

## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

### **Action required**

If you are in any doubt as to what action to take, you should consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all your shares in Assore, please forward this circular to the purchaser of such shares or the banker, broker or other agent through whom the disposal was effected.

Full details of the actions required by Assore shareholders regarding the general meeting are set out on page 3 of this document. The definitions and interpretation provisions on pages 5 to 10 of this document apply to this page.



## **ASSORE LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 1950/037394/06)

JSE share code: ASR

ISIN: ZAE000017117

## **CIRCULAR TO ASSORE SHAREHOLDERS**

regarding:

- **the specific repurchase and cancellation by Assore of 148 347 Assore shares, or approximately 0.53% of the issued Assore shares, from Assore SubCo in terms of section 85 of the Companies Act;**
- **the specific repurchase and cancellation by Assore of 280 000 Assore shares, or approximately 1.00% of the issued Assore shares, from Standard Bank in terms of section 85 of the Companies Act;**
- **the specific purchase by Assore SubCo of 2 651 653 Assore shares, or approximately 9.47% of the issued Assore shares, from Standard Bank in terms of section 89 of the Companies Act;**
- **the increase of Assore's authorised share capital by the creation of 220 Preference Shares;**
- **the amendment of Assore's articles of association to incorporate the rights and privileges of the Preference Shares;**
- **the amendment of article 92 of Assore's articles of association in order to remove the existing borrowing restrictions contained in article 92 in order to permit the directors of Assore to exercise all the powers of the Company to borrow or raise money or secure the payment of any sum or sums of money for the purposes of Assore or of any third party, which power so to borrow, raise or secure shall be unlimited in extent;**
- **the authorisation of the directors of Assore, in terms of section 38(2A) of the Companies Act, to execute and implement (to the extent that each constitutes the granting of financial assistance by Assore):**
  - **the Assore SPA;**
  - **the Warehousing Agreement;**
  - **the Standard Bank Cession and Pledge Agreement;**
  - **the Subscription Agreement;**
  - **the Indemnity Agreement; and**
  - **the SecurityCo Cession and Pledge Agreement;**

and incorporating:

- **a notice of a general meeting; and**
- **a form of proxy in respect of the general meeting (*blue*) (for use by certificated shareholders and dematerialised shareholders with "own-name" registration only).**

All of the directors whose names are set out on page 11, collectively and individually, accept full responsibility for the accuracy of the information given in this document and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this document contains all information required by the Listings Requirements.

Standard Bank, which is regulated in terms of the Listings Requirements, is acting for Assore and no other parties in relation to the preparation of this circular and will not be responsible to anyone other than Assore in relation to the preparation of this circular.

Date of issue: 12 August 2008

**Investment bank and sponsor**



**Attorneys to Assore**



**Webber Wentzel**

**Independent transaction sponsor**



**Reporting accountant and  
auditors to Assore**



**Lead funder to the transaction**



This document is available in English only. Copies may be obtained from the registered office of Assore, the sponsor and the transfer secretaries, whose addresses are set out in the "Corporate Information" section of this document.

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## **CORPORATE INFORMATION, ADVISERS, SPONSORS AND TRANSFER SECRETARIES**

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### **Company secretary and registered office**

African Mining and Trust Company Limited  
(Registration number 1931/003633/06)  
Assore House  
15 Fricker Road  
Illovo Boulevard  
Johannesburg  
2196  
(Private Bag X03, Northlands, 2116)

### **Investment bank, sponsor and lead funder to Assore**

The Standard Bank of South Africa Limited  
(Registration number 1962/000738/06)  
3 Simmonds Street  
Johannesburg  
2001  
(PO Box 61344, Marshalltown, 2107)

### **Reporting accountant and auditors to Assore**

Ernst & Young Inc.  
Wanderers Office Park  
52 Corlett Drive  
Illovo  
Johannesburg  
2196  
(PO Box 2322, Johannesburg, 2000)

### **Date of incorporation of Assore**

19 June 1950

### **Place of incorporation of Assore**

South Africa

### **Transfer secretaries to Assore**

Computershare Investor Services  
(Proprietary) Limited  
(Registration number 2004/003647/07)  
Ground Floor, 70 Marshall Street  
Johannesburg  
2001  
(PO Box 61051, Marshalltown, 2107)

### **Attorneys to Assore**

Webber Wentzel  
10 Fricker Road  
Illovo Boulevard  
Johannesburg  
2196  
(PO Box 61771, Marshalltown, 2107)

### **Independent transaction sponsor to Assore**

KPMG Services (Proprietary) Limited  
(Registration number 1999/012876/07)  
KPMG Crescent  
85 Empire Road  
Parktown  
2193  
(Private Bag 9, Parkview, 2122)

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## TABLE OF CONTENTS

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The definitions and interpretation provisions on pages 5 to 10 of this document apply *mutatis mutandis* to this table of contents.

	Page
<b>CORPORATE INFORMATION, ADVISERS, SPONSORS AND TRANSFER SECRETARIES</b>	1
<b>ACTION REQUIRED BY SHAREHOLDERS</b>	3
<b>IMPORTANT DATES AND TIMES</b>	4
<b>DEFINITIONS AND INTERPRETATION</b>	5
<b>CIRCULAR TO ASSORE SHAREHOLDERS</b>	
1. Introduction	11
2. Rationale for the Transaction	12
3. Details of the Warehousing Agreement	12
4. Details of the Standard Bank Cession and Pledge Agreement	12
5. Mechanics of the Transaction	13
6. Funding of the Transaction	13
7. Key terms of the Preference Shares	13
8. Preference Share Trigger Events	14
9. Details of the Indemnity Agreement	15
10. Details of the SecurityCo Cession and Pledge Agreement	16
11. Conditions precedent	16
12. <i>Pro forma</i> financial effects	16
13. Opinions and recommendations	17
14. Voting exclusions	18
15. Irrevocable Undertakings	18
16. Major shareholders	18
17. Information relating to directors	18
18. Share capital of Assore	19
19. Material changes	19
20. Litigation statement	19
21. Costs of the Transaction	20
22. Directors' statement regarding liquidity and working capital adequacy	20
23. Experts' consents	20
24. Exchange Control Regulations	20
<b>ANNEXURE 1</b> Accountant's report on the <i>pro forma</i> financial information	21
<b>ANNEXURE 2</b> Rights and privileges attaching to the variable rate cumulative redeemable preference shares	23
<b>Notice of general meeting of Assore ordinary shareholders</b>	42
<b>Form of proxy – general meeting</b> ( <i>blue</i> )	Attached

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## **ACTION REQUIRED BY SHAREHOLDERS**

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The definitions and interpretation provisions on pages 5 to 10 of this document apply *mutatis mutandis* to this section on the actions required by shareholders.

### **1. GENERAL MEETING**

A general meeting of Assore shareholders will be held at 10:00 on Thursday, 4 September 2008 at the registered office of Assore, being Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, to consider and, if deemed fit, approve the resolutions set out on pages 42 to 46 of this circular, which are required to be passed in order to implement the Transaction. A notice convening the general meeting is attached to and forms part of this circular.

Please take careful note of the following provisions regarding the action required by Assore shareholders in respect of the general meeting. If you are in any doubt as to what action to take, please contact your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

#### **1.1 If you have dematerialised your Assore shares other than with “own-name” registration:**

##### **1.1.1 Voting at the general meeting**

Your CSDP or broker should contact you to ascertain how you wish to cast your vote at the general meeting, and will thereafter cast such vote on your behalf in accordance with your instructions.

If you have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP or broker and furnish it with your voting instructions.

If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker.

You must not complete the attached form of proxy for the general meeting (blue).

##### **1.1.2 Attendance and representation at the general meeting**

In accordance with the mandate between you and your CSDP or broker, you must advise your CSDP or broker if you wish to attend the general meeting, and your CSDP or broker will issue the necessary letter of representation to you in order to attend the general meeting.

#### **1.2 If you have not dematerialised your Assore shares or if you have dematerialised your Assore shares with “own-name” registration:**

##### **1.2.1 Voting and attendance at the general meeting**

You may attend the general meeting in person and may vote at the general meeting.

Alternatively, you may appoint a proxy to represent you at the general meeting by completing the attached form of proxy for the general meeting (blue) in accordance with the instructions it contains and return such form of proxy to Assore’s transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Tuesday, 2 September 2008.

1.3 If you wish to dematerialise your Assore shares, please contact your CSDP or broker.

1.4 If you have disposed of all of your Assore shares, this circular should be forwarded to the purchaser of such shares or the broker, banker or other agent who disposed of your shares on your behalf.

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## IMPORTANT DATES AND TIMES

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The definitions and interpretation provisions on pages 5 to 10 of this document apply *mutatis mutandis* to this section on important dates and times.

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**2008**

Assore's final results for the year ended 30 June 2008, to be released on SENS on or about	Friday, 29 August
Assore's final results for the year ended 30 June 2008, to be published in the press on or about	Monday, 1 September
Last day for receipt of forms of proxy for the general meeting by 10:00 on	Tuesday, 2 September
General meeting of Assore shareholders to be held at 10:00 at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg on	Thursday, 4 September
Announcement of results of the general meeting on SENS on	Thursday, 4 September
Announcement of results of the general meeting published in the press on	Friday, 5 September
Special resolutions lodged with the Registrar of Companies on or about	Friday, 5 September
Anticipated implementation of the Transaction on or about	Monday, 15 September
Anticipated date of cancellation and delisting of specific Assore shares on or about	Monday, 15 September

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**Notes:**

1. The abovementioned times and dates are South African times and dates and are subject to change. Any such change will be released on SENS and published in the press.
2. If the general meeting is adjourned or postponed, forms of proxy must be received by no later than 48 hours prior to the time of the adjourned or postponed general meeting, provided that, for the purpose of calculating the latest time by which forms of proxy must be received, Saturdays, Sundays and South African public holidays will be excluded.

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## DEFINITIONS AND INTERPRETATION

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Unless the context indicates otherwise:

- words in the singular shall include the plural and *vice versa*;
- words denoting one gender include the others;
- words and expressions denoting natural persons include juristic persons and associations of persons; and
- the following words and expressions in the first column have the meanings stated opposite them in the second column, as follows:

“Additional Security”	additional security which Assore may be required to cede and pledge in favour of SecurityCo pursuant to the provision of the SecurityCo Cession and Pledge Agreement, <i>mutatis mutandis</i> , on the terms and conditions recorded in that Agreement, whether in the form of shares in listed companies, cash and/or units which are the same as or similar to the Subject Units, in each instance acceptable to SecurityCo;
“ARM”	African Rainbow Minerals Limited (registration number 1933/004580/06), a public company incorporated in South Africa;
“Arrear Dividends”	dividends payable on the Preference Shares which are not paid on the dates on which they are required to be paid in terms of the Subscription Agreement and the rights and privileges attaching to the Preference Shares;
“Assmang”	Assmang Limited (registration number 1935/007343/06), a public company incorporated in South Africa, which company is jointly controlled by Assore and ARM;
“Assore” or “the Company”	Assore Limited (registration number 1950/037394/06), a public company incorporated in South Africa;
“Assore Group”	Assore and its subsidiaries, including its jointly controlled entity, Assmang;
“the Assore Board”	the board of directors of Assore;
“Assore repurchase”	the repurchase and subsequent cancellation by Assore of 280 000 Assore shares, comprising 1.00% of the issued Assore shares, from Standard Bank at a price of R760.00 per Assore share for an aggregate consideration of R212 800 000;
“Assore shareholders”	holders of Assore shares;
“Assore shares”	ordinary shares of 2.5 cents (two and a half cents) each in the issued share capital of Assore;
“Assore SPA”	the sale and purchase agreement concluded in writing on 20 June 2008 between Assore, Assore SubCo and Standard Bank, as amended in accordance with the provisions of the Variation Agreement, in terms of which: <ul style="list-style-type: none"><li>– Assore will implement the Assore repurchase; and</li><li>– Assore shall procure that Assore SubCo will implement the Purchase from Standard Bank;</li></ul>
“Assore SubCo”	Main Street 460 (Proprietary) Limited (registration number 2006/021404/07), a private company incorporated in South Africa, being a wholly-owned subsidiary of Assore;
“the Assore SubCo repurchase”	the repurchase and subsequent cancellation by Assore of 148 347 Assore shares, comprising approximately 0.53% of the issued Assore shares, from Assore SubCo for an aggregate consideration of R35 143 275;

“The Bokamoso Trust”	the trustees for the time being of The Bokamoso Trust (Master’s reference number IT8333/05), a trust formed solely for the purpose of providing benefits on a social and compassionate needs basis to the HDSA communities surrounding the mining and beneficiation operations of the Assore Group;
“broker”	any person registered as a broking member (equities) in terms of the rules of the JSE in accordance with the provisions of the Securities Services Act;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“certificated shares”	shares that have not been dematerialised, title to which is represented by a share certificate or other physical document of title;
“certificated shareholders”	Assore shareholders holding certificated shares;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“the Companies Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“the Consideration”	an amount of R2 228 056 280, being the aggregate amount paid by Standard Bank to Old Mutual for 2 931 653 Assore shares, comprising approximately 10.47% of the issued Assore shares at a price of R760.00 per share;
“CSDP”	Central Securities Depository Participant;
“dematerialised shareholders”	Assore shareholders holding dematerialised shares;
“dematerialised shares”	shares that have been dematerialised in accordance with the rules of Strate, whereby physical share certificates or other documents of title have been validated and cancelled by the transfer secretaries and captured onto the Strate system by the selected CSDP or broker and the shareholding is recorded electronically;
“Dividend Date”	in relation to a Preference Share, the 5th day of October and the 5th day of April of each year, the Redemption Date of such Preference Share, and any other date on which a dividend is required to be paid in relation to such Preference Share;
“this document” or “this circular”	this bound document dated 12 August 2008, including, <i>inter alia</i> , the annexures, the notice of general meeting and the form of proxy (blue) attached hereto;
“documents of title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to Assore shares acceptable to the directors of Assore;
“EBITDA”	earnings before interest, tax, depreciation and amortisation;
“First Empowerment Transaction”	the transaction entered into between Assore, Shanduka Resources, Old Mutual, Standard Bank, Main Street 343 (Proprietary) Limited, Main Street 350 (Proprietary) Limited and The Bokamoso Trust on 10 November 2005, pursuant to the implementation of which, Assore achieved participation by HDSAs under the Mining Charter in terms of ownership by HDSAs, of equity in Assore constituting 15.02% of the issued share capital of Assore;
“Funding Agreements”	the Subscription Agreement, the Subscription Notice, the Put Option Agreement, the SecurityCo Guarantee, the Indemnity Agreement and the Security Agreements;
“general meeting”	the general meeting of Assore shareholders to be held at 10:00 on Thursday, 4 September 2008, at the registered office of Assore, being Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg;
“Government”	the Government of South Africa;
“HDSAs”	historically disadvantaged South Africans, as defined in the Mining Charter;



“IFRS”	International Financial Reporting Standards;
“Indemnity Agreement”	the agreement concluded in writing on 20 June 2008 between Assore and SecurityCo, as amended in accordance with the provisions of the Variation Agreement, in terms of which Assore indemnifies SecurityCo and holds SecurityCo harmless against any loss, damage, cost or expense which SecurityCo may suffer and/or sustain on account of any claims made and/or rights enforced by Standard Bank against SecurityCo in terms of the Put Option Agreement and/or the SecurityCo Guarantee;
“Irrevocable Undertakings”	each of the irrevocable undertakings concluded in writing by: (a) Mrs Sally Dufour Berte; (b) Main Street 343 (Proprietary) Limited; (c) Main Street 350 (Proprietary) Limited and (d) Oresteel, respectively, in favour of each of Assore and Standard Bank, in terms of which Assore accepts the benefit of such irrevocable undertakings given therein;
“Issue Date”	the date on which the Preference Shares are issued;
“issued share capital”	the issued ordinary share capital of Assore, which amounts to 28 000 000 Assore shares at the last practicable date;
“JIBAR”	Johannesburg Interbank Acceptance Rate;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company incorporated in South Africa, licensed as an exchange under the Securities Services Act;
“last practicable date”	Monday, 30 June 2008, being the last practicable date prior to the finalisation of this document;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time by the JSE;
“Material Adverse Change”	a change which, <i>inter alia</i> , has or will have a material adverse effect on the business, operations, financial condition or prospects of a Relevant Party, and which consequently adversely affects the ability of Assore to perform any of its obligations under any Funding Agreement to which it is a party;
“Mining Charter”	the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry as referred to in section 100(2)(a) of the MPRDA under Government Gazette (No. 26661 of 13 August 2004);
“MPRDA”	the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002);
“nacm”	nominal, annual, compounded monthly;
“NAV”	on any date, Assore’s consolidated ordinary share capital and reserves less any minority shareholders’ interests and less any intangible assets, net of Assore’s contingent liabilities under or in relation to the First Empowerment Transaction and under or in relation to the Transaction (other than the Assore SubCo repurchase), as reflected in the most recently publicly announced annual audited financial statements, or the most recently announced interim financial statements of Assore which have been signed off by the Assore Board, immediately preceding such date;
“Oresteel”	Oresteel Investments (Proprietary) Limited (registration number 1975/003008/07), a private company incorporated in South Africa;
“Old Mutual”	Old Mutual Life Assurance Company (South Africa) Limited (registration number 1999/004643/06), a public company incorporated in South Africa;
“own-name”	Assore shareholders who hold shares that have been dematerialised and are registered by the CSDP on the sub-register kept by the CSDP in the name of such Assore shareholders;
“Permitted Investments”	any bank account or money market fund account conducted by Assore with any financial institution and any cash deposits deposited by Assore with Standard Bank or any other such financial institution, in each instance

	which are capable of being withdrawn on not more than 32 days' prior notice;
"Preference Dividend"	the dividend payable on the Preference Shares;
"Preference Shares"	the variable rate, cumulative, redeemable preference shares in the share capital of Assore to be allotted and issued to Standard Bank in terms of the Subscription Agreement;
"the prime rate"	the publicly quoted basic rate of interest per annum at which Standard Bank lends on unsecured overdrafts, compounded monthly in arrears and calculated on a 365-day year factor, irrespective of whether the year is a leap year or not. A certificate purporting to be signed by someone who is identified in the certificate as a general, branch or other manager of Standard Bank, setting out the prime rate from time to time, shall constitute <i>prima facie</i> proof of such rate;
"the Purchase from Standard Bank"	the purchase by Assore SubCo of 2 651 653 Assore shares, comprising approximately 9.47% of the issued Assore shares, from Standard Bank at a price of R760.00 per Assore share for an aggregate consideration of R2 015 256 280;
"Put Option Agreement"	the conditional option agreement concluded in writing on 20 June 2008 between SecurityCo and Standard Bank, which records the terms and conditions on which SecurityCo grants to Standard Bank the conditional right, upon the occurrence of certain prescribed events, to sell to SecurityCo (which is then obliged to purchase) all or a number of the Preference Shares held by Standard Bank on the date of exercise of such right by Standard Bank;
"register"	Assore's register of members;
"Redemption Date"	the date of redemption of a Preference Share as determined in accordance with the Subscription Agreement;
"Redemption Price"	the aggregate redemption price of a Preference Share payable upon the redemption of such Preference Share, further details of which are set out in paragraph 7.5 of this circular;
"Relevant Parties"	Assore and Assmang;
"Required Permitted Investment Quantum"	in the period commencing on 30 September 2010 and concluding on the date on which all of the Preference Shares have been redeemed unconditionally and in full, a minimum Permitted Investment quantum of R400 000 000;
"SAICA"	The South African Institute of Chartered Accountants;
"Sacco Family"	the Sacco family, being the controlling majority shareholders of Assore through Oresteel, which controls 52.28% of the issued Assore shares;
"Securities Services Act"	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
"Security"	the cession and pledge by Assore in favour of SecurityCo, of (i) all the Subject Shares and (ii) all the Subject Units, in terms of the SecurityCo Cession and Pledge Agreement;
"Security Agreements"	the agreements evidencing and/or recording the Security;
"SecurityCo"	Atrax Investments No. 2 (Proprietary) Limited (registration number 2008/013039/07), a private company incorporated in South Africa, all of the shares of which are owned by the SB Security SPV Owner Trust Number One (IT 1129/2008), the beneficiaries of which are charitable institutions;
"SecurityCo Cession and Pledge Agreement"	the agreement concluded in writing on 20 June 2008 between Assore and SecurityCo, and subsequently replaced in its entirety in accordance with the provisions of the Variation Agreement, in terms of which Assore cedes

	<i>in securitatem debiti</i> all of its rights, title and interests in and to the Subject Shares and the Subject Units respectively in favour of SecurityCo and pledges such Subject Shares and Subject Units to SecurityCo, as a continuing general covering or collateral security for the due and punctual performance of all obligations and the due and punctual payment of all sums of money which may be owing by Assore to SecurityCo from time to time under the Indemnity Agreement;
“SecurityCo Guarantee”	the guarantee agreement concluded in writing on 20 June 2008 between SecurityCo and Standard Bank, in terms of which SecurityCo guarantees payment by Assore of: <ul style="list-style-type: none"> <li>– all dividends, redemption amounts, fees, costs and expenses, required to be paid by Assore to Standard Bank in terms of the Subscription Agreement, in relation to the Preference Shares in issue held by Standard Bank;</li> <li>– all and any delictual damages suffered and/or sustained by Standard Bank arising from or in connection with the issue of the Preference Shares, and/or a breach by Assore of any of the warranties or representations contained in any of the Funding Agreements; and</li> <li>– any damages suffered and/or sustained by Standard Bank arising from or in connection with any fraud perpetrated by Assore against Standard Bank under any of the Funding Agreements;</li> </ul>
“SENS”	Securities Exchange News Service of the JSE;
“Shanduka Resources”	Shanduka Resources (Proprietary) Limited (registration number 2002/017835/07), a private company incorporated in South Africa;
“Standard Bank” or “SBSA”	The Standard Bank of South Africa Limited (registration number 1962/000738/06), a public company incorporated in South Africa, acting through its Corporate and Investment Banking Division;
“Standard Bank Cession and Pledge Agreement”	the security cession and pledge agreement concluded in writing on 20 June 2008 between Assore and Standard Bank, and subsequently replaced in its entirety in accordance with the provisions of the Variation Agreement, in terms of which Assore cedes <i>in securitatem debiti</i> all of its rights, title and interests in and to the Subject Shares and the Subject Units respectively in favour of Standard Bank, and pledges such Subject Shares and Subject Units to Standard Bank, as a continuing general covering or collateral security for the due and punctual performance of all obligations and the due and punctual payment of all sums of money which may be owing by Assore to Standard Bank from time to time under the Warehousing Agreement;
“South Africa”	the Republic of South Africa;
“STC”	Secondary Tax on Companies as contemplated in section 65B of the Income Tax Act, 1962 (Act 58 of 1962);
“Strate”	Strate Limited (registration number 1998/022242/06), a public company incorporated in South Africa which is a registered Central Securities Depository responsible for the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades;
“Subject Shares”	all of the shares held by Assore at 20 June 2008 in the issued share capital of certain listed companies (further details of which are set out in the Standard Bank Cession and Pledge Agreement and the SecurityCo Cession and Pledge Agreement respectively), together with all voting rights, dividends, capital and other distributions whether in cash or <i>in specie</i> , which may be or become exercisable, due, or claimable, in respect of any such shares, which listed share portfolio and related rights shall first be ceded and pledged by Assore in favour of Standard Bank in terms of the Standard Bank Cession and Pledge Agreement and thereafter, upon the release of such security by Standard Bank, shall be ceded and pledged by Assore in favour of SecurityCo in terms of the SecurityCo Cession and Pledge Agreement;

“Subject Units”	the 200 000 000 units in Standard Bank Institutional Money Market Fund B4, held by Assore through Stanlib Limited under unit trust account number 551328114, receipt number 30005, under the name “Assore Flexicash”, together with all interest, capital and other distributions, howsoever named or described whether in cash or <i>in specie</i> , which may be or become due, or claimable, in respect of any such units, and includes any other units constituting Additional Security from time to time together with all interest, capital and other distributions which may be or become due or claimable in relation to such other units, which Subject Units shall first be ceded and pledged by Assore in favour of Standard Bank in terms of the Standard Bank Cession and Pledge Agreement and thereafter, upon the release of such security by Standard Bank, shall be ceded and pledged by Assore in favour of SecurityCo in terms of the SecurityCo Cession and Pledge Agreement;
“Subscription Agreement”	the agreement concluded in writing on 20 June 2008 between Standard Bank, Assore and SecurityCo, and subsequently amended in accordance with the provisions of the Variation Agreement, which <i>inter alia</i> records the terms and conditions on which Standard Bank is to subscribe for, and Assore is to allot and issue, the Preference Shares;
“Subscription Notice”	a notice to be addressed by Assore to Standard Bank, requesting Standard Bank to subscribe for the Preference Shares;
“Subscription Price”	the subscription price of a single Preference Share, comprising the sum of the par value thereof, being R0.01 together with a premium thereon of R9 999 999.99 and thus R10 000 000.00 in the aggregate;
“the Transaction”	collectively, the Assore SubCo repurchase, the Assore repurchase and the Purchase from Standard Bank;
“transfer secretaries”	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a private company incorporated in South Africa;
“Trigger Event”	an event which may result in the compulsory redemption of all (and not some only) of the Preference Shares;
“Variation Agreement”	the variation agreement entered into between Assore, Standard Bank, Assore SubCo and SecurityCo on or about 7 August 2008, in terms of which the parties to that agreement agreed to amend certain provisions of the Assore SPA, the Subscription Agreement, the Indemnity Agreement and, in order to effect certain refinements and clarifications to the Standard Bank Cession and Pledge Agreement and the SecurityCo Cession and Pledge Agreement, agreed to replace both such Cession and Pledge Agreements in their entirety with replacement cession and pledge agreements;
“the Warehousing Agreement”	the agreement concluded in writing on 20 June 2008 between Standard Bank and Assore, in terms of which Standard Bank agrees to warehouse the warehoused shares;
“the warehoused shares”	2 931 653 Assore shares, comprising approximately 10.47% of the issued Assore shares, purchased by Standard Bank from Old Mutual for the Consideration, and which are being warehoused by Standard Bank until the requisite resolutions are passed enabling Assore and Assore SubCo (as applicable) to acquire such Assore shares; and
“VWAP”	volume-weighted average price.



## **ASSORE LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 1950/037394/06)  
JSE share code: ASR      ISIN: ZAE000017117

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### **CIRCULAR TO ASSORE SHAREHOLDERS**

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#### **Directors**

##### *Executive*

Desmond Giulio Sacco (*Chairman*)  
Robert John Carpenter (*Deputy Chairman*)  
Christopher John Cory (*Chief Executive Officer*)  
Phillip Christiaan Crous (*Group Technical Director*)

##### *Non-executive*

Paul Norman Boynton  
Brian Michael Hawksworth\*  
Matamela Cyril Ramaphosa  
Dr Johannes Cornelius van der Horst\*

##### *Alternate directors*

John Walton Lewist†  
Nick Giulio Sacco  
Patrick Eugenio Sacco  
Rowan Murray Smith

\* Independent

† British

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This section contains important information which should be read in its entirety for a full appreciation hereof. The definitions and interpretation provisions on pages 5 to 10 of this document apply *mutatis mutandis* to this section of the circular.

#### **1. INTRODUCTION**

Assore has entered into an arrangement with Standard Bank, pursuant to the purchase by Standard Bank of the warehoused shares from Old Mutual, in terms of which Standard Bank:

- will warehouse such Assore shares acquired from Old Mutual on Assore's behalf; and
- will subsequently sell such Assore shares to Assore and Assore SubCo in accordance with the provisions of the Assore SPA, for an aggregate purchase consideration equal to the Consideration.

Assore and Standard Bank have accordingly entered into the Warehousing Agreement in order to regulate the terms and condition on which Standard Bank has agreed to warehouse the warehoused shares. Further details of the Warehousing Agreement are set out under paragraph 3 below. In order for Assore to provide security in favour of Standard Bank for its obligations under the Warehousing Agreement, Assore has entered into the Standard Bank Cession and Pledge Agreement with Standard Bank, further details of which are set out under paragraph 4 below.

As regards the warehoused shares, Assore intends to itself repurchase and procure the purchase by Assore SubCo of, collectively, all such Assore shares in terms of the Assore repurchase and the Purchase from Standard Bank, respectively.

In terms of the Assore repurchase, 280 000 Assore shares, comprising approximately 1.00% of the issued Assore shares, is to be repurchased by Assore from Standard Bank and subsequently cancelled as issued shares. In terms of the Purchase from Standard Bank, the balance of 2 651 653 Assore shares, comprising approximately 9.47% of the issued Assore shares, held by Standard Bank is to be purchased by Assore SubCo and henceforth held as treasury shares.

The Assore repurchase and the Purchase from Standard Bank will be partly funded by way of the preference share funding procured by Assore from Standard Bank in terms of the Subscription Agreement, and partly from Assore's own cash resources. Further details of such preference share funding are set out under paragraphs 6, 7 and 8 below. In order for Assore to provide the requisite security in respect of its obligations pursuant to the Subscription Agreement, Assore has entered into the Indemnity Agreement with SecurityCo, further details of which are set out under paragraph 9 below, and the SecurityCo Cession and Pledge Agreement with SecurityCo, further details of which are set out under paragraph 10 below.

In addition to the Assore shares to be repurchased and cancelled by Assore in terms of the Assore repurchase, Assore intends to repurchase and subsequently cancel an additional 148 347 Assore shares, comprising approximately 0.53% of the issued Assore shares from Assore SubCo in terms of the Assore SubCo repurchase, which Assore shares are currently held by Assore SubCo as treasury shares.

The JSE has approved an application for the delisting, with effect from Monday, 15 September 2008, of the Assore shares which are to be cancelled pursuant to the implementation of the Assore and Assore SubCo repurchases, respectively. The date of such delisting is, however, subject to the special resolutions required to be passed in respect of such repurchases being registered by no later than Thursday, 11 September 2008. If such special resolutions are registered later, the delisting of the relevant Assore shares will take place later.

## **2. RATIONALE FOR THE TRANSACTION**

On 10 November 2005, Assore concluded an empowerment transaction pursuant to which 15.02% of Assore's shares were acquired by Assore's Black Economic Empowerment partners, being Shanduka Resources and The Bokamoso Trust.

In light of the equity ownership targets specified for the mining industry under the Mining Charter, which requires that 26.00% HDSA ownership be achieved by 1 May 2014, the Transaction will enable Assore to increase its current level of equity ownership by HDSAs from the existing 15.02% to the required 26.00% prior to 1 May 2014.

## **3. DETAILS OF THE WAREHOUSING AGREEMENT**

Assore entered into a closed period on 1 July 2008, being the day after the end of its financial year ended 30 June 2008. In terms of the Listings Requirements, Assore is not permitted to undertake a specific repurchase of Assore shares during such closed period, which restriction will accordingly be in effect until Assore releases its annual results for the year ended 30 June 2008. As a result, Standard Bank entered into and implemented an agreement with Old Mutual to purchase the warehoused shares from Old Mutual for the Consideration, which acquisition was necessitated due to certain timing restrictions.

Standard Bank and Assore consequently entered into the Warehousing Agreement in terms of which Standard Bank is warehousing the warehoused shares on Assore's behalf until such time as Assore is able to obtain the requisite approval from Assore shareholders to repurchase the warehoused shares from Standard Bank at R760.00 per Assore share, and thus an aggregate purchase consideration equal to the Consideration, and is accordingly no longer restricted in terms of a closed period from implementing such repurchase. The period during which Standard Bank shall warehouse the warehoused shares is, however, not to exceed three months from the date upon which the purchase and sale agreement concluded between Standard Bank and Old Mutual became unconditional.

## **4. DETAILS OF THE STANDARD BANK CESSION AND PLEDGE AGREEMENT**

In order for Assore to provide the requisite security in favour of Standard Bank in respect of its obligations under the Warehousing Agreement, Assore has entered into the Standard Bank Cession and Pledge Agreement.

In terms of the Standard Bank Cession and Pledge Agreement, Assore cedes *in securitatem debiti* all rights, title and interests in and to the Subject Shares and the Subject Units respectively in favour of Standard Bank, and pledges the Subject Shares and the Subject Units to Standard Bank, as a continuing general covering or collateral security for Assore's obligations to Standard Bank under the Warehousing Agreement. The security rights created in favour of Standard Bank pursuant to the Standard Bank Cession and Pledge Agreement shall only remain in place during the currency of the Warehousing Agreement, and shall be released by Standard Bank pursuant to the termination of the warehousing arrangement contemplated under the Warehousing Agreement upon the valid implementation of the Assore repurchase, the Purchase from Standard Bank and the allotment and issue of the Preference Shares by Assore to Standard Bank in terms of the Subscription Agreement.

## 5. MECHANICS OF THE TRANSACTION

The Transaction will be implemented in the following manner:

### 5.1 Assore repurchase

The Assore repurchase will be effected in terms of section 85 of the Companies Act, whereby Assore will repurchase and subsequently cancel 280 000 Assore shares, comprising approximately 1.00% of the issued Assore shares from Standard Bank at a price of R760.00 per Assore share for an aggregate consideration of R212 800 000.

### 5.2 The Purchase from Standard Bank

The Purchase from Standard Bank will be effected in terms of section 89 of the Companies Act, whereby Assore SubCo will purchase 2 651 653 Assore shares, comprising approximately 9.47% of the issued Assore shares, from Standard Bank at a price of R760.00 per Assore share for an aggregate consideration of R2 015 256 280.

### 5.3 The Assore SubCo repurchase

The Assore SubCo repurchase will be effected in terms of section 85 of the Companies Act, whereby Assore will repurchase and subsequently cancel 148 347 Assore treasury shares, comprising approximately 0.53% of the issued Assore shares, from Assore SubCo at a price of R236.90 per Assore share, being the average price at which these Assore treasury shares were acquired by Assore SubCo and thus for an aggregate consideration of R35 143 275.

## 6. FUNDING OF THE TRANSACTION

The aggregate consideration payable by Assore and Assore SubCo in respect of the Assore repurchase and the Purchase from Standard Bank, respectively, will be partially funded through the allotment and issue of the Preference Shares by Assore to Standard Bank for the aggregate Subscription Price of R2 200 000 000, with the balance being funded from Assore's existing cash resources.

The consideration payable by Assore to Assore SubCo in respect of the Assore SubCo repurchase will be funded from Assore's existing cash resources.

## 7. KEY TERMS OF THE PREFERENCE SHARES

The key terms of the Preference Shares are set out below:

- 7.1 each Preference Share shall confer the right upon Standard Bank to receive a preferential cumulative variable rate cash dividend at the rate of 79% of the prime rate, nacm, calculated on the Subscription Price of each Preference Share in issue;
- 7.2 Preference Dividends shall accrue daily and will be received on each Dividend Date;
- 7.3 the Preference Shares are redeemable on the relevant Redemption Dates as determined in accordance with the provisions of the Subscription Agreement, as follows:
  - 7.3.1 the first Dividend Date subsequent to the third anniversary of the Issue Date, such that post this redemption, the Preference Shares remaining in issue have an aggregate redemption quantum not exceeding R550 000 000;
  - 7.3.2 the first Dividend Date subsequent to the fourth anniversary of the Issue Date, in respect of all the Preference Shares remaining in issue;

- 7.3.3 any business day, in Standard Bank's sole discretion, subsequent to the occurrence of a Trigger Event, which Standard Bank nominates as constituting the Redemption Date in respect of all and not less than all of the Preference Shares in issue; and
- 7.3.4 any business day in Assore's sole discretion as Assore elects, on the provision of written notice to Standard Bank of such intended redemption, to redeem such number of Preference Shares as is recorded in such notice;
- 7.4 all Arrear Dividends shall be calculated at 100% of the prime rate, from the relevant Dividend Date, to the date of payment of such Arrear Dividend;
- 7.5 Assore shall redeem each Preference Share in issue on the Redemption Date applicable thereto in priority to the redemption of any other class of shares in the issued share capital of Assore, for the Redemption Price per Preference Share which shall be an amount equal to the sum of:
  - 7.5.1 the Subscription Price paid up on such Preference Share;
  - 7.5.2 the Preference Dividend (whether declared or not) due for declaration and payment on the Redemption Date (increased or decreased in accordance with the rights and privileges attaching to the Preference Shares);
  - 7.5.3 all unpaid Arrear Dividends (whether declared or not); and
  - 7.5.4 if Assore has effected a redemption of Preference Shares pursuant to a refinancing under certain circumstances specified under the Subscription Agreement (which refinancing may attract an additional dividend), then also such additional dividend.

The memorandum and articles of association of Assore will be amended to incorporate the rights and privileges attaching to the Preference Shares, which is set out in Annexure 2 to this circular.

## 8. PREFERENCE SHARE TRIGGER EVENTS

A trigger event in relation to the Preference Shares will be deemed to have occurred if:

- 8.1 during the period commencing on 30 September 2010 and concluding on the date upon which all of the Preference Shares have been redeemed unconditionally and in full, the Required Permitted Investment Quantum is less than R400 000 000, and prior to such date, Preference Shares having an aggregate Subscription Price equal to the difference between the actual quantum of Permitted Investments on such date and the Required Permitted Investment Quantum, have not been redeemed by Assore utilising the realisation proceeds of Permitted Investments in order to effect payment to Standard Bank of the aggregate Redemption Price payable on such redemption; and/or
- 8.2 on any date during the period commencing on the Issue Date and concluding on 30 September 2011, the aggregate outstanding Redemption Price of all the Preference Shares in issue exceeds R2 350 000 000; and/or
- 8.3 on any date during the period commencing on 1 October 2011 and concluding on 30 September 2012, the aggregate outstanding Redemption Price of the Preference Shares exceeds R590 000 000; and/or
- 8.4 Assore fails to redeem any Preference Share in issue on the Redemption Date applicable thereto and/or fails to pay the required Redemption Price and all other amounts payable to Standard Bank in respect of such redemption; and/or
- 8.5 any application is granted for the winding-up, liquidation or judicial management of a Relevant Party, whether provisional or final and whether voluntary or compulsory, other than a voluntary liquidation in the course of the *bona fide* reorganisation or restructuring of such Relevant Party; and/or
- 8.6 a Relevant Party makes, or attempts to make, or recommends, any general offer of compromise with its creditors; and/or



- 8.7 a Relevant Party gives notice of, or takes steps to convene a meeting of its shareholders to adopt a resolution placing it in liquidation or under judicial management, whether provisionally or finally and whether voluntarily or compulsorily, other than a voluntary liquidation in the course of the *bona fide* reorganisation or restructuring of such Relevant Party; and/or
- 8.8 any of the assets of Assore having an aggregate fair market value of R50 000 000 or more are subject to judicial attachment, and Assore fails to procure the release of such assets from attachment within 30 business days of such attachment, except that if Assore provides evidence on an ongoing basis to the reasonable satisfaction of Standard Bank that appropriate steps have been initiated to appeal, review or rescind such attachment; and/or
- 8.9 a court judgment or arbitration award in an amount of R50 000 000 or more is given or made against Assore, which is not satisfied within 30 business days of it coming to the notice of Assore, except that if Assore, provides evidence on an ongoing basis to the reasonable satisfaction of Standard Bank that appropriate steps have been initiated to appeal, review or rescind such judgment or award; and/or
- 8.10 Assore breaches any obligation assumed by it, or any warranty, representation or undertaking given by it, in terms of any Funding Agreement to which it is a party, in any manner whatsoever and such breach is not remedied within 20 business days from date of receipt by Assore of written notice from Standard Bank demanding such remedy; and/or
- 8.11 any Material Adverse Change occurs; and/or
- 8.12 Assore repudiates any Funding Agreement to which it is a party; and/or
- 8.13 at any time, it is or becomes unlawful for Assore to perform or comply with all or any of its obligations under any Funding Agreement to which it is a party, or any such obligations are not, or cease to be, legal, valid, binding and/or enforceable; and/or
- 8.14 Assore at any time, without the prior written consent of Standard Bank, ceases to hold at least 50% of all the issued ordinary shares in the share capital of Assmang; and/or
- 8.15 Assore at any time, without the prior written consent of Standard Bank, encumbers any of the ordinary shares in the issued share capital of Assmang held by it; and/or
- 8.16 Assore at any time, without the prior written consent of Standard Bank, ceases to have the right to manage Assmang, either alone or jointly with ARM; and/or
- 8.17 on any date, the NAV of Assore is less than R1 200 000 000; and/or
- 8.18 on any date the ratio of Assore's debt to EBITDA, exceeds 1.5; and/or
- 8.19 if Assore fails for whatsoever reason, to perform timeously its obligations under the provisions of clause 9 of the SecurityCo Cession and Pledge Agreement to provide Additional Security in favour of SecurityCo in the circumstances contemplated under such clause 9.

## 9. DETAILS OF THE INDEMNITY AGREEMENT

SecurityCo has entered into the SecurityCo Guarantee, in terms of which SecurityCo guarantees the payment by Assore of certain amounts which may become owing by Assore pursuant to the allotment and issue of the Preference Shares to Standard Bank.

SecurityCo has furthermore agreed, in terms of the Put Option Agreement, to purchase the Preference Shares from Standard Bank, at the aggregate Redemption Price, in the event that a Trigger Event has occurred.

In terms of the Indemnity Agreement, Assore indemnifies and holds SecurityCo harmless against any amount which SecurityCo may be required to pay under the SecurityCo Guarantee and/or the Put Option Agreement in respect of all monies and liabilities which are or may become owing by SecurityCo under such agreements, and further against all costs and expenses which SecurityCo may at any time incur in the exercise of any of its rights under the Indemnity Agreement and/or any of the Security Agreements to which Assore is a party.

## 10. DETAILS OF THE SECURITYCO CESSION AND PLEDGE AGREEMENT

In order for Assore to provide the requisite security in favour of SecurityCo in respect of its obligations pursuant to the preference share funding provided by Standard Bank and the security undertakings given by SecurityCo in favour of Standard Bank in relation thereto, Assore has entered into the SecurityCo Cession and Pledge Agreement.

In terms of the SecurityCo Cession and Pledge Agreement, Assore cedes *in securitatem debiti* all rights, title and interests in and to the Subject Shares and the Subject Units respectively in favour of SecurityCo, and pledges the Subject Shares and the Subject Units to SecurityCo, as a continuing general covering or collateral security for Assore's obligations to SecurityCo under the Indemnity Agreement. The security rights created in favour of SecurityCo pursuant to the SecurityCo Cession and Pledge Agreement shall only commence upon the allotment and issue of the Preference Shares by Assore to Standard Bank in terms of the Subscription Agreement, as the Indemnity Agreement applies in respect of certain undertakings given by SecurityCo in favour of Standard Bank in terms of the SecurityCo Guarantee and the Put Option Agreement, which agreements relate to such Preference Shares. Accordingly, the security rights granted by Assore over the Subject Shares and the Subject Units in terms of the Standard Bank Cession and Pledge Agreement (in respect of the Warehousing Agreement) would no longer apply, as the warehousing arrangement contemplated under the Warehousing Agreement would have been properly concluded. As such, the provisions of the Standard Bank Cession and Pledge Agreement in respect of the Subject Shares and the Subject Units would therefore not detract from the security rights created in respect of such Subject Shares and Subject Units under the SecurityCo Cession and Pledge Agreement.

The aggregate value of the Security on any date ("the determination date") shall be determined as follows:

- in respect of each Subject Unit, the attributed value shall be the face value thereof on the determination date; and
- in respect of each Subject Share, the attributed value shall be 75% of the volume weighted average price at which such Subject Share traded on the JSE during the 10 day period immediately preceding the determination date.

Assore shall be required to maintain such Security the aggregate value of which shall at all times during the currency of the SecurityCo Cession and Pledge Agreement exceed R500 000 000.

Should the aggregate value of the Security decline below R500 000 000, Assore shall be obliged, within five business days from the date of receipt by Assore of written notice from SecurityCo, to cede and pledge to SecurityCo on the terms and conditions recorded in the SecurityCo Cession and Pledge Agreement, such Additional Security (in the form of shares in listed companies, cash and/or units which are the same as or similar to the Subject Units, in each instance acceptable to SecurityCo) as have an aggregate value which, when added to the existing value of the Subject Shares and the Subject Units already ceded and pledged to SecurityCo, exceeds R500 000 000. A failure by Assore to cede and pledge such Additional Security timeously, will constitute a material breach by Assore of its obligations under the SecurityCo Cession and Pledge Agreement, which would entitle SecurityCo to exercise its rights and remedies in terms of that agreement.

## 11. CONDITIONS PRECEDENT

The Assore repurchase and the Purchase from Standard Bank will be implemented upon the fulfilment of various conditions precedent, including, *inter alia*:

- all the resolutions, except for special resolution number one, proposed in the attached notice of general meeting, being approved by the requisite majority of Assore shareholders at the general meeting which is to be held at 10:00 at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg on Thursday, 4 September 2008 to approve the implementation of the Transaction; and
- the registration of all special resolutions by the Registrar of Companies.

The Assore repurchase and the Purchase from Standard Bank are accordingly not conditional on the implementation of the Assore SubCo repurchase, nor *vice versa*.

## 12. PRO FORMA FINANCIAL EFFECTS

The unaudited *pro forma* financial effects set out below are the responsibility of the Assore Board and have been prepared to assist Assore shareholders in retrospectively assessing the impact of the Transaction on the earnings per share, headline earnings per share, net asset value and tangible net asset value per Assore share, for the six months ended 31 December 2007. Due to the nature of these *pro forma* financial effects, they are presented for illustrative purposes only and may not fairly present Assore's financial position, or the results of its operations after the abovementioned transactions.

The unaudited pro forma financial effects have been prepared in terms of the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by SAICA. The *pro forma* financial effects are provided in compliance with IFRS. These unaudited *pro forma* financial effects are the responsibility of the Assore Board. The material assumptions are set out in the notes following the table. The unaudited *pro forma* financial effects set out below were reported on by Ernst & Young Inc., whose report is included as Annexure 1 to this circular.

	<b>Consolidated total for the six months ended 31 December 2007</b>	<b>Pro forma adjustments</b>	<b>Unaudited Pro forma after the repurchase</b>	<b>Percentage change</b>
EPS (cents)	2 485	446	1 904	(23.4)
HEPS (cents)	2 413	454	1 829	(24.2)
NAV per share (cents)	145.7	78.7	67.0	(54.0)
TNAV per share (cents)	143.9	77.0	66.9	(53.5)
Ordinary shares in issue ('000)	28 000	428	27 572	(1.5)
Weighted average number of ordinary shares in issue ('000)	27 000	1 284	25 716	(4.8)

**Notes and assumptions:**

The calculation of the financial effects is based on the following assumptions:

**For the earnings per share and headline earnings per share calculation:**

1. The Warehousing Agreement with Standard Bank was entered into on 1 July 2007 and closed on 15 September 2007. The Preference Shares were issued to Standard Bank on 15 September 2007.
2. The Transaction was effected on 15 September 2007. An STC charge was levied at 12.5% on the share cancellations which was offset by unutilised STC credits of R20.1 million resulting in a net charge of R10.8 million.
3. JIBAR used to calculate the warehousing interest cost was based on the actual rates over the period 1 July 2007 to 31 December 2007. Costs associated with the Warehousing Agreement amounted to R18.7 million and the finance costs for the period 1 July 2007 to 15 September 2007 amounted to R57.3 million.
4. The prime rate used to calculate the Preference Dividends were based on the actual rates over the period 1 July 2007 to 31 December 2007. An STC charge was levied at 10% on the accrued Preference Dividend. Costs associated with the issue of the Preference Shares amounted to R8.2 million and an accrual for the Preference Dividend for the period 15 September 2007 to 31 December 2007 amounted to R72.0 million.
5. Transaction costs of R5 million are expected to be incurred in implementing the Transaction as set out in this circular.
6. The prime rate linked rate used to calculate the effects on the reduction in the cash holding were based on the actual prime rates over the period 1 July 2007 to 31 December 2007.
7. The number of ordinary shares in issue before and after the Transaction was 28.0 million and 27.6 million, respectively.
8. The weighted average number of ordinary shares in issue before and after the Transaction used to calculate the EPS and HEPS were 27.0 million and 25.7 million, respectively.

**For the net asset value per share and tangible net asset value per share calculation:**

1. The issue of Preference Shares and the Transaction were effected on 31 December 2007.
2. Upfront costs associated with the Warehousing Agreement amounted to R18.7 million. Costs associated with the issue of the Preference Shares amounted to R8.2 million. Transaction costs of R5 million are expected to be incurred in implementing these transactions as set out in this circular.
3. The number of ordinary shares used to calculate the net asset value per share and tangible net asset value before and after the Transaction was 26.9 million and 24.0 million respectively.

## 13. OPINIONS AND RECOMMENDATIONS

### 13.1 Fairness opinion

The 30-day VWAP of Assore shares at 23 June 2008, the day on which the warehousing arrangement commenced, was R817.08. In terms of paragraph 5.69(e) of the Listings Requirements, as the purchase price of R760.00 per Assore share agreed between Standard Bank and Assore in respect of the warehoused shares is at a discount to the 30-day VWAP of Assore shares, a fairness opinion is not required in respect of the Assore repurchase and the Purchase from Standard Bank.

### 13.2 Opinion of the Assore Board

The Assore Board is of the opinion that the implementation of the Transaction is in the best interest of Assore shareholders, and accordingly unanimously grants its support thereto. The Assore Board recommends that Assore shareholders vote in favour of all the resolutions to be proposed at the general meeting.

The Assore Board members have, in respect of their direct holdings of Assore shares, undertaken to vote in favour of all the resolutions to be proposed at the general meeting.

#### 14. VOTING EXCLUSIONS

In terms of the Listings Requirements, any shareholder participating in a specific repurchase of shares who is not regarded as being public, shall be precluded from voting on the special resolutions to approve the specific repurchase of shares. Accordingly, Standard Bank is not entitled to exercise its voting rights in respect of the warehoused shares on the resolutions to be proposed at the general meeting which relate to the Assore repurchase and the Purchase from Standard Bank.

#### 15. IRREVOCABLE UNDERTAKINGS

Assore has obtained irrevocable undertakings from Assore shareholders, representing 78.7% of those Assore shareholders eligible to vote at the general meeting, to vote in favour of all resolutions to be proposed at the general meeting relating to the Assore repurchase and the Purchase from Standard Bank.

#### 16. MAJOR SHAREHOLDERS

The names of persons who are reflected in the register as holding an interest of 5% or more in the issued Assore shares as at the last practicable date, are set out below.

	Number of shares	Percentage holding
Oresteel	14 638 000	52.28
Shanduka Resources	3 292 890	11.76
Standard Bank	2 931 653	10.47
Others (<5%)	7 137 457	25.49
	28 000 000	100.00

#### 17. INFORMATION RELATING TO DIRECTORS

##### 17.1 Details of directors

The Assore Board is currently constituted as follows:

Director	Age	Portfolio	Business address
<b>Executive</b>			
Desmond Giulio Sacco	67	Chairman	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
Robert John Carpenter	65	Deputy Chairman	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
Christopher John Cory	56	Chief Executive Officer	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
Phillip Christiaan Crous	58	Group Technical Director	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
<b>Non-executive</b>			
Paul Norman Boynton	46	Non-executive director	West Campus Building, 3rd Floor, Jan Smuts Drive, Pinelands, 7405
Brian Michael Hawksworth	72	Independent non-executive director	3 Oakly Farm, 27 Twelfth Avenue, Parktown North, Johannesburg, 2193
Matamela Cyril Ramaphosa	55	Non-executive director	18 Acacia Road, Chislehurst, Sandton, 2196
Dr Johannes Cornelius van der Horst	64	Independent non-executive director	8 Dundee Road, Newlands, Cape Town, 7700
<b>Alternate director</b>			
John Walton Lewis	62	Alternate director	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
Nick Giulio Sacco	32	Alternate director	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
Patrick Eugenio Sacco	30	Alternate director	Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196
Rowan Murray Smith	43	Alternate director	18 Acacia Road, Chislehurst, Sandton, 2196

## 17.2 Interests of directors

On the last practicable date, the directors of Assore held 7 804 098 Assore shares beneficially, non-beneficially, directly or indirectly, in the issued share capital of Assore. Details of their individual shareholdings are set out in the table below:

	Number of shares				Total	Percentage of total shares in issue
	Beneficial		Non-beneficial			
	Direct	Indirect	Direct	Indirect		
<b>Executive</b>						
D G Sacco	65 000	6 486 098	8 000	–	6 559 098	23.43
R J Carpenter	22 400	–	8 000	–	30 400	0.11
C J Cory	10 000	–	8 000	–	18 000	0.06
P C Crous	3 000	–	8 000	–	11 000	0.04
<b>Non-executive</b>						
P N Boynton	–	–	8 000	–	8 000	0.03
B M Hawksworth	–	–	–	–	–	–
M C Ramaphosa	–	1 106 000	–	–	1 106 000	3.95
Dr J C van der Horst	–	–	–	–	–	–
<b>Alternate</b>						
J W Lewis	2 500	–	–	–	2 500	0.01
N G Sacco	34 050	–	–	–	34 050	0.12
P E Sacco	35 050	–	–	–	35 050	0.13
R M Smith	–	–	–	–	–	–
	172 000	7 592 098	40 000	–	7 804 098	27.87

No directors of Assore have acquired any Assore shares beneficially, non-beneficially, directly or indirectly, since the end of the preceding financial year, being 30 June 2008.

## 18. SHARE CAPITAL OF ASSORE

As at the last practicable date, the authorised and issued share capital account of Assore is as set out below.

	R'000
<b>Authorised share capital</b>	
40 000 000 ordinary shares of 2.5 cents each	1 000
<b>Issued share capital</b>	
28 000 000 ordinary shares of 2.5 cents each	700
<b>Treasury share capital</b>	
148 347 treasury shares held by Assore SubCo	(4)
913 710 treasury shares held by Main Street 350 (Proprietary) Limited	(23)
2 931 653 treasury shares held by Standard Bank	(73)
<b>Share premium account</b>	<b>30 358</b>

## 19. MATERIAL CHANGES

At the last practicable date, there have been no material changes in the financial or trading position of the Assore Group since the year ended 30 June 2007.

## 20. LITIGATION STATEMENT

The Assore Group is not, and, in the past 12 months, has not been involved in any litigation or arbitration proceedings, nor is it aware of any proceedings that are pending or threatened which may have or have had a material effect on the financial position of the Assore Group.

## 21. COSTS OF THE TRANSACTION

The cash expenses of the Transaction as detailed below, are estimated to be R5 million. All the fees payable to the parties below are exclusive of VAT.

Description	R'000
Investment bank and sponsor	3 852.7
Independent transaction sponsor	75.0
Independent reporting accountants and auditors	200.0
Legal fees	800.0
Printing, publication and distribution costs	59.6
JSE documentation	12.7
<b>Total</b>	<b>5 000</b>

## 22. DIRECTORS' STATEMENT REGARDING LIQUIDITY AND WORKING CAPITAL ADEQUACY

After considering the effects of the Transaction, the Assore Board declares that it believes that:

- the Assore Group will, for so long as Assore remains subject to any obligations under the Funding Agreements (which period will extend beyond 12 months following the date of this circular), be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Assore Group will for a period of at least 12 months from the date of this circular be in excess of their consolidated liabilities, measured in accordance with the accounting policies used in the annual report for the 12 months ended 30 June 2007;
- the ordinary share capital and reserves of the Assore Group will for a period of at least 12 months from the date of this circular be adequate for ordinary business purposes;
- the working capital of the Assore Group will be adequate for a period of at least 12 months from the date of this circular; and
- subsequent to the Transaction, Assore's shareholder spread as measured by the JSE is expected to increase.

## 23. EXPERTS' CONSENTS

The investment bank and sponsor, independent transaction sponsor, attorneys, the independent reporting accountants and auditors and transfer secretaries have consented in writing to act in the capacities stated and to their names being included in this document and have not withdrawn their consents prior to publication of this document.

## 24. EXCHANGE CONTROL REGULATIONS

The following summary is intended only as a guide and is therefore not comprehensive. The utilisation of any proceeds for investment outside the common monetary area requires prior approval of the Exchange Control Department.

In terms of the Transaction, only citizens of South Africa who are resident of the common monetary area will be allowed to participate in the Transaction.

*For and on behalf of:*

**THE BOARD OF DIRECTORS OF ASSORE LIMITED**

**C J Cory**  
*Director*

Illovo  
12 August 2008

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**REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF ASSORE LIMITED**

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"The Directors  
Assore Limited  
Assore House  
15 Fricker Road  
Illovo Boulevard  
Johannesburg  
2196

28 July 2008

**REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF ASSORE LIMITED****INTRODUCTION**

The directors of Assore Limited ("Assore") have proposed an arrangement with The Standard Bank of South Africa Limited ("Standard Bank") in terms of which Standard Bank:

- has purchased 10.47% of Assore's issued ordinary share capital ("Assore's shares") from Old Mutual Life Assurance Company (South Africa) Limited ("Old Mutual") for an aggregate amount of approximately R2 228.1 million;
- will warehouse such Assore shares acquired from Old Mutual on Assore's behalf; and
- will subsequently sell such Assore shares to Assore at an amount equal to the aggregate amount paid by Standard Bank to Old Mutual ("the Standard Bank repurchase").

In terms of the Standard Bank repurchase, 1.00% of Assore's shares are to be repurchased by Assore and cancelled as issued shares, with the balance of 9.47% of Assore's shares to be purchased by Main Street 460 (Proprietary) Limited, a wholly-owned subsidiary of Assore ("Assore SubCo") and held as treasury shares.

In addition to the 1.00% of Assore's shares to be acquired by Assore under the Standard Bank repurchase, Assore intends to repurchase and cancel 0.53% of Assore's shares from Assore SubCo, which Assore shares are currently held by Assore SubCo as treasury shares ("the Assore SubCo repurchase").

Collectively, these transactions are called 'the proposed specific share repurchase'.

**REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION**

We have performed our limited assurance engagement in respect of the *pro forma* financial effects as set out in paragraph 12 of the circular to shareholders, to be dated on or about 12 August 2008 (collectively, "the *pro forma* financial information") issued in connection with the proposed specific share repurchase that is the subject of the circular to Assore shareholders.

The *pro forma* financial information has been prepared in accordance with the requirements of the Listings Requirements of the JSE Limited ("JSE"), for illustrative purposes only, to provide information about how the proposed specific share repurchase might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* balance sheet being reported on.

## **DIRECTORS' RESPONSIBILITY**

The directors of Assore are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Assore; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

## **REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the circular to Assore shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance *Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro forma Financial Information* issued by SAICA. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

## **SOURCES OF INFORMATION AND WORK PERFORMED**

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Assore the issuer, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors of the company in respect of the corporate actions that are the subject of the circular. In arriving at our conclusion, we have relied upon financial information prepared by the directors of Assore and other information from various public, financial and industry sources. While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing or International Standards on Review Engagements* and accordingly, we do not express an audit or review opinion.

In our limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

## **CONCLUSION**

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of the issuer;
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the Sections 8.17 and 8.30 of the JSE Listings Requirements.

### **Ernst & Young Inc.**

*Registered Auditors*

Wanderers Office Park  
52 Corlett Drive, Illovo  
Johannesburg”



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## RIGHTS AND PRIVILEGES ATTACHING TO THE VARIABLE RATE CUMULATIVE REDEEMABLE PREFERENCE SHARES

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The following rights and privileges shall apply to the variable rate, cumulative, redeemable preference shares in the capital of the Company:

### 1. DEFINITIONS AND INTERPRETATION

1.1 Unless the context clearly indicates a contrary intention, the words herein below defined shall have the meanings assigned to them and cognate expressions shall bear corresponding meanings:

1.1.1 “*Accession Undertaking*” means in relation to:

1.1.1.1 any Subscriber, an undertaking substantially in the form of the specimen annexed as Exhibit 1.1.1.1 to the Subscription Agreement; and

1.1.1.2 any Security Provider, an undertaking substantially in the form of the specimen annexed as Exhibit 1.1.1.2 to the Subscription Agreement;

1.1.2 “*Act*” means the Companies Act, No. 61 of 1973;

1.1.3 “*acting as an expert and not as an arbitrator*” means, in the context of any person or persons (“*the Expert*”) determining any matter or dispute in terms of the Subscription Agreement or any of the Exhibits thereto or this Annex, the Expert doing so on the following bases:

1.1.3.1 the Expert shall investigate the matter or dispute in an impartial manner as he, in his sole discretion, considers appropriate;

1.1.3.2 the Expert shall call on all Parties who have a direct interest in the dispute or matter in question, to make written representations in regard thereto, and the Expert shall be entitled to consult with all or any of the Parties with a direct interest in the dispute or matter, or with any other person and to take advice from any person;

1.1.3.3 the Expert shall also call on all Parties who have a direct interest in the dispute or matter in question, to make oral representations in regard thereto (at each such Party’s own election, provided that the Expert shall be obliged to duly consider any such oral representations made); provided that all Parties who have a direct interest in the dispute or matter and any person from whom the Expert has taken advice as contemplated in clause 1.1.3.2, shall be entitled to be present at the time that any such oral representations are made and any such Party shall be entitled to further respond thereto by further oral representations;

1.1.3.4 the determination of the Expert shall in the absence of manifest error, be final and binding on the Parties to the dispute or matter in question; and

1.1.3.5 the costs and charges of the Expert shall be borne by that Party to the dispute or matter which, in the sole discretion of the Expert, is the appropriate Party to bear such charges, provided that the Expert shall be entitled to direct that the costs and charges be borne by all or certain of the Parties to the dispute or matter, in such ratios as the Expert may determine;

1.1.4 “*Additional Security*” means additional security which the Company may be required to cede or pledge in favour of SecurityCo pursuant to the provisions of clause 9.1 of the pledge and cession agreement entered into by the Company in favour of SecurityCo (which agreement constitutes a Security Agreement), *mutatis mutandis*, on the terms and conditions recorded in that agreement, whether in the form of shares in listed companies, cash and/or units which are the same as or similar to the Subject Units, in each instance acceptable to SecurityCo;

- 1.1.5 “*Adjustment Events*” means the events contemplated in clauses 14.1 to 14.7, both clauses included;
- 1.1.6 “*Aggregate Redemption Quantum*” means on any date, in relation to a specified number of Preference Shares in issue, the aggregate Redemption Price required to be paid by the Company to the Subscribers, if all such Preference Shares were to be redeemed on such date and had the Company been possessed of the necessary profits and/or share premium required to effect payment of such aggregate Redemption Price in full;
- 1.1.7 “*Applicable Percentage*” means subject to clause 7.3 of this Annex insofar as it relates to Arrear Dividends, and subject further to clause 8 of this Annex in relation to the additional dividend referred to in such clause, a rate equal to 79% (seventy-nine percent) of the Prime Rate;
- 1.1.8 “*Arrear Dividends*” means such amount of the Preference Dividend and/or the Gross-Up Dividend on a Preference Share, which is not paid on the date on which same is required to be paid in terms of the Subscription Agreement and/or this Annex, such Arrear Dividend to be calculated and be payable in each instance in accordance with the provisions of this Annex;
- 1.1.9 “*Articles*” means the Articles of Association and Memorandum of Association of the Company;
- 1.1.10 “*Assmang*” means Assmang Limited, registration number 1935/007343/06, a public company registered and incorporated with limited liability according to the company laws of the Republic of South Africa;
- 1.1.11 “*Assore Shares*” means ordinary shares in the issued ordinary share capital of the Company with a par value of R0.025 (two point five Cents) each, which are listed on the JSE;
- 1.1.12 “*Assore Subco*” means Main Street 460 (Proprietary) Limited, registration number 2006/021404/07, a private company registered and incorporated with limited liability according to the company laws of the Republic of South Africa;
- 1.1.13 “*Assore Subject Shares*” means 2 931 653 (two million nine hundred and thirty one thousand six hundred and fifty three) Assore Shares, which as at the Signature Date are beneficially held by Old Mutual, and which form the subject matter of each of the Transaction Agreements;
- 1.1.14 “*BASEL II*” means the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing as at the Issue Date (“*the Basel Standards*”) or any applicable law which implements the Basel Standards in that form, or any interpretation or administration thereof;
- 1.1.15 “*Business Day*” means any day except a Saturday, Sunday, or an official public holiday in the Republic of South Africa;
- 1.1.16 “*the Company*” means Assore Limited, registration number 1950/037394/06, a public company registered and incorporated with limited liability according to the company laws of the Republic of South Africa, whose shares are listed on the JSE;
- 1.1.17 “*Debt*” means, in relation to the Company on a consolidated basis, the aggregate outstanding balance of monies borrowed by the Company (both long and short term), including but not restricted to:
- 1.1.17.1 any accommodation negotiable instruments drawn, made or accepted by the Company, but only to the extent to which any such facilities are used from time to time;
- 1.1.17.2 any instalment sale agreements entered into by the Company and total finance lease commitments owing by the Company;

- 1.1.17.3 any amount required to be paid to the holder of any redeemable preference shares issued by the Company on the premise that the Company was required to redeem such preference shares, and furthermore on the premise that the Company was possessed of the necessary share premium and distributable reserves to effect payment of such amount to such holder in full, immediately on such redemption;
  - 1.1.17.4 any compulsorily convertible debentures issued by the Company;
  - 1.1.17.5 any bonds that have been issued by the Company and are outstanding;
  - 1.1.17.6 any equity element related to any convertible instrument issued by the Company that may have been separately identified;
  - 1.1.17.7 any interest or related costs owing by the Company but not yet paid by the Company in respect of any moneys borrowed by the Company;
  - 1.1.17.8 any other debt instruments in issue;
  - 1.1.17.9 the Company's contingent liabilities under or in relation to the First Empowerment Transaction; and
  - 1.1.17.10 the Company's contingent liabilities under or in relation to the transactions recorded in the Transaction Agreements and the Funding Agreements;
- 1.1.18 "*Dividend Date*" means in relation to a Preference Share, the 5th day of October and the 5th day of April of each year, the Redemption Date of such Preference Share, and any other date on which a dividend is required to be paid in relation to such Preference Share in terms of the provisions of this Annex, as the case may be;
- 1.1.19 "*Dividend Period*" means, in respect of each Dividend Date, the period commencing on the first calendar day succeeding the immediately preceding Dividend Date (or commencing on the Issue Date in respect of the first Dividend Period), and terminating on (and including) such Dividend Date;
- 1.1.20 "*EBITDA*" means, in relation to the Company, its consolidated earnings before interest, tax, depreciation and amortisation. Worked examples incorporating the method utilised in determining EBITDA for the purposes of this Annex, are incorporated in Schedule 2 hereto;
- 1.1.21 "*Facility Agent*" means the entity or person appointed by the Subscribers in terms of the provisions of clause 13 of the Subscription Agreement to fulfil the role of Facility Agent in terms of that Agreement;
- 1.1.22 "*Fair Market Value*" means the market value of the relevant assets (including rights) whose value is required to be determined for any purpose under the Subscription Agreement, and agreed to in writing between the Facility Agent and the Company, and failing such agreement within 3 (three) Business Days of either Party requiring the other to agree in writing, determined by the auditors of SBSA, acting as an expert and not as an arbitrator;
- 1.1.23 "*Final Redemption Date*" means the date on which:
- 1.1.23.1 all of the Preference Shares in issue have been redeemed by the Company; and
  - 1.1.23.2 pursuant to such redemptions, the Subscribers have received payment in full in relation to all such Preference Shares of the aggregate Redemption Price thereof (including any payment required to be made by the Company in the circumstances contemplated in clauses 14 to 28 of this Annex (both clauses included));
- 1.1.24 "*Finance Parties*" means the Subscribers, SecurityCo and the Facility Agent;
- 1.1.25 "*First Empowerment Transaction*" means the transaction entered into between the Company, Shanduka Resources (Proprietary) Limited, Old Mutual, SBSA, Main Street, Main Street 350 (Proprietary) Limited and the trustees for the time being of the Bokamoso Trust on 10 November 2005, pursuant to the implementation of which, the Company achieved participation by historically disadvantaged South Africans ("*HDSAs*") under the Broad-

Based Socio-Economic Empowerment Charter for the South African Mining Industry in terms of ownership by HDSA's, of equity in the Company, constituting 15,02% of all the issued ordinary shares in the share capital of the Company;

- 1.1.26 "*Funding Agreements*" means the Subscription Agreement, the Subscription Notice, the Put Option Agreement, the SecurityCo Guarantee, the Indemnity Agreement and all the Security Agreements;
- 1.1.27 "*Gross-Up Dividend*" means a dividend required to be declared and paid by the Company in the circumstances contemplated in clause 14(a) of this Annex;
- 1.1.28 "*Income Tax Act*" means the Income Tax Act, No. 58 of 1962;
- 1.1.29 "*Indemnity Agreement*" means the agreement entered into in writing between SecurityCo and each Security Provider respectively (or acceded to by a Security Provider in terms of an Accession Undertaking signed by such Security Provider), as amended in accordance with the provisions of the Variation Agreement, in terms of which the relevant Security Provider indemnifies SecurityCo and holds SecurityCo harmless against any loss, damage, cost or expense which SecurityCo may suffer and/or sustain on account of any claim made, or any rights enforced, by a Subscriber against SecurityCo in terms of the Put Option Agreement, the SecurityCo Guarantee, or either of them;
- 1.1.30 "*Investment Return*" means the net after Tax return and/or, in respect of those Adjustment Events referred to in clause 16 only, the pre-Tax equivalent return, which will as at the Signature Date, be received by a Pref Holder on a Preference Share during the period from (and including) the Issue Date, to (and including) the Redemption Date in the absence of any Adjustment Event, provided that there shall, *inter alia*, be included in such calculation of such net after Tax return in the circumstances contemplated in clause 14.1 any costs incurred by the Pref Holder contemplated in that provision on account of the Pref Holder subscribing for, holding and/or funding the Preference Shares;
- 1.1.31 "*Issue Date*" means the date on which the Preference Shares are issued in accordance with the provisions of clause 5.1 of the Subscription Agreement;
- 1.1.32 "*JSE*" means the JSE Limited, registration number 2005/022939/06, a public company registered and incorporated according to the company laws of the Republic of South Africa, licenced as an exchange under the Securities Services Act, No. 36 of 2004;
- 1.1.33 "*Material Adverse Change*" means a change which has or will have a material adverse effect on:
- 1.1.33.1 the business, operations, financial condition, or prospects, of either Relevant Party and which consequently adversely affects the ability of the Company to perform any of its obligations under any Funding Agreement to which it is party; and/or
- 1.1.33.2 the validity or enforceability of any Funding Agreement; and/or
- 1.1.33.3 the rights or remedies of any Finance Party under any Funding Agreement to which it is a party;
- 1.1.34 "*NAV*" means on any date, the Company's consolidated ordinary share capital and reserves less any minority shareholders' interests and less any intangible assets, net of the Company's contingent liabilities under or in relation to the First Empowerment Transaction and under or in relation to the transactions forming the subject matter of the Transaction Agreements and the Funding Agreements, as reflected in the most recently publicly announced annual audited financial statements of the Company which have been signed off by the Company's board of directors, or the most recently announced semi annual financial statements of the Company which have been signed off by the Company's board of directors, immediately preceding such date. Worked examples incorporating the method utilised in determining NAV for the purposes of Annex, are reflected in Schedule 2 hereto;

- 1.1.35 "*Old Mutual*" means Old Mutual Life Assurance Company (South Africa) Limited, registration number 1999/004643/06, a public company registered and incorporated with limited liability according to the company laws of the Republic of South Africa;
- 1.1.36 "*Parties*" means the signatories to the Subscription Agreement and includes the assignees and successors-in-title of such signatories, permitted in terms of the Subscription Agreement;
- 1.1.37 "*Permitted Investments*" means any bank account conducted by the Company with any financial institution (which, if not a Subscriber, must be reasonably acceptable to the Facility Agent) and any cash deposits deposited by the Company with a Subscriber or any other such financial institution reasonably acceptable to the Facility Agent, in each instance which are capable of being withdrawn on not more than 32 (thirty-two) days prior notice;
- 1.1.38 "*Permitted Investments Quantum*" means at any time during the period recorded in clause 1.1.70.1, the aggregate value of Permitted Investments at such time;
- 1.1.39 "*Pref Holders*" means in relation to the Preference Shares, the registered holders of such Preference Shares for the time being, or any of them, as the context may require, the first Pref Holder being SBSA;
- 1.1.40 "*Preference Dividend*" means a cumulative preferential cash dividend per Preference Share, calculated in respect of each Dividend Date, on a daily basis, on the Subscription Price, at the Applicable Percentage, over the Dividend Period corresponding to such Dividend Date and compounded monthly. Such rate may be subject to variations in accordance with the provisions of this Annex;
- 1.1.41 "*Preference Share*" means the variable rate, cumulative, redeemable preference shares in the share capital of the Company, which upon their creation shall have the rights, terms and privileges recorded in the Subscription Agreement as read with this Annex and the Articles;
- 1.1.42 "*Prime Rate*" means the publicly quoted basic rate of interest per annum at which SBSA lends on unsecured overdrafts, compounded monthly in arrears and calculated on a 365-day year factor, irrespective of whether the year is a leap year or not. A certificate purporting to be signed by someone who is identified in the certificate, as a general, branch or other manager of such bank, setting out the Prime Rate from time to time, shall constitute *prima facie* proof of such rate;
- 1.1.43 "*Purchase Agreement*" means the agreement entered into in writing on or before the Signature Date between SBSA and Old Mutual, which records the terms and conditions on which the Assore Subject Shares are to be purchased by SBSA from Old Mutual, for the purposes contemplated in the Warehousing Agreement;
- 1.1.44 "*Put Option Agreement*" means the conditional option agreement entered into in writing on or about the Signature Date between SecurityCo, SBSA and the Subscribers (from time to time), which records the terms and conditions on which SecurityCo grants to each Subscriber the conditional right, upon the occurrence of certain prescribed events, to sell to SecurityCo (which is then obliged to purchase) all or a number of the Preference Shares held by such Subscriber on the date of exercise of such right by such Subscriber;
- 1.1.45 "*Redemption Date*" means each of the following dates:
- 1.1.45.1 the first Dividend Date subsequent to the third anniversary of the Issue Date, in respect of such number of Preference Shares in issue, as after their redemption on such date, will result in Preference Shares remaining in issue, having an Aggregate Redemption Quantum not exceeding R550 000 000.00 (five hundred and fifty million Rand); and
- 1.1.45.2 the first Dividend Date subsequent to the fourth anniversary of the Issue Date, in respect of all the Preference Shares remaining in issue; and

- 1.1.45.3 any Business Day in the Facility Agent's sole discretion, which the Facility Agent, subsequent to the occurrence of a Trigger Event, on the provision of written notice to the Company recording such Redemption Date, nominates in such written notice as constituting the Redemption Date in respect of all and not less than all, the Preference Shares in issue and provided that such written notice is received by the Company not less than 2 (two) Business Days prior to such Redemption Date; and
- 1.1.45.4 any Business Day, in the Company's sole discretion, which the Company on the provision of written notice to the Facility Agent recording such date, elects to redeem such number of Preference Shares as (subject to clause 1.1.45.4.1), is recorded in such written notice provided that such written notice is received by the Facility Agent not less than 3 (three) Business Days prior to such Redemption Date and, provided further that:
  - 1.1.45.4.1 Preference Shares may only be redeemed in tranches which have an aggregate Redemption Price of not less than R10 000 000.00 (ten million Rand), unless the relevant redemption is in respect of all the Preference Shares then in issue; and
  - 1.1.45.4.2 such date shall constitute the Redemption Date in relation only to that number of Preference Shares as is referred to in such notice; and
  - 1.1.45.4.3 the Redemption Date in respect of all other Preference Shares in issue on the date referred to in clause 1.1.45.4 shall remain the date contemplated in clause 1.1.45;
- 1.1.46 "*Redemption Price*" means the redemption price of a Preference Share, determined in accordance with the provisions of this Annex;
- 1.1.47 "*Relevant Parties*" means the Company and Assmang;
- 1.1.48 "*Rights Termination Date*" shall bear the meaning assigned thereto in clause 21 of this Annex;
- 1.1.49 "*Sale Agreement*" means the agreement entered into in writing on or about the Signature Date between SBSA, the Company and Assore Subco, as amended in accordance with the provisions of the Variation Agreement, which records the terms and conditions on which:
  - 1.1.49.1 280 000 (two hundred and eighty thousand) Assore Subject Shares constituting 1% (one percent) of all the issued Assore Shares, are to be sold by SBSA to the Company; and
  - 1.1.49.2 2 651 653 (two million six hundred and fifty one thousand six hundred and fifty three) Assore Subject Shares constituting 9.47% (nine point four seven percent) of all the issued Assore Shares, are to be sold by SBSA to Assore Subco;
- 1.1.50 "*SBSA*" means The Standard Bank of South Africa Limited, registration number 1962/000738/06, a public company registered and incorporated with limited liability according to the company laws of the Republic of South Africa, acting through its Corporate and Investment Banking Division;
- 1.1.51 "*Secured Obligations*" means from time to time the obligations of the Security Providers to SecurityCo under the Indemnity Agreement;
- 1.1.52 "*Security*" means the pledge and cession *in securitatem debiti* by the Company, in favour of SecurityCo, of all the shares forming the subject matter of the Share Portfolio and all of the Subject Units, as security for the due and punctual fulfilment and/or payment of the Secured Obligations, and includes any other security provided at any time by any Security Provider (including any Additional Security provided by the Company), in relation to or in respect of the Secured Obligations;
- 1.1.53 "*Security Agreements*" means the agreements evidencing and/or recording the Security;

- 1.1.54 “*Security Providers*” means the Company and any other person who at any time agrees to provide Security to SecurityCo in respect of Secured Obligations and who has signed an Accession Undertaking;
- 1.1.55 “*SecurityCo*” means Atrax Investments No. 2 (Proprietary) Limited, registration number 2008/013039/07, a private company registered and incorporated with limited liability according to the company laws of the Republic of South Africa;
- 1.1.56 “*SecurityCo Guarantee*” means the guarantee agreement entered into in writing on or about the Signature Date between SecurityCo, SBSA and the Subscribers (from time to time), in terms of which SecurityCo:
- 1.1.56.1 guarantees to the Subscribers, payment in full of all dividends, redemption amounts, fees, costs and expenses, required to be paid by the Company to the Subscribers in terms of the Subscription Agreement, in relation to the Preference Shares in issue held by the Subscribers; and
- 1.1.56.2 guarantees to the Subscribers, payment of any amounts owing to the Subscribers as a result of delictual claims made or brought by them against the Company and arising from or in connection with the issue of the Preference Shares, a breach by the Company of any of the warranties or representations in any of the Funding Agreements, or any fraud committed by the Company; and
- 1.1.56.3 indemnifies the Subscribers against certain losses, liabilities or costs, all on the terms and subject to the conditions contained therein;
- 1.1.57 “*Share Portfolio*” means the portfolio of listed securities itemised in Exhibit 1.1.70 to the Subscription Agreement;
- 1.1.58 “*Signature Date*” means the date of signature of the Subscription Agreement, being 20 June 2008;
- 1.1.59 “*Subject Units*” means the 200 000 000 units in Standard Bank Institutional Money Market Fund B4, held by the Company through Stanlib Limited under unit trust account number 551328114, receipt number 30005, under the name “Assore Flexicash”, together with all interest, capital and other distributions, howsoever named or described whether in cash or *in specie*, which may be or become due, or claimable, in respect of any such units, and includes any other units constituting Additional Security from time to time, together with all interest, capital and other distributions which may be or become due or claimable in relation to such other units;
- 1.1.60 “*Subscribers*” means in the first instance, SBSA and includes any other person who at any time acquires any Preference Shares in accordance with the provisions of clause 14 of the Subscription Agreement, and who has signed an Accession Undertaking;
- 1.1.61 “*Subscription Agreement*” means the agreement entered into in writing between SBSA, the Company and SecurityCo on or about June 2008, as amended in accordance with the provisions of the Variation Agreement, which *inter alia* records the terms and conditions on which SBSA in the capacity of Subscriber is to subscribe for, and the Company is to allot and issue, Preference Shares to SBSA;
- 1.1.62 “*Subscription Notice*” means a notice addressed by the Company to the Facility Agent, requesting the Subscribers, subject to the provisions of the Subscription Agreement to subscribe for the Preference Shares contemplated in clause 5.1 of the Subscription Agreement;
- 1.1.63 “*Subscription Price*” means the subscription price of a single Preference Share, comprising the sum of the par value thereof, being R0.01 (one Cent) together with a premium thereon of R9 999 999.99 (nine million nine hundred and ninety-nine thousand nine hundred and ninety-nine Rand and ninety-nine Cents) and thus R10 000 000.00 (ten million Rand) in the aggregate;

- 1.1.64 “*STC*” means Secondary Tax on Companies as contemplated in section 65B of the Income Tax Act;
- 1.1.65 “*STC Credits*” means the amount which a shareholder is entitled, pursuant to section 64B(3) of the Income Tax Act, or any other provision of similar effect which replaces or amends section 64B(3), to deduct from the amount of dividends declared and/or paid by it in order to determine its liability for STC;
- 1.1.66 “*STC Rate*” means the rate at which STC is levied, being 10% (ten percent) as of the Signature Date;
- 1.1.67 “*Tax*” means all present and future income taxes and other taxes howsoever named or described, including normal tax arising from capital gains, levies, assessments, imposts, deductions, charges and withholdings of whatsoever nature, together with interest thereon, penalties and fines with respect thereto and any payments made in respect thereof, and “*Tax*” and “*Taxation*” shall be construed accordingly;
- 1.1.68 “*Tax Rate*” means the rate of normal Taxation for South African companies in terms of the Income Tax Act, being 28% (twenty-eight percent) as of the Signature Date;
- 1.1.69 “*Transaction Agreements*” means:
- 1.1.69.1 the Warehousing Agreement;
  - 1.1.69.2 the Purchase Agreement; and
  - 1.1.69.3 the Sale Agreement;
- 1.1.70 “*Trigger Event*” means the events recorded hereunder, and a Trigger Event will irrevocably be deemed to have occurred on the happening of any such event:
- 1.1.70.1 if on any date during the period between 30 September 2010 and the Final Redemption Date (both days included), the Permitted Investment Quantum is less than R400 000 000.00 (four hundred million Rand) (“*the Required Permitted Investment Quantum*”), and prior to such date, Preference Shares having an aggregate Issue Price equal to the difference between the actual Permitted Investment Quantum on such date and the Required Permitted Investment Quantum, have not been redeemed by the Company, utilising the realisation proceeds of Permitted Investments for the purpose of effecting payment to the Subscribers, of the aggregate Redemption Price payable on such redemption; and/or
  - 1.1.70.2 if on any date during the period between the Issue Date and 30 September 2011 (both days included), the Aggregate Redemption Quantum exceeds R2 350 000 000.00 (two billion three hundred and fifty million Rand); and/or
  - 1.1.70.3 if on any date during the period between 1 October 2011 and 30 September 2012 (both days included), the Aggregate Redemption Quantum exceeds R590 000 000.00 (five hundred and ninety million Rand); and/or
  - 1.1.70.4 if the Company fails to redeem any Preference Share in issue on the Redemption Date applicable thereto and/or fails to effect payment to the Subscribers of the Redemption Price and all other amounts payable on redemption of such Preference Share, in full, irrespective of the reason for such failure (including by reason of the Company not having the required profits contemplated in section 98 of the Act, and/or the required share premium contemplated in section 76(3)(c) of the Act); and/or
  - 1.1.70.5 without derogating from the provisions of clause 8.4, if the Company fails to pay any amount required to be paid by it to the Subscribers in terms of the Subscription Agreement and/or the Articles, on the relevant date for such payment, irrespective of the reason for such failure; and/or
  - 1.1.70.6 if any application is granted for the winding-up, liquidation or judicial management of a Relevant Party, whether provisional or final and whether voluntary or compulsory, other than a voluntary liquidation in the course of the *bona fide* reorganisation or restructuring of such Relevant Party; and/or



- 1.1.70.7 if a Relevant Party makes, or attempts to make, or recommends, any general offer of compromise with its creditors; and/or
- 1.1.70.8 without derogating from the provisions of clause 8.5, if a Relevant Party gives notice of, or takes steps to convene a meeting of its shareholders to adopt, a resolution placing it in liquidation or under judicial management, whether provisionally or finally and whether voluntarily or compulsorily, other than a voluntary liquidation in the course of the *bona fide* reorganisation or restructuring of such Relevant Party; and/or
- 1.1.70.9 if any of the assets of the Company having an aggregate Fair Market Value of R50 000 000.00 (fifty million Rand) or more are subjected to judicial attachment, and the Company, fails to procure the release of such assets from attachment within 30 (thirty) Business Days of such attachment, except that if the Company, provides evidence on an ongoing basis to the reasonable satisfaction of the Facility Agent that steps have been initiated within 21 (twenty-one) Business Days of such attachment to appeal, review or rescind the attachment order and to procure the suspension of the attachment and that such steps are being expeditiously pursued, the period of 30 (thirty) Business Days shall run from the date the attachment order becomes final, or the attempt to procure suspension of the attachment fails; and/or
- 1.1.70.10 if a court judgment or arbitration award in an amount of R50 000 000.00 (fifty million Rand) or more, is given or made against the Company, which is not satisfied within 30 (thirty) Business Days of it coming to the notice of the Company, except that if the Company, provides evidence on an ongoing basis to the reasonable satisfaction of the Facility Agent that steps have been initiated within 21 (twenty-one) Business Days of such court judgment or arbitration award to appeal, review or rescind same and that such steps are being expeditiously pursued, the period of 30 (thirty) Business Days shall run from the date the court judgment or arbitration award becomes final, or the attempt to appeal, review or rescind same fails; and/or
- 1.1.70.11 if the Company breaches any obligation assumed by it, or any warranty, representation or undertaking given by it, in terms of any Funding Agreement to which it is a party (which breach has not been specifically dealt with in terms of any of the other sub-clauses to clause 1.1.70), in any manner whatsoever (which breach has not been specifically dealt with in terms of any of the other sub-clauses to clause 1.1.70) and such breach is not remedied within 20 (twenty) Business Days from date of receipt by the Company, of written notice from the Facility Agent, demanding such remedy; and/or
- 1.1.70.12 if any Material Adverse Change occurs; and/or
- 1.1.70.13 if the Company repudiates any Funding Agreement to which it is a party; and/or
- 1.1.70.14 if at any time, it is or becomes, unlawful for the Company to perform or comply with all or any of its obligations under any Funding Agreement to which it is a party, or any such obligations are not, or cease to be, legal, valid, binding and/or enforceable; and/or
- 1.1.70.15 if the Company, at any time, without the prior written consent of the Facility Agent, ceases to hold at least 50% (fifty percent) of all the issued ordinary shares in the share capital of Assmang; and/or
- 1.1.70.16 if the Company at any time, without the prior written consent of the Facility Agent, Encumbers any of the ordinary shares in the issued share capital of Assmang held by it; and/or
- 1.1.70.17 if the Company at any time, without the prior written consent of the Facility Agent, ceases to have the right to manage Assmang, either alone or jointly with African Rainbow Minerals Limited, or any one or more other persons; and/or
- 1.1.70.18 if on any date, the NAV of the Company is less than R1 200 000 000.00 (one billion two hundred million Rand); and/or

- 1.1.70.19 if on any date the ratio of the Company's Debt to EBITDA exceeds 1.5 (one point five); and/or
- 1.1.70.20 if the Company fails for whatsoever reason, to perform timeously its obligations under the provisions of clause 9 of the cession and pledge agreement entered into by the Company in favour of SecurityCo (which agreement constitutes a Security Agreement), to provide Additional Security in favour of SecurityCo in the circumstances contemplated under such clause 9.
- 1.1.71 "*Variation Agreement*" means the variation agreement entered into between the Company, SBSA, Assore Subco and SecurityCo on or about 7 August 2008, in terms of which the parties to that agreement agreed to amend certain provisions of the Sale Agreement, the Subscription Agreement, the Indemnity Agreement and, in order to effect certain refinements and clarifications to the cession and pledge agreement entered into by the Company in favour of SecurityCo (which agreement constitutes a Security Agreement), agreed to replace such cession and pledge agreement in its entirety with a replacement cession and pledge agreement; and
- 1.1.72 "*Warehousing Agreement*" means the warehousing agreement entered into in writing between SBSA and the Company, which records the terms and conditions on which SBSA agrees to warehouse, the Assore Subject Shares, subject to having purchased same from Old Mutual in terms of the Purchase Agreement, for a defined period of time and in consideration for the payment to SBSA of certain specified amounts, prior to the sale thereof by SBSA to the Company and Assore Subco, respectively, in terms of the provisions of the Sale Agreement.
- 1.2 Words importing the singular shall include the plural and *vice versa*, words importing any one gender shall include the other two genders and *vice versa* and natural persons shall include juristic persons and *vice versa*.
- 1.3 The headnotes to the paragraphs of this Annex are inserted for purposes of reference only and shall not affect the interpretation of any provisions to which they relate.
- 1.4 In the event that any definition in this clause 1 contains substantive provisions, then such provisions shall be given effect to as if same were incorporated in the main body of this Annex.
- 1.5 Subject to the provisions of clause 1.6, when any number of days is prescribed in this Annex, same shall be reckoned exclusively of the first and inclusively of the last day, unless the last day is not a Business Day, in which case, the last day shall be the next succeeding Business Day.
- 1.6 Save where otherwise expressly provided for in this Annex, when any payment is required to be effected in terms of this Annex on any particular day which is not a Business Day, then same shall be effected on the Business Day immediately succeeding such day, provided that if such Business Day occurs in the month succeeding the month in which such day occurs, then such payment shall be effected on the Business Day immediately preceding such day.
- 1.7 Where any term is defined within the context of any particular clause in this Annex, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the meaning ascribed to it for all purposes in terms of this Agreement, notwithstanding that that term has not been defined in this interpretation clause.
- 1.8 Expressions defined in this Annex shall bear the same meanings in Schedules to this Annex, to the extent used in such Schedules.
- 1.9 The use of the word "including" followed by a specific example shall not be construed as limiting the meaning of the general wording preceding it.
- 1.10 The expiration or termination of this Annex shall not affect such of the provisions of this Annex as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.

1.11 Any reference to an enactment is to that enactment as at the Signature Date and as amended or re-enacted from time to time.

2. Each Preference Share shall confer the right upon the Pref Holder thereof to receive Preference Dividends, on the Dividend Dates, in priority to any payments of dividends to the holders of any other classes of shares in the Company. All such Preference Dividends, shall accrue daily and shall accumulate monthly in arrears.
3. On each Dividend Date, the Company shall declare and pay to the Facility Agent on behalf of all the Pref Holders (whose entitlement thereto shall be in proportion to their respective holding of Preference Shares), the Preference Dividends corresponding to such Dividend Date. For so long as there is more than one Pref Holder, Preference Dividends, Gross-Up Dividends and any other distributions and/or payments (howsoever named or described) required to be paid in relation to Preference Shares on any date, shall be so paid to the Facility Agent on behalf of all the Pref Holders, whose entitlement thereto shall be in proportion to their holding of Preference Shares, *inter se*. Any Preference Dividends not declared and paid on their corresponding Dividend Date, shall give rise to an Arrear Dividend in the corresponding amount, shall accumulate and shall be paid to the Facility Agent on behalf of all the Pref Holders, immediately upon the Company having the requisite distributable reserves to effect payment of same.
4. All Arrear Dividends shall be calculated at 100% (one hundred percent) of the Prime Rate, from the relevant Dividend Date (or in the case of a Gross-Up Dividend, from the date on which same was required to be paid in terms of this Annex), to the date of payment of same by the Company to the Facility Agent on behalf of all the Pref Holders.
5. The Company shall redeem each Preference Share in issue on the Redemption Date applicable thereto in priority to the redemption of any other class of shares in the issued share capital of the Company (the Company not having an election but, subject to the provisions of the Act, being obliged to do so), in cash against the tender of delivery to the Company of the share certificates in respect of the Preference Shares being redeemed, at the Redemption Price per Preference Share, which shall be paid to the Facility Agent on behalf of all the Pref Holders on the Redemption Date (the Company not having an election but, subject to the provisions of the Act, being obliged to do so). Subject to the provisions of clause 6, the Redemption Price per Preference Share shall be an amount equal to the sum of:
  - 5.1 the Subscription Price paid up on such Preference Share;
  - 5.2 the Preference Dividend (whether declared or not) due for declaration and payment on the Redemption Date, increased or decreased in accordance with the other provisions of this Annex (if applicable);
  - 5.3 all unpaid Arrear Dividends (whether declared or not) (including in the circumstances contemplated in clause 8 of this Annex, the additional dividends referred to in such clause) increased in accordance with clause 7.3 and any other applicable provisions of this Annex; and
  - 5.4 in the circumstances contemplated in clause 8 of the Subscription Agreement, the additional dividend referred to such clause,

less all Distributions received by the Facility Agent on behalf of the Pref Holder holding such Preference Share in terms of clause 11, in respect of such Preference Share, in the circumstances contemplated in such clause. The Redemption Prices payable by the Company in respect of Preference Shares being redeemed, shall be paid by the Company to the Facility Agent on behalf of all the Pref Holders, whose entitlement thereto shall be in proportion to their respective holding of the Preference Shares, and such redemption shall similarly occur in relation to each Pref Holder in proportion to the Pref Holders' respective holding of Preference Shares on the relevant Redemption Date.

6. In the event that in relation to any redemption of Preference Shares held by a Pref Holder which has been effected on a Redemption Date (*"the Subject Redemption Date"*), and in respect of which the aggregate Redemption Price has been paid in full (*"the Subject Redemption Price"*), in each instance in terms of clause 7.5:

- 6.1 the Facility Agent has received a certificate from the auditors of the Company certifying that all or a specified portion of such aggregate Redemption Price was paid by the Company out of its distributable reserves and constitutes a dividend in terms and for the purposes of the Income Tax Act; and
- 6.2 such Pref Holder is entitled to apply such aggregate Redemption Price (or the relevant portion thereof) so paid out of the Company's distributable reserves, in the computation of the "net amount" referred to in section 64(B)(2) of the Income Tax Act (determined in terms of section 64(B)(3) of such Act), when determining such Pref Holder's liability for STC,

then notwithstanding that same has been paid by the Company, such Subject Redemption Price shall be reduced by an amount determined in accordance with the following formula ("*the Reduction Amount*");

$$\text{Reduction Amount} = \frac{0.25 \times B \times C}{1 + B}$$

Where: B = the STC Rate applicable; and

C = the quantum of the Subject Redemption Price so paid out of distributable reserves.

7. In the circumstances contemplated in clause 6, the relevant Reduction Amount shall be deducted from the aggregate Redemption Price required to be paid by the Company to such Pref Holder on the Redemption Date immediately following the last day of the month subsequent to the Subject Redemption Date, in which such Pref Holder paid dividends to the holders of the ordinary shares in its share capital; provided that if no further Preference Shares remain in issue and such set-off can accordingly not occur, then such Pref Holder shall be required to effect payment to the Company of the relevant Reduction Amount, on the last day of the month subsequent to the Subject Redemption Date, in which such Pref Holder paid dividends to the holders of the ordinary shares in its share capital.
8. Should the Company for any reason, fail to pay the Redemption Price required to be paid in respect of the redemption of any Preference Share on the Redemption Date, then without prejudice to such other rights which may accrue to the Pref Holder holding same consequent upon such failure, there shall be declared and paid to such Pref Holder an additional dividend calculated at 100% (one hundred percent) of the Prime Rate on such unpaid Redemption Price, from the Redemption Date to the date of payment of the Redemption Price in full by the Company, to the Facility Agent on behalf of such Pref Holder, such additional dividend to constitute an Arrear Dividend.
9. In the event that the Company, by reason of not having the required profits and/or share premium, is unable on the Redemption Date of a Preference Share, to effect payment to the Facility Agent on behalf of the relevant Pref Holder, of the full Redemption Price required to be paid to such Pref Holder in respect of such Preference Share, the Facility Agent and the Company shall be entitled (but not obliged) to agree on an extension to the Redemption Date ("*the Extended Redemption Date*") of such Preference Share ("*the Delayed Preference Share*").
10. For the sake of clarity, it is recorded that the provisions of clause 9 shall not apply to any Preference Share other than a Delayed Preference Share, and therefore nothing contained in clause 9 shall defer to the Extended Redemption Date, the due date for redemption of any Preference Share in respect of which the Company, as at the Redemption Date, has the required profits and/or share premium required to achieve redemption and to effect payment of the full Redemption Price required to be paid in respect of such Preference Share.
11. Subject always to the provisions of clauses 14 to 28 (both clauses included), in the event that the Company, by reason *inter alia* of not having the required profits is unable or fails, on the Redemption Date of a Preference Share, to effect payment of all of those components of the Redemption Price of a Preference Share referred to in clauses 7.5.2, 5.3 and 5.4, comprising Preference Dividends, Arrear Dividends and additional dividends ("*the Outstanding Redemption Price Components*"), then without prejudice to the relevant Pref Holder's other rights arising from such inability or failure, and should the

Facility Agent so elect on written notice to the Company, the Company shall be obliged, on the Redemption Date, and immediately prior to the redemption of such Preference Share, to effect payment of a cash Distribution to the Facility Agent on behalf of such Pref Holder in terms of section 90 of the Act, in respect of such Preference Share, in an amount equal to the Outstanding Redemption Price Component.

12. The share premium account of the Company may be applied by the Company in providing for the premium required to be paid on redemption of any Preference Share.
13. The Preference Shares shall confer on the Pref Holders thereof, the right on a deregistration, winding-up or judicial management of the Company (whether provisional or final) in priority to any payment in respect of any other class of shares in the capital of the Company then issued, to receive a return of the Subscription Prices on the Preference Shares, all Preference Dividends notionally accrued up to the date of such deregistration, winding-up or judicial management and all Arrear Dividends increased, where and when applicable, in accordance with the provisions of this Annex.
14. Should, in relation to a Pref Holder, during the period commencing on the Signature Date and terminating on the date on which all the Preference Shares held by such Pref Holder have been redeemed in full and the Redemption Price in respect of each Preference Share (including any Gross-Up Dividend required to be paid) has been paid in full (*"the Adjustment Period"*):
  - 14.1 there be any change:
    - 14.1.1 in any present or future law, rule or regulation, applicable to banks in the Republic of South Africa generally; or
    - 14.1.2 in any directive of any central bank or any other fiscal, monetary, regulatory or other authority in the Republic of South Africa applicable to banks in the Republic of South Africa generally; or
    - 14.1.3 in the interpretation or administration of any present or future law, rule, regulation, (whether or not having the force of law, but which is complied with by banks in the Republic of South Africa generally), by any relevant fiscal, monetary or other authority; or
    - 14.1.4 of any requirement or request by, any central bank or statutory or monetary authority with which banks in the Republic of South Africa generally comply, to pay any amounts or maintain special deposits or to reserve assets in addition to those paid or maintained or reserved by such Pref Holder on the Issue Date; or
    - 14.1.5 to any compliance by such Pref Holder, with any reserve, cash ratio, special deposit or liquidity requirement with which banks in the Republic of South Africa generally comply (or any other similar requirement), in respect of the Preference Shares held by such Pref Holder; or
    - 14.1.6 to the rates, method of collection, or calculation, or the nature of any Tax applicable to banks in the Republic of South Africa; and/or
  - 14.2 the Preference Dividends received by such Pref Holder, may not be and/or may no longer be, taken into account for STC or for any other purpose, to the extent that such Pref Holder declares a dividend, or there is a mismatch between Preference Dividends received and a corresponding quantum of the dividends paid by such Pref Holder, resulting in a liability to such Pref Holder for STC or any other similar Tax when it in turn declares a dividend to its shareholders (including as a result of any change in the Income Tax Act, that has the effect that Preference Dividends are not fully taken into account in determining and/or reducing a Pref Holder's liability for STC); and/or
  - 14.3 any Tax, penalties or interest, are imposed on such Pref Holder as a result of any disallowance, or reversal, or reduction by the Commissioner for the South African Revenue Service, of any allowances or deductions claimed by such Pref Holder in respect of or arising from the Pref Holder's holding, and/or the redemption of the Preference Shares, and which Tax, penalties or interest were not taken into account in determining the Investment Return (and it is expressly recorded that no such Tax, penalties or interest was taken into account in determining the Investment Return); and/or

- 14.4 such Pref Holder becomes subject to any Tax, duty, impost or other charge in respect of, or arising from, its holding of Preference Shares, including but not limited to the receipt of Preference Dividends and/or the receipt of the Redemption Price payable on the redemption thereof, which was not taken into account in determining the Investment Return, including but not limited to withholding tax, income tax, and capital gains tax (whether such Tax is imposed on dividends, return of capital, as a withholding tax or otherwise but only to the extent that such withholding tax is actually required to be withheld from the Preference Shareholder) (and it is expressly recorded that no such Tax was taken into account in determining the Investment Return); and/or
- 14.5 any new law, rule, directive, regulation or practice applicable to banks generally in the Republic of South Africa, is promulgated, given or adopted; and/or
- 14.6 any change in the Tax Rate and/or STC Rate (which shall include the abolition of STC); and/or
- 14.7 Basel II requirements (or the interpretation thereof by any central bank or any other fiscal, monetary, regulatory or other authority in the Republic of South Africa) are amended, with the effect, or which will have the effect, of:
- (a) reducing the Investment Return, then the Facility Agent on behalf of such Pref Holder shall have the right, on written notice to the Company to require that: (i) the Applicable Percentage be increased, with effect from the date upon which the Investment Return received or to be received by such Pref Holder on the Preference Shares held by it is so reduced, to such rate as will afford such Pref Holder the Investment Return or (ii) that in relation to any Preference Dividends and/or Redemption Price paid to such Pref Holder up to the date of receipt by the Company of such notice, the Company effect payment to the Facility Agent on behalf of such Pref Holder, of additional dividends (*"the Gross-Up Dividends"*) in such aggregate quantum, as will afford such Pref Holder the Investment Return; or
- (b) increasing the Investment Return,
- then the Company shall, notwithstanding anything to the contrary in the Articles or the Subscription Agreement, be entitled to give written notice thereof to the Facility Agent on behalf of such Pref Holder, requiring the Facility Agent to carry out the necessary calculations and if after such calculation, the Facility Agent determines that: (i) such Adjustment Event has increased the Investment Return in relation to such Pref Holder; (ii) the increase received by such Pref Holder has arisen solely as a result of the occurrence of such Adjustment Event and (iii) the benefit was actually received by such Pref Holder, then the Pref Holder shall, on written notice by the Facility Agent on such Pref Holder's behalf to the Company, decrease: (1) the Applicable Percentage by such a margin and/or (2) the premium payable on redemption of the Preference Shares held by such Pref Holder, by such amount as is (in either case) necessary to ensure that the Pref Holder remains in the same position, as if that Adjustment Event had not taken place.

15. The notices contemplated in clause 14 issued by the Facility Agent on behalf of such Pref Holder (*"the Adjustment Notices"*) shall additionally specify the Adjustment Event in question and the date from which the Investment Return will be increased or decreased (as may be applicable and which date may be a date prior to the date on which the Adjustment Notice is received by the Company, or issued by the Facility Agent), and shall include such information as the Facility Agent on behalf of such Pref Holder, may consider reasonably necessary to show how the relevant adjustment was calculated.

16. For the sake of certainty, it is recorded that pursuant to the application of clauses 14.2 and/or 14.6 the Applicable Percentage shall be re-calculated in accordance with the following formula:

$$16.1 \text{ Applicable Percentage (\% of Prime Rate)} = \frac{IR \times (1 - \text{Tax Rate})}{(1 + \text{STC Rate})}$$

For the purposes of such formula:

- "IR" means 120.69, provided that should there be an adjustment to the Applicable Percentage as a result of any Adjustment Event (other than as a result of the application of clauses 14.2 and/or 14.6) for the purposes of any further application of the formula, the Facility Agent on

behalf of such Pref Holder, shall recalculate the applicable IR value from the above formula, using for the purposes of such calculation, the value of the Applicable Percentage, Tax Rate and STC Rate, which applied immediately prior to such new application. The recalculated IR value will then be used in the formula in order to derive the adjusted Applicable Percentage and shall be notified in writing by the Facility Agent on behalf of such Pref Holder, to the Company.

- Tax Rate will be expressed as a percentage. It is recorded that should the Tax Rate change, the applicable Tax Rate shall be calculated as a weighted average by comparing (i) the number of days in the Pref Holder's relevant tax year prior to the public announcement of the changed Tax Rate to (ii) the number of days in the Pref Holder's relevant tax year after the public announcement of the changed Tax Rate.
- STC Rate will be expressed as a percentage. Subject to the provisions of clause 18 of this Annex, the applicable STC Rate will be the STC Rate prevailing on the date of declaration of dividends by the Pref Holder (i.e. the next dividend declared by the Pref Holder).

17. The Pref Holder will not be entitled to vary the Applicable Percentage to recover from the Company any withholding tax which the Pref Holder pays on behalf of its shareholders. For the avoidance of doubt any withholding tax payable on Preference Dividends shall nevertheless be subject to and result in the application of the provisions of clauses 14 to 28 (both clauses included). If any benefit which: (i) is similar to an STC Credit; (ii) is actually received by such Pref Holder; (iii) has increased the Investment Return in relation to such Pref Holder; and (iv) is solely attributable to the holding by such Pref Holder of Preference Shares, then the Company shall, notwithstanding anything to the contrary in this Annex, the Articles, or the Subscription Agreement, be entitled to give written notice thereof to the Facility Agent on behalf of such Pref Holder, requiring the Facility Agent to carry out the necessary calculations to determine any increase in Investment Return in relation to such Pref Holder and the remaining provisions of clause 14(b) shall apply *mutatis mutandis*.

18. It is recorded that should STC be abolished and replaced with a new withholding tax on dividends (as contemplated in the Media Statement published by the South African Revenue Service on 20 February 2008, headed "Conversion of the Secondary Tax on Companies ("STC") to a shareholder dividend tax"), the Applicable Percentage shall be adjusted in accordance with the formula recorded in clause 16 by setting the STC Rate to nil.

19. Subject to the provisions of clause 20, in the circumstances contemplated in clause 14, the Company shall at its election, either:

19.1 within 20 (twenty) Business Days after having received any Adjustment Notice, by written notice to the Facility Agent on behalf of the relevant Pref Holder, increase the rate of the Preference Dividend on the Preference Shares held by such Pref Holder, or declare and effect payment to the Facility Agent on behalf of such Pref Holder of the Gross-Up Dividends, as the case may be, in accordance with the Adjustment Notice; or

19.2 within 10 (ten) Business Days after having received any Adjustment Notice, by written notice to the Facility Agent on behalf of the relevant Pref Holder, redeem all of the Preference Shares then in issue held by such Pref Holder, provided that in such circumstances the Redemption Price of such Preference Shares shall be increased by such amount as will yield the same Investment Return, on the Preference Shares so redeemed held by such Pref Holder, as the Investment Return on such Preference Shares, calculated from the effective date of any reduction in the Investment Return, on such Preference Shares, to the date of payment of such increased Redemption Price by the Company,

provided that the Company will be deemed to have elected to increase the rate of the Preference Dividend in terms of clause 19.1 should it fail to make any election in terms of this clause 19.2 within the period prescribed therefore.

20. Should the Facility Agent on behalf of a Pref Holder give any Adjustment Notice after redemption of any Preference Shares held by such Pref Holder, the Preference Dividends required to be paid from the date upon which the Investment Return, received by such Pref Holder in respect of such Preference Shares has been reduced, to the date of redemption of such Preference Shares, shall be increased in

accordance with the Adjustment Notice, and the Company shall be obliged within 10 (ten) Business Days after having received such Adjustment Notice, to pay to the Facility Agent on behalf of such Pref Holder, the difference between the increased Preference Dividends so required to be paid and the Preference Dividends actually paid during that period.

21. A Pref Holder's rights in terms of clauses 14 to 20 (both clauses included) shall endure until the earlier of (*"the Rights Termination Date"*):
  - 21.1 the third anniversary of the date on which such Pref Holder has been finally assessed in respect of the year of assessment corresponding to the year in which the last of the Preference Shares held by such Pref Holder, have been redeemed, and all amounts required to be paid on such redemption in terms of the Subscription Agreement and this Annex, have been paid in full. For the purposes of this clause, the term "finally assessed", shall include without limitation the final conclusion of any re-opening of any assessment in respect of any year during which such Preference Shares were in issue and any year in which any such Preference Shares were redeemed, whether pursuant to any available review or appeal process, or otherwise; and
  - 21.2 the fifth anniversary of the date on which the last of the Preference Shares held by such Pref Holder have been redeemed and all amounts required to be paid on such redemption in terms of the Subscription Agreement and this Annex, have been paid in full.
22. The provisions of clause 14(a) (as read with the provisions of clauses 15 to 21, both clauses included) shall in relation to a Pref Holder, be applied without regard to such Pref Holder's actual tax circumstances and accordingly, without limiting the generality of the foregoing, should an Adjustment Event occur in relation to such Pref Holder but such Pref Holder (who would otherwise be entitled to the benefits of clause 14(a) (as read with the provisions of clauses 15 to 21 both clauses included) not be liable to pay any Tax that would have resulted from that Adjustment Event, only because such Pref Holder has the benefit of an assessed loss or an STC Credit, or a credit in respect of any similar Tax, such Pref Holder shall not thereby be deprived of the benefits of clause 14(a) (as read with the provisions of clauses 15 to 21 both clauses included), and the provisions of such clauses shall apply as if such assessed loss, STC Credit or other similar Tax credit did not exist and as if such Pref Holder was liable to pay such Tax.
23. In the event of the Company disputing, the occurrence of an Adjustment Event and/or, in relation to an Adjustment Notice delivered by the Facility Agent on behalf of a Pref Holder, the amount of any Gross-Up Dividend or other amount that is required to be declared and/or paid in terms of clauses 14 to 21 above (both clauses included) and/or any adjustment in the Applicable Percentage in terms of such clauses and/or the date on which any such adjustment is required to take effect, such dispute shall be referred for determination to the auditors of such Pref Holder, acting as an expert and not as an arbitrator, and a certificate issued by such auditors in relation to such dispute shall, in the absence of manifest error, be conclusive evidence of:
  - 23.1 the occurrence or otherwise of such Adjustment Event;
  - 23.2 the amount of the Gross-Up Dividend or other amount that must be declared and/or paid in terms of clauses 14 to 21 above (both clauses included); and
  - 23.3 the adjustment in the Applicable Percentage required in accordance with such clauses, and the date on which such adjustment in the Dividend Rate is required to take effect.
24. The Company shall only be entitled to raise any dispute as contemplated in clause 23, by written notice to the Facility Agent on behalf of the relevant Pref Holder within a period of 5 (five) Business Days after receipt by the Company of the relevant Adjustment Notice.
25. If any Pref Holder is not a South African resident for purposes of the Income Tax Act, such Pref Holder shall be treated in the same manner as all other Pref Holders who are South African residents for such purposes, and shall not be entitled to claim any additional amounts over and above what a South African resident for such purpose was entitled to claim.



26. When calculating any increase, decrease and/or reduction for purposes of determining the effect of an Adjustment Event, such calculation shall be done on the basis of no double counting.
27. After payment by the Company to the Facility Agent on behalf of the Pref Holders, of all amounts required to be paid to Pref Holders in terms of the provisions of clauses 14 to 21 (both clauses included), the Company and the Facility Agent on behalf of the Pref Holders shall consult forthwith as to whether to object or take any other steps to contest the relevant Adjustment Event or its consequences. Should the Company wish to object and/or take any other steps, any costs, charges, fees and/or expenses relating to such objection and/or other steps, shall be for the sole account of the Company, which shall indemnify the Pref Holders in respect thereof on demand. It is specifically recorded that no objection shall be made or other steps taken unless the Pref Holder, in its sole discretion, has agreed in writing that same should be undertaken and has been given reasonable security for the costs, charges, fees and/or expenses so to be incurred (in the event that the Company wishes to object and/or take any other steps).
28. Notwithstanding the provisions of clause 27, should the Company wish to so object or take any other steps, but the Facility Agent on behalf of the Pref Holders does not wish to do so, the Company may require that each of the Company and the Facility Agent on behalf of the Pref Holders respectively brief one Senior Counsel each with appropriate experience and expertise to consider and opine on the prospects of success of an objection or whatever other steps the Company may wish to take. Should either or both of the Senior Counsel be of the opinion that there are no reasonable prospects of success, the Company will not take the matter further. Should both Senior Counsel however be of the opinion that there are reasonable prospects of success and the Facility Agent on behalf of the Pref Holders still does not wish to object or take other steps, the Pref Holders shall forthwith pay to the Company the amounts paid by the Company to the Facility Agent on behalf of the Pref Holders and referred to in clauses 14 to 21 (both clauses included), together with interest thereon at the Prime Rate from and including the date of receipt of such payment by the Facility Agent on behalf of the Pref Holders to but excluding the date of repayment thereof to the Company and any increase in the Applicable Percentage in terms of clauses 14 to 20 (both clauses included) arising solely by reason of the relevant Adjustment Event, shall not become effective.
29. Save as otherwise set out in this Annex, the Preference Shares shall not entitle a Pref Holder holding same, to any participation in the profits or assets of the Company or, on a deregistration or winding up, in any of the surplus assets of the Company.
30. A Pref Holder shall be entitled to receive notice of and to attend at every meeting (whether special or general) of the Company, but shall not be entitled to vote at any such meeting by virtue only of its holding of the Preference Shares, save in the circumstances contemplated in clause 194(1)(a) and/or (b) of the Act.
31. All notices to be given to a Pref Holder shall be sent to such Pref Holder, at such Pref Holder's address recorded in the Subscription Agreement or any other address provided in writing by such Pref Holder to the Company in accordance with the provisions of the Subscription Agreement.
32. The Preference Dividends, the Redemption Price, and all other amounts required to be paid to a Pref Holder in terms of this Annex and/or the Subscription Agreement, shall be paid into such bank account as may be nominated by the Facility Agent on behalf of such Pref Holder from time to time, on not less than 5 (five) Business Days prior written notice to the Company.

## SCHEDULE 1

### WORKED EXAMPLES OF EBITDA

Based on amounts extracted from the annual financial statements of the Company as at 30 June 2007

	<b>R'000</b>
<b>DEBT</b>	2 978 081
Secured Finance Lease Liabilities (including current portion for June 2007)	22 786
Overdrafts and short-term borrowings	540 267
Contingent Liabilities in respect of Main Street 343 (Pty) Ltd	215 028
Preference shares	2 200 000
<b>EBITDA</b>	1 428 507
Profit before Tax and State's Share of Profits	1 172 439
Add back: Finance Costs	27 471
Add Back: Amortisation	180
Add Back: Depreciation of Mining Assets	222 728
Add Back: Depreciation of Other Assets	5 689
<b>DEBT: EBITDA RATIO</b>	<b>2.08</b>

Note that the above amounts are used purely for illustrative purposes only and are not in any way indicative of the actual Debt:EBITDA ratio (as contemplated in clause 1.1.78.19 of this Agreement) prevailing at the Signature Date, the Issue Date or at any other time after such dates. Assore shall not be construed as being in breach of the Debt:EBITDA covenant recorded in clause 1.1.78.19 of this Agreement pursuant to the historical amounts utilised in this Appendix for such illustrative purposes.

## **SCHEDULE 2**

### **WORKED EXAMPLES OF NAV**

ASSORE LIMITED

30 June 2007

COVENANT CALCULATIONS UTILISING BALANCES EXTRACTED FROM THE ANNUAL FINANCIAL STATEMENTS OF THE COMPANY DATED 30 JUNE 2007

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	<b>R'000</b>
<b>NAV</b>	
Ordinary shareholders' equity net of minority interests	3 230 707
Less: Contingent liabilities in respect of Main Street 343 (Pty) Ltd	215 028
Less: Intangibles	3 288
NAV as per covenant calculations	3 012 391

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## ASSORE LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number 1950/037394/06)  
JSE share code: ASR ISIN: ZAE000017117

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### Directors

#### *Executive*

Desmond Giulio Sacco (*Chairman*)  
Robert John Carpenter (*Deputy Chairman*)  
Christopher John Cory (*Chief Executive Officer*)  
Phillip Christiaan Crous (*Group Technical Director*)

#### *Non-executive*

Paul Norman Boynton  
Brian Michael Hawksworth\*  
Matamela Cyril Ramaphosa  
Dr Johannes Cornelius van der Horst\*

#### *Alternate directors*

John Walton Lewist†  
Nick Giulio Sacco  
Patrick Eugenio Sacco  
Rowan Murray Smith

\* Independent

† British

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## NOTICE OF GENERAL MEETING OF ASSORE ORDINARY SHAREHOLDERS

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The definitions and interpretation provisions on pages 5 to 10 of this document apply *mutatis mutandis* to this notice of general meeting.

**NOTICE IS HEREBY GIVEN THAT** a general meeting of Assore ordinary shareholders will be held at 10:00 on Thursday, 4 September 2008, at the registered office of Assore, located at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, for the purposes of considering and, if deemed fit, passing such special and ordinary resolutions as are set out in this notice of general meeting.

Except for special resolution number two which is not subject to the passing and registration of special resolution number one, each resolution is subject to the passing, and where appropriate, registration of the immediately preceding resolution.

### **SPECIAL RESOLUTION NUMBER ONE**

**RESOLVED THAT**, pursuant to and in accordance with section 85 of the Companies Act and article 42J of Assore's articles of association and in terms of the Listings Requirements, the directors of Assore be and are hereby authorised by way of a specific authority to repurchase and cancel 148 347 ordinary shares in the issued share capital of Assore, comprising approximately 0.53% of the issued ordinary share capital of Assore, from Assore SubCo at a price of R236.90 per share, and that any of the directors of Assore be and are hereby authorised to sign all documents and perform all acts on behalf of Assore that may be required to give effect to this special resolution.

## **REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER ONE**

The reason for special resolution number one is to comply with section 85 of the Companies Act and for Assore to obtain the specific authority required in terms of the Listings Requirements for the repurchase and cancellation of ordinary shares in the share capital of Assore from Assore SubCo, a wholly-owned subsidiary of Assore.

The effect of special resolution number one is to provide specific authority for Assore to repurchase and cancel 148 347 ordinary shares or approximately 0.53% of the issued share capital of Assore.

## **SPECIAL RESOLUTION NUMBER TWO**

**RESOLVED THAT**, pursuant to and in accordance with section 85 of the Companies Act and article 42J of Assore's articles of association and in terms of the Listings Requirements, the directors of Assore be and are hereby authorised by way of a specific authority to repurchase and cancel 280 000 ordinary shares in the issued share capital of Assore, comprising 1.00% of the issued ordinary share capital of Assore, from Standard Bank at a price of R760.00 per share, and that any of the directors of Assore be and are hereby authorised to sign all documents and perform all acts on behalf of Assore that may be required to give effect to this special resolution.

## **REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER TWO**

The reason for special resolution number two is to comply with section 85 of the Companies Act and to obtain the specific authority required in terms of the Listings Requirements for the repurchase and cancellation of ordinary shares in Assore by Assore.

The effect of special resolution number two is to provide specific authority for Assore to repurchase and cancel 280 000 ordinary shares or approximately 1.00% of the issued share capital of Assore.

## **SPECIAL RESOLUTION NUMBER THREE**

**RESOLVED THAT**, pursuant to and in accordance with section 89 of the Companies Act and article 8.2 of the articles of association of Assore SubCo and in terms of the Listings Requirements, the directors of Assore SubCo, a wholly-owned subsidiary of Assore, be and are hereby authorised by way of a specific authority to purchase 2 651 653 ordinary shares in the issued share capital of Assore, comprising approximately 9.47% of the issued ordinary share capital of Assore, from Standard Bank at a price of R760.00 per share, and that any of the directors of Assore SubCo be and are hereby authorised to sign all documents and perform all acts on behalf of Assore SubCo that may be required to give effect to this special resolution.

## **REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER THREE**

The reason for special resolution number three is to comply with section 89 of the Companies Act and to obtain the specific authority required in terms of the Listings Requirements for the purchase of ordinary shares in Assore by Assore SubCo.

The effect of special resolution number three is to provide specific authority for Assore SubCo to purchase 2 651 653 ordinary shares or approximately 9.47% of the issued share capital of Assore.

## **SPECIAL RESOLUTION NUMBER FOUR**

**RESOLVED THAT**, the authorised but unissued share capital of Assore be and is hereby increased by the creation of 220 cumulative redeemable preference shares having a par value of R0.01 each.

## **REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER FOUR**

The reason for special resolution number four is to provide authority for the increase in Assore's authorised but unissued share capital by the creation of authorised cumulative redeemable preference shares, the issue of which would serve to partially fund the Assore repurchase and the Purchase from Standard Bank.

The effect of special resolution number four is to provide specific authority for the creation of the above-mentioned preference shares.

## **SPECIAL RESOLUTION NUMBER FIVE**

**RESOLVED THAT**, the articles of association of Assore be and are hereby amended by the insertion of the following article as a new article 143 and by the insertion of the rights and privileges attaching to the Preference Shares as set out in Annexure 2 to this circular as a new Annex 1 to Assore's articles of association:

### **Article 143**

The rights and privileges attaching to the cumulative redeemable preference shares in the share capital of the Company are as set out in Annex 1 to these articles.

## **REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER FIVE**

The reason for special resolution number five is to amend Assore's articles of association to incorporate the rights and privileges attaching to the authorised cumulative redeemable preference shares created in the share capital of Assore pursuant to special resolution number four.

The effect of special resolution number five is to provide specific authority for the abovementioned amendment to the articles of association of Assore.

## **SPECIAL RESOLUTION NUMBER SIX**

**RESOLVED THAT**, the articles of association of Assore be and are hereby amended by the deletion of the existing article 92 in its entirety and the substitution thereof with the following article as a new article 92:

### **Article 92**

The directors may exercise all the powers of the Company to raise or borrow money or secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or bind its undertaking and property or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party. The directors' power so to borrow, mortgage, bind the property and undertaking of the Company and to issue securities shall be unlimited in extent.

## **REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER SIX**

The reason for special resolution number six is to amend the articles of association of Assore to permit the Assore Board to borrow, raise and secure such sums of money as they deem necessary, in their discretion, for the purposes of Assore.

The effect of special resolution number six is to provide specific authority for the abovementioned amendment to the articles of association of Assore.

## **SPECIAL RESOLUTION NUMBER SEVEN**

**RESOLVED THAT**, the directors of Assore be and are hereby authorised in terms of section 38(2A) of the Companies Act:

- to execute and implement the Assore SPA;
- to execute and implement the Subscription Agreement;
- to execute and implement the Warehousing Agreement;
- to execute and implement the Standard Bank Cession and Pledge Agreement;
- to execute and implement the Indemnity Agreement;
- to execute and implement the SecurityCo Cession and Pledge Agreement; and
- to the extent that the transactions and arrangements contemplated in, arising from or to be implemented pursuant to such agreements constitute the granting by Assore of financial assistance as contemplated under the provisions of section 38 of the Companies Act.

## **REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER SEVEN**

The reason for special resolution number seven is to give effect to the Assore repurchase and the Purchase from Standard Bank.

The effect of special resolution number seven is to provide specific authority to the directors of Assore to execute and implement each of the following agreements to the extent that same constitutes the granting of financial assistance by Assore:

- the Assore SPA;
- the Subscription Agreement;
- the Warehousing Agreement;
- the Standard Bank Cession and Pledge Agreement;
- the Indemnity Agreement; and
- the SecurityCo Cession and Pledge Agreement.

## **ORDINARY RESOLUTION NUMBER ONE**

**RESOLVED THAT**, the execution of the Assore SPA by the directors of Assore for and on behalf of Assore be and is hereby approved and ratified, and the directors of Assore be and are hereby authorised to implement the provisions of such agreement in accordance with its terms.

## **ORDINARY RESOLUTION NUMBER TWO**

**RESOLVED THAT**, the execution of Subscription Agreement by the directors of Assore for and on behalf of Assore be and is hereby approved and ratified, and the directors of Assore be and are hereby authorised to implement the provisions of such agreement in accordance with its terms.

## **ORDINARY RESOLUTION NUMBER THREE**

**RESOLVED THAT**, the execution of the Warehousing Agreement by the directors of Assore for and on behalf of Assore be and is hereby approved and ratified, and the directors of Assore be and are hereby authorised to implement the provisions of such agreement in accordance with its terms.

## **ORDINARY RESOLUTION NUMBER FOUR**

**RESOLVED THAT**, the execution of the Standard Bank Cession and Pledge Agreement by the directors of Assore for and on behalf of Assore be and is hereby approved and ratified, and the directors of Assore be and are hereby authorised to implement the provisions of such agreement in accordance with its terms.

## **ORDINARY RESOLUTION NUMBER FIVE**

**RESOLVED THAT**, the execution of the Indemnity Agreement by the directors of Assore for and on behalf of Assore be and is hereby approved and ratified, and the directors of Assore be and are hereby authorised to implement the provisions of such agreement in accordance with its terms.

## **ORDINARY RESOLUTION NUMBER SIX**

**RESOLVED THAT**, the execution of the SecurityCo Cession and Pledge Agreement by the directors of Assore for and on behalf of Assore be and is hereby approved and ratified, and the directors of Assore be and are hereby authorised to implement the provisions of such agreement in accordance with its terms.

## **ORDINARY RESOLUTION NUMBER SEVEN**

**RESOLVED THAT**, the execution of the Variation Agreement by the directors of Assore for and on behalf of Assore be and is hereby approved and ratified, and the directors of Assore be and are hereby authorised to implement the provisions of such agreement in accordance with its terms.

#### **ORDINARY RESOLUTION NUMBER EIGHT**

**RESOLVED THAT**, the execution of each of the Irrevocable Undertakings by the directors of Assore for and on behalf of Assore be and is hereby approved and ratified.

#### **ORDINARY RESOLUTION NUMBER NINE**

**RESOLVED THAT**, the directors of Assore be and are hereby authorised, by way of a specific authority, to allot and issue the Preference Shares in the authorised but unissued share capital of Assore (created pursuant to special resolution number four above) to Standard Bank in accordance with the provisions of the Subscription Agreement.

In terms of the Listings Requirements, the approval of a majority of 75% of Assore shareholders present or represented by proxy at the general meeting is required for this ordinary resolution number nine to become effective.

#### **ORDINARY RESOLUTION NUMBER TEN**

**RESOLVED THAT**, the directors of Assore be and are hereby authorised on behalf of Assore, to do all such things and sign all such documents as may be required to give effect to and implement the provisions of the special and ordinary resolutions set out in this notice of general meeting.

For and on behalf of:

**ASSORE LIMITED**

**C J Cory**

*Director*

Illovo

12 August 2008





## ASSORE LIMITED

(Incorporated in the Republic of South Africa)  
 (Registration number 1950/037394/06)  
 JSE share code: ASR ISIN: ZAE000017117

### FORM OF PROXY for the general meeting

The definitions and interpretation provisions on pages 5 to 10 of this document apply to this form of proxy.

For use only by members holding certificated shares and members who have dematerialised their share certificates and have elected "own-name" registration in the sub-register maintained by the Central Securities Depository Participant ("CSDP"), at the general meeting of Assore to be held at 10:00, on Thursday, 4 September 2008 at the registered office of Assore, located at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg.

**Members who have dematerialised their certificated share 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 general meeting, or if they do not wish to attend the general meeting, but wish to be represented thereat, they may provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP or broker.**

I/We

(Full name in BLOCK LETTERS)

of

(Address)

being the holder/s of  ordinary shares in Assore, hereby appoint (see note 1):

1.

of \_\_\_\_\_ or failing him/her,

2.

of \_\_\_\_\_ or failing him/her,

3. the chairman of Assore, or failing him, the chairman of the general meeting,

as my/our proxy to vote for me/us on my/our behalf at the general meeting of Assore to be held at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, at 10:00 on Thursday, 4 September 2008 or at any adjournment thereof.

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

	For	Against	Abstain
<b>Special resolution number one</b> Repurchase and cancellation by Assore of 0.53% of Assore's shares from Assore SubCo			
<b>Special resolution number two</b> Repurchase and cancellation by Assore of 1.00% of Assore's shares from Standard Bank			
<b>Special resolution number three</b> Purchase by Assore SubCo of 9.47% of Assore's shares from Standard Bank			
<b>Special resolution number four</b> Creation of the Preference Shares			
<b>Special resolution number five</b> Amendment of Assore's articles to incorporate the rights and privileges attaching to the newly created Preference Shares			
<b>Special resolution number six</b> Amendment of article 92 of Assore's articles			

	For	Against	Abstain
<b>Special resolution number seven</b> Authorise the Assore directors in terms of section 38 of the Companies Act to execute and implement various agreements relating to the Assore repurchase and the Purchase from Standard Bank			
<b>Ordinary resolution number one</b> Authorise the Assore directors to implement the Assore SPA			
<b>Ordinary resolution number two</b> Authorise the Assore directors to implement the Subscription Agreement			
<b>Ordinary resolution number three</b> Approve and ratify the execution by the Assore directors of the Warehousing Agreement			
<b>Ordinary resolution number four</b> Approve and ratify the execution by Assore directors of the Standard Bank Cession and Pledge Agreement			
<b>Ordinary resolution number five</b> Approve and ratify the execution by the Assore directors of the Indemnity Agreement			
<b>Ordinary resolution number six</b> Approve and ratify the execution by the Assore directors of the SecurityCo Cession and Pledge Agreement			
<b>Ordinary resolution number seven</b> Approve and ratify the execution by Assore directors of the Variation Agreement			
<b>Ordinary resolution number eight</b> Approve and ratify the execution by the Assore directors of the Irrevocable Undertakings			
<b>Ordinary resolution number nine</b> Specific authority to allot and issue the Preference Shares to Standard Bank			
<b>Ordinary resolution number ten</b> Authorise the Assore directors to implement the Transaction			

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

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2008

Signature \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

#### Notes:

1. A member is entitled to appoint one or more proxies (none of whom need be a member of Assore) to attend, speak and vote in the place of that member at the general meeting. A member may therefore insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of Assore, or failing him, the chairman of the general meeting". The person whose name stands first on this form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box provided. Failure to comply with the above will be deemed to authorise the chairman of Assore, or failing him, the chairman of the general meeting, if the chairman of Assore, or failing him, the chairman of the general meeting is the authorised proxy, to vote in favour of the special and ordinary resolutions at the general meeting, or any other proxy to vote or abstain from voting at the general meeting as he deems fit, in respect of the member's total holding.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
4. Every member present in person or by proxy and entitled to vote shall, on a show of hands, have only one vote and, upon a poll, every member shall have one vote for every ordinary share held.
5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of members in respect of joint holding.
6. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Assore's transfer secretaries or waived by the chairman of Assore, or failing him, the chairman of the general meeting.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. 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 Assore, or failing him, the chairman of the general meeting.
8. The chairman of Assore, or failing him, the chairman of the general meeting may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the articles of association of Assore.
9. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to either Assore's registered office, Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 (PO Box X03, Northlands, 2116) or its transfer secretaries, being Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Tuesday, 2 September 2008.