & Young Inc.
102 Rivonia Road
Sandton
Johannesburg, 2196

ATTORNEYS

Webber Wentzel
90 Rivonia Road
Sandton
Johannesburg, 2196

Norton Rose Fullbright
15 Alice Lane
Sandton
Johannesburg, 2196

BANKERS

The Standard Bank of South Africa Limited
30 Baker Street
Rosebank
Johannesburg, 2196

CORPORATE INFORMATION

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

SPONSOR

The Standard Bank of South Africa Limited
30 Baker Street
Rosebank
Johannesburg, 2196

Bastion

ASSORE

Assore House
15 Fricker Road, Illovo Boulevard
Johannesburg, 2196
www.assore.com