

Company Registration Number: 1950/037394/06 Share code: ASR ISIN: ZAE000146932 ("Assore" or "Group" or "Company")

COMMENTARY

RESULTS

Headline earnings for the six months to 31 December 2011 have increased by 48,5%, to R2 067 million, compared to the same period in the previous financial year. This is due mainly to increased earnings for the period of Assmang Limited ("Assmang"), together with increased commissions earned on improved sales volumes of Group commodities.

Assore holds a 50% interest in Assmang, which is proportionately consolidated in accordance with International Financial Reporting Standards ("IFRS"). Assmang's headline earnings increased by 57,2% to R3 949 million compared to the same period in the previous financial year. Higher average US Dollar selling prices for iron ore and increased sales volumes for Assmang's commodities compared to the six-month period ending 31 December 2010, combined with a weaker average Rand/US Dollar exchange rate for the period, contributed positively to the increased level of earnings.

Market conditions for most of the Group's commodities have deteriorated, mostly due to the sovereign debt issues in Europe. With the exception of iron ore, demand has declined, with resultant price erosion in the current period under review, compared to the same period in the previous financial year. Prices for iron ore were higher, although pricing in the current period was more volatile. The weaker Rand/US Dollar exchange rate compensated for some of the impact of the price erosion, while additional export volumes of iron ore resulted in an increased level of contribution to the Group's earnings. Turnover for the period under review improved in comparison to the same period in the previous financial year with an increase of 40,2% amounting to R6,4 billion from R4,6 billion in 2010.

On 8 December 2011, shareholders were advised of the Company's intention to enter into the second phase of its third empowerment transaction, which was approved by shareholders in a meeting convened for this purpose on 19 January 2012. As a result, all of Assore's black-controlled shares, amounting to 26,07% of the Company's ordinary shares, are now controlled by broad-based BEE groupings, increasing the Group's weighted number of treasury shares to 31,97 million. The bridging loan pursuant to the first phase of the transaction will be settled by the issue of preference shares to the Standard Bank of South Africa Limited ("SBSA"). Refer "Event after the reporting period" below.

CONSOLIDATED INCOME STATEMENT

	Half-year	Year ended	
	31 December 2011 Unaudited R'000	31 December 2010 Unaudited R'000	30 June 2011 Audited R'000
Revenue	6 843 807	4 768 682	11 180 037
Turnover Cost of sales	6 386 024 (3 337 372)	4 553 507 (2 420 111)	10 547 806 (6 044 740)
Gross profit Other income Other expenses Finance costs	3 048 652 626 209 (476 455) (126 199)	2 33 396 22 785 (205 493) (40 137)	4 503 066 848 73 l (457 797) (77 790)
Profit before taxation and State's share of profits Taxation and State's share of profits	3 072 207 (934 057)	2 109 551 (706 284)	4 816 210 (1 566 524)
Profit for the period	2 138 150	I 403 267	3 249 686
Earnings attributable to: Shareholders of the holding company Non-controlling shareholders	2 129 171 8 979	I 392 501 IO 766	3 219 754 29 932
As above	2 138 150	I 403 267	3 249 686
Earnings as above Adjusted for: Profit on disposal (net of tax): – on available-for-sale investments – of property, plant and equipment	2 129 171 (61 057) (646)	392 50 (537)	3 219 754 — (407)
Headline earnings	2 067 468	I 391 964	3 219 347
Earnings per share (basic and diluted – cents) Headline earnings per share (basic and diluted – cents)	I 978 I 921	164 163	2 69 l 2 690
Dividends per share declared in respect of the profit for the period (cents)		200	450
– Interim – Final		200	200 250
Weighted average number of ordinary shares (million) Ordinary shares in issue Weighted impact of treasury shares	139,61 (31,97)	139,61 (19,94)	139,61 (19,94)
Average for the period	107,64	119,67	119,67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF	COMPREH	EINSIVE IINC	OME		
	Half-year	Half-year ended			
	31 December	31 December	30 June		
	2011	2010	2011		
	Unaudited	Unaudited	Audited		
	R'000	R'000	R'000		
Profit for the year (as above) Other comprehensive (loss)/income for the	2 138 150	I 403 267	3 249 686		
year net of tax	(55 414)	155 293	204 882		
Net (loss)/gain on revaluation of available-for-sale					
investments to market value Deferred capital gains taxation thereon	(88 372) 26 79 3	185 132 (25 918)	242 336 (33 927)		
Exchange gain/(loss) on translation of foreign operations	(61 579) 6 165	159 214 (3 921)	208 409 (3 527)		
Total comprehensive income for the year					
net of tax	2 082 736	I 558 560	3 454 568		
Attributable to:					
Shareholders of the holding company Non-controlling shareholders	2 073 757 8 979	I 547 794 I0 766	3 424 636 29 932		
As above	2 082 736	I 558 560	3 454 568		

CONSOLIDATED STATEMENT OF CASH FLOW

	Half-year	ended	Year ended
	31 December	31 December	30 June
	2011	2010	2011
	Unaudited	Unaudited	Audited
	R'000	R'000	R'000
Cash generated from operations	1 720 406	052 720	3 521 328
Cash utilised in investing activities	(3 690 782)	(064 135)	(2 193 127)
Cash generated by/(utilised in) financing activities	2 782 572	(5 735)	(901 376)
ncrease/(decrease) in cash for the period	812 196	(63 150)	426 825
Cash resources at beginning of period	2 334 734	1 907 909	I 907 909
Cash resources per statement of financial position	3 146 930	I 844 759	2 334 734

■ Interim profit up 52,4% to R2,1 billion

- High US Dollar iron ore prices
- All BEE ownership now broad-based

RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

SALES VOLUMES

Sales volumes for the current period were higher for iron ore and manganese commodities, while sales of charge chrome and chrome ore were lower than for the comparable period.

The table below sets out Assmang's sales volumes for the current period:

rian /ea	ii ici casci		
31 December	31 December	(decrease)	
2011	2010	%	
6 781	4 039	68	
1 590	I 456	9	
104	87	20	
86	91	(5)	
211	213	(1)	
	31 December 2011 6 781 1 590 104 86	2011 2010 6 781 4 039 1 590 1 456 104 87 86 91	

* Excluding intra-group sales to alloy plants

CAPITAL EXPENDITURE

The bulk of the Group's capital expenditure occurs in Assmang, where more than R2,1 billion was spent on capital items in the period. R928 million was spent on Assmang's Khumani Expansion Project ("KEP"), which remains within budget and ahead of schedule. An additional R669 million was spent at Khumani Mine on ramp-up capital, enabling the mine to produce the intended 14 million tons of iron ore per annum for the export market. The conversion of ferrochrome capacity to ferromanganese capacity at the Machadodorp Works continues, and R39 million was spent on the conversion of two furnaces. The bulk of the remainder of Assmang's capital expenditure is of an ongoing replacement nature.

OUTLOOK

Chinese steel production has declined for the second consecutive quarter, while sovereign debt issues in Europe persist. Prices for iron ore appear to have settled in a band lower than the high levels experienced in the second half of the previous financial year. Certain high cost Chinese iron ore miners have stopped production as a result, causing reasonably strong demand for seaborne iron ore. Slow economic growth in Europe and elsewhere is also placing pressure on prices of the Group's other commodities. Since most of the Group's commodities continue to be exported, it remains significantly exposed to fluctuations in the Rand/US Dollar exchange rate. These factors make it difficult to predict the future performance of the Group in the second half of the financial year with any certainty.

DIVIDENDS

The results in the announcement include the final dividend relating to the previous financial year of 250 cents (2010: 240 cents) per share, which was declared on 24 August 2011 and paid to shareholders on 19 September 2011. The board intends declaring an interim dividend in April 2012 of 250 (2011: 200) cents per share, having regard to the requirements of the Companies Act and other regulatory

ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial results for the period under review have been prepared under the supervision of Mr CJ Cory, CA(SA) and in accordance with IAS 34 – Interim Financial Reporting. The accounting policies applied are consistent with those adopted in the financial year ended 30 June 2011. Revisions and amendments to, and interpretations of IFRS effective in the period have not had any impact on the results or disclosures of the Group.

EVENT AFTER THE REPORTING PERIOD

The special and ordinary resolutions tabled at the general meeting of shareholders on 19 January 2012 relating to the second phase of the Group's third empowerment transaction were approved by the requisite majorities of shareholders. In terms of the transaction, the Company will issue preference shares to SBSA on 21 February 2012, which will replace the bridging loan provided to a special-purpose vehicle ("SPV"), while subscribing for preference shares in the same amount in the SPV. Accordingly, an amount of R2,2 billion will be transferred to interest-bearing long-term liabilities from interest-bearing current liabilities.

- Since I July 2011, the following changes to the board of directors have taken place:
- 19 August 2011 following the conclusion of the first phase of the third empowerment transaction, Mr MC Ramaphosa (and his alternate, Mr RM Smith) resigned as a non-executive director;
- 7 October, and 1 November 2011 respectively, Ms ZP Manase was appointed and resigned as an independent non-executive director, due to a potential conflict of interest;
- 10 October 2011 Messrs AD Stalker and BH van Aswegen were appointed as alternate directors to Messrs CJ Cory and PC Crous respectively; and
- 31 December 2011 Dr JC van der Horst retired from the board, after an aggregate tenure of 17 years' service.

On behalf of the board

Desmond Sacco C| Cory Johannesburg Chairman Chief Executive Officer 15 February 2012

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Half-year	ended	Year ended
	31 December	31 December	30 June
	2011	2010	2011
	Unaudited	Unaudited	Audited
	R'000	R'000	R'000
Share capital, share premium and			
other reserves			
Balance at beginning of year	734 092	529 210	529 210
Other comprehensive (loss)/income	(55 414)	155 293	204 882
Balance at end of period	678 678	684 503	734 092
Treasury shares			
Balance at beginning of year	(2 359 028)	(2 359 028)	(2 359 028)
Treasury shares purchased during the period	(2 692 555)	_	_
Balance at end of period	(5 051 583)	(2 359 028)	(2 359 028)
Retained earnings			
Balance at beginning of year	12 390 460	9 697 261	9 697 261
Profit for the period	2 129 171	1 392 501	3 219 754
Ordinary dividends declared during the period			
Numbers 109 at R2,50 per share			
(2010: R2,40 per share)	(258 018)	(287 210)	(526 555)
Balance at end of period	14 261 613	10 802 552	12 390 460
Ordinary shareholders' interest	9 888 708	9 128 027	10 765 524
Non-controlling interests			
Balance at beginning of year	114 287	102 035	102 035
Share of total comprehensive income	8 979	10 766	29 932
Dividends paid to non-controlling shareholders	(5 901)	(12 678)	(14 153)
Share of foreign currency translation reserve arising			
on consolidation	6 165	(3 921)	(3 527)
Balance at end of period	123 530	96 202	114 287
Total equity	10 012 238	9 224 229	10 879 811

CONSOLIDATED STATEMENT	OF FINANCIA	L POSITION	I
	At	At	At
	31 December	31 December	30 June
	2011	2010	2011
	Unaudited	Unaudited	Audited
	R'000	R'000	R'000
Assets			
Non-current assets	0.027.022	7 225 207	0.027.252
Property, plant and equipment and mining rights Investments	8 826 922	7 225 307	8 027 352
- available-for-sale investments	695 870	787 982	887 249
- other	65 905	77 168	30 789
Other financial assets	73 583	45 217	53 05 1
Total non-current assets	9 662 280	8 135 674	8 998 441
Current assets			
Inventories	2 377 587	2 093 667	2 005 577
Trade and other receivables	2 123 947	1 536 430	I 632 270
Cash resources	3 146 930	I 844 759	2 334 734
Total current assets	7 648 464	5 474 856	5 972 581
Total assets	17 310 744	13 610 530	14 971 022
Equity and liabilities			
Share capital and reserves			
Ordinary shareholders' interest	9 888 708	9 128 027	10 765 524
Non-controlling interests	123 530	96 202	114 287
Total equity	10 012 238	9 224 229	10 879 811
Non-current liabilities			
Net deferred taxation liabilities	2 345 564	1 949 783	2 173 621
Long-term liabilities	242 801	223 318	222 888
Total non-current liabilities	2 588 365	2 173 101	2 396 509
Current liabilities			
Interest-bearing	2 918 145	I 078 256	154 147
Non-interest-bearing	1 791 996	l 134 944	I 540 555
Total current liabilities	4 710 141	2 213 200	I 694 702
Total equity and liabilities	17 310 744	13 610 530	14 971 022
Net asset value per share (Rand)	93,0	76,9	91,0
Capital expenditure (R million)	1 048,7	1 050,8	2 112,5
Capital commitments (R million)	3 240,1	2 686,8	3 282,4

CECMENITAL INICODMATION

SEGMENTAL INFORMATION									
	Join	Joint venture mining and beneficiation				Other			
R'000	Iron ore	Manganese	Chrome	Sub-total	Marketing and shipping	•	Treasury	Consolidation adjustments*	Consolidated
Half-year ended 31 December 2011 – unaudited									
Revenues									
- third party	7 518 677	3 457 439	962 441	11 938 557	603 162	248 877	22 490	(5 969 279)	6 843 807
- inter-segmental	_	_	_	_	387 818	129 410	_	(517 228)	-
Total	7 518 677	3 457 439	962 441	11 938 557	990 980	378 287	22 490	(6 486 507)	6 843 807
Contribution to after-tax profit	3 125 669	834 030	(9 706)	3 949 993	202 303	(1 759)	(31 080)	(1 981 307)	2 138 150
Half-year ended 31 December 2010 – unaudited									,
Revenues									
- third party	3 987 044	3 204 236	921 297	8 112 577	567 865	129 675	14 854	(4 056 289)	4 768 682
– inter-segmental	_	_	_	_	268 770	I 680	_	(270 450)	_
Total	3 987 044	3 204 236	921 297	8 112 577	836 635	131 355	14 854	(4 326 739)	4 768 682
Contribution to after-tax profit	l 749 747	849 501	(87 159)	2 512 089	170 260	6 551	(23 351)	(1 262 282)	I 403 267

* Consolidation adjustments mainly give effect to the elimination of the 50% share attributable to the other joint venture party in Assmang.

Executive: Desmond Sacco (Chairman), CJ Cory (Chief Executive Officer), PC Crous (Technical and Operations)

Non-executive: EM Southey, (Deputy Chairman and Lead Independent Director), RJ Carpenter, DMJ Ncube, WF Urmson Alternate: PE Sacco, AD Stalker, BH van Aswegen

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