



INTEGRATED ANNUAL REPORT 2018



CONTENTS

01 About this report

Target audience and materiality	IFC
Approval of report	IFC
Scope and boundary	1
Profile	2
Reporting framework	2
Assurance	3

02 Overview

Group at a glance	6
Mineral Resources and Reserves summary	8
Group timeline	10
Group structure	12
Organisational governance	13
Location of our markets and operations	14
Business model	16
Our strategy	18
Risks and opportunities	19

03 Group performance

Chairman's statement	24
Chief executive officer's report	26
Five-year summary of the consolidated financial statements	32
Sustainability report	34

04 Corporate governance

Leadership	38
Corporate governance report	40
Audit and Risk Committee report	47
Black economic empowerment status report	48

05 Summarised annual financial statements

Annual financial statements	54
Notice to shareholders	64
Form of proxy	67
Corporate information	IBC

Cover image: Excavator loading ore into haul truck at Beeshoek Iron Ore Mine

Target audience and materiality

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

This report focuses on material matters as determined by careful analysis of the group's strategic objectives (page 18), risks and opportunities (page 19), value creation as per the business model (page 17) and ongoing consultation with stakeholders.

Report feedback

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

02 CREATING SUSTAINABLE SHAREHOLDER VALUE



Reference to [page 4](#)

03 ANTICIPATING AND REACTING TO CHANGES IN THE MARKETS



Reference to [page 22](#)

04 ETHICAL CORPORATE CITIZENSHIP



Reference to [page 36](#)

05 UNDERSTANDING SHAREHOLDER VALUE



Reference to [page 52](#)

Approval of report

The Assore Limited board (the board) acknowledges its responsibility for ensuring the integrity of this integrated annual report and supplementary reports. In our opinion, the 2018 integrated annual report addresses all relevant facts, issues and risks that are pertinent to the group's operations and fairly presents the group's integrated performance. This integrated annual report has been prepared in accordance with the reporting framework as detailed on page 2.


Desmond Sacco
 Chairman


Charles Walters
 Chief executive officer

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

SCOPE AND BOUNDARY

The integrated annual report (IAR) of Assore Limited (Assore or the group) covers the period 1 July 2017 to 30 June 2018.

The group's financial year ends on 30 June, and unless otherwise indicated or described, the information included in this report refers to the years ended 30 June 2017 (FY17) and 30 June 2018 (FY18). The previous IAR covered the period 1 July 2016 to 30 June 2017. Where any restatements have been made to material disclosures in the previous IAR, these are explained within the relevant sections.

The 2018 integrated annual report provides an overview of the financial, operational and sustainability performance of our subsidiaries and jointly controlled operations. The sustainability performance is reported on for all the operations that Assore has direct or joint control and besides certain safety-related information, does not include the Sakura operations.

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

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



The entities reported on include the following:
Assore Limited (Assore)

– **Assmang Proprietary Limited (Assmang), jointly controlled by Assore, 50% and African Rainbow Minerals Limited (ARM) 50%, accounted for on the equity accounting basis, which includes the following operations:**

- Khumani Iron Ore Mine (Khumani);
- Beeshoek Iron Ore Mine (Beeshoek);
- Black Rock Manganese Mines (Black Rock);
- Cato Ridge Works (ferromanganese smelter);
- Machadodorp Works (ferromanganese smelter);
- Cato Ridge Alloys Proprietary Limited (CRA) (refined ferromanganese smelter) and
- Sakura Ferroalloys SDN BHD, Malaysia (ferromanganese and silico manganese smelters), in which Assmang holds a 54,36% interest (Sakura).

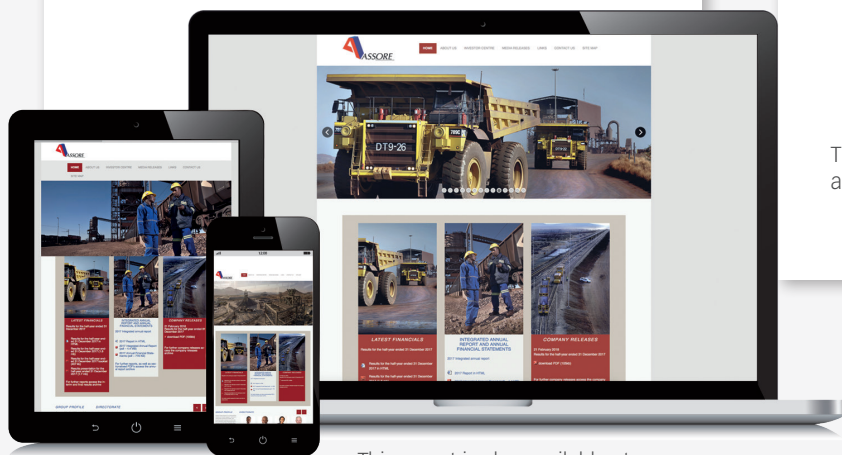
In addition to participation in determining the strategy and monitoring the overall management of Assmang in terms of the joint-venture agreement with ARM, Assore has the sole marketing and distribution agency for Assmang's products and the emphasis on Assmang in this report relates primarily to this role as a 50% partner (refer "Business model", pages 16 and 17), with these activities being managed through:

- **Ore & Metal Company Limited (Ore & Metal), which conducts the marketing and distribution of Assmang's products, with marketing and trading taking place in the United States by Minerals U.S. LLC (Minerals).**

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

- Dwarsrivier Chrome Mine Proprietary Limited (Dwarsrivier);
- Wonderstone Limited (Wonderstone);
- Group Line Projects Proprietary Limited (Group Line);
- Head Office operations (Head Office), comprising the activities of those of AMT and Ore & Metal, where relevant;
- Rustenburg Minerals Development Company Proprietary Limited (Rustenburg Minerals), sold with effect 1 October 2018 and
- Zeerust Chrome Mines Limited (Zeerust), held for sale; with the latter two of these operations no longer in commercial production;

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



This report is also available at
www.assore.com

Navigating this report:



For more information please visit www.assore.com



Reference to a [page inside the book](#)

PROFILE

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

The group's principal investments consist of its 50% interest in Assmang, which it controls jointly with ARM and its 100% interest in Dwarsrivier. The group, through its various joint-venture entities and subsidiary companies, is involved in the mining of iron, manganese and chrome ores together with other industrial minerals and the production of manganese alloys. The group is also responsible for marketing all products produced by the Assore and Assmang groups, the bulk of which are exported and the remainder either used in the group's beneficiation processes or sold locally.

The company was incorporated in 1950 and its shares are listed on the JSE Securities Exchange (JSE) under "Assore" in the general mining sector.

26,07% of the company's shares are controlled by two broad-based black economic empowerment community trusts: the Boleng Trust (14,28%), and the Fricker Road Trust (11,79%).

REPORTING FRAMEWORK

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

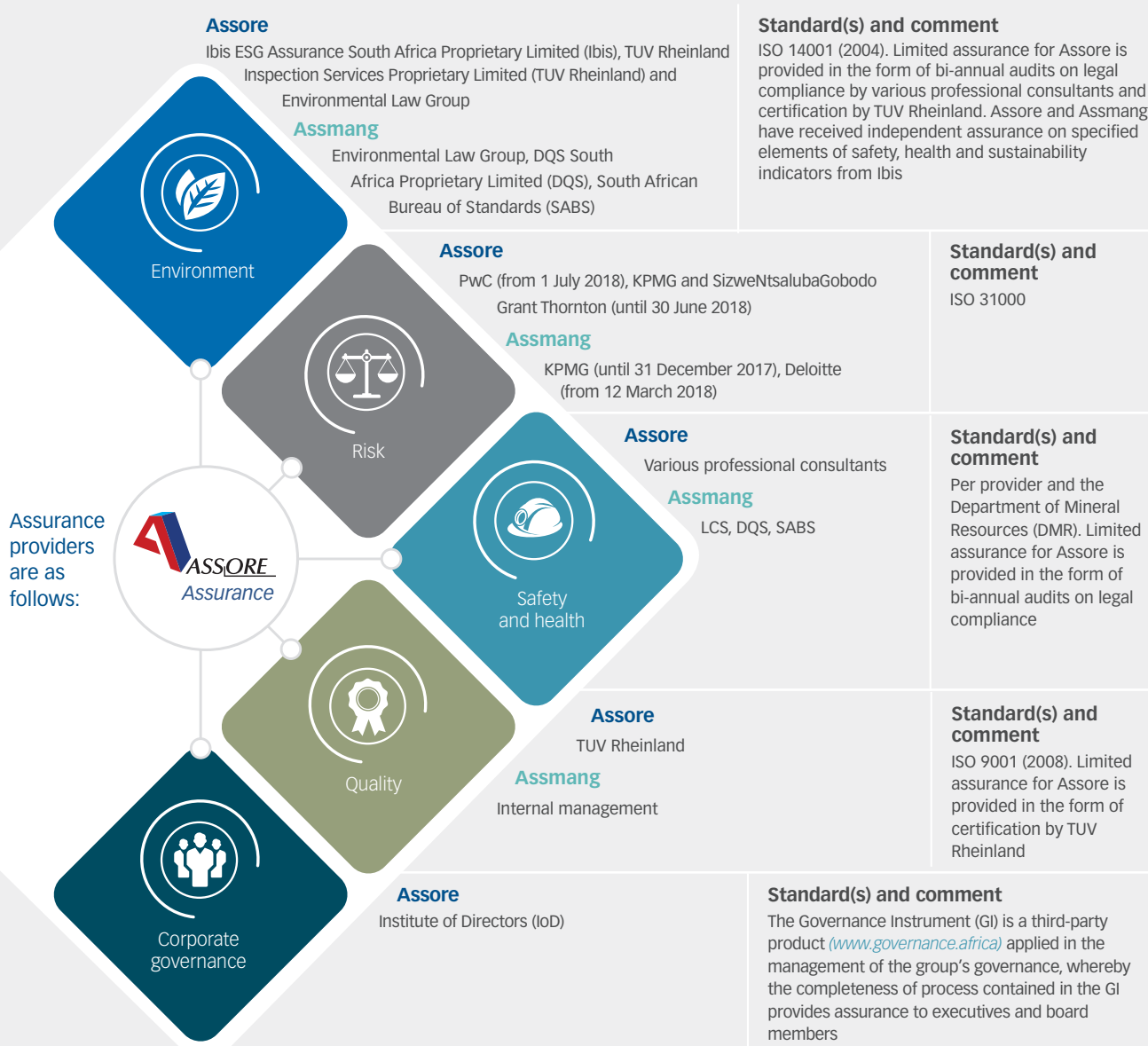
Report element				
				
Mineral Resources and Reserves	Corporate governance and risk management	Black economic empowerment status report	Sustainability	Annual financial statements
Guidelines				
South African Code for Reporting Mineral Resources and Mineral Reserves (SAMREC Code), and the Australian Institute of Mining and Metallurgy Joint Ore Reserves Committee Code (JORC Code)	King Code on Corporate Governance, issued in November 2016 (King IV™)	Mineral and Petroleum Resources Development Act and the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry issued thereunder (the Mining Charter) and Codes of Good Practice, issued by the Department of Trade and Industry (dti)	Various relevant guidelines, as well as those contained in the Global Reporting Initiative (GRI) indicators	International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, South African Companies Act, as amended, and JSE Listings Requirements
Reference				
 Pages 8 and 9,  the complete Mineral Resources and Reserves report is located under "Annual reports" under the "Investors & Media" tab	 Pages 40 to 46 and throughout	 Pages 48 to 51	 Pages 34 and 35, throughout  complete sustainability report, located under "Annual reports", "Investors & Media" tab	 Pages 1 to 84 of the annual financial statements, available on the group's website (referred to throughout as the annual financial statements)

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ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

ASSURANCE

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



Assurance pertaining to financial controls and reporting is achieved by conducting extensive internal auditing across the Assore Group by KPMG, SizweNtsalubaGobodo Grant Thornton who report to Assore's Audit and Risk committee on their findings, while in Assmang, Deloitte (previously KPMG) as internal auditor of all its divisions, reports related findings to Assmang's Audit committee.

These Audit and Risk committees, supported by their respective Social and Ethics committees, ensure close working relationships between external audit and internal audit, to ensure that the assurance provided by Ernst & Young Inc., for both Assmang and the Assore group, on their respective financial statements, provides reasonable assurance for the relevant external audit opinions.

02 CREATING SUSTAINABLE SHAREHOLDER VALUE

02 Overview

Group at a glance	6
Mineral Resources and Reserves summary	8
Group timeline	10
Group structure	12
Organisational governance	13
Location of our markets and operations	14
Business model	16
Our strategy	18
Risk and opportunities	19



GROUP AT A GLANCE

Joint-venture entity (Assmang) Iron Ore division

Iron ore																	
Type of operation – Mining, crushing, screening and jigging of run-of-mine ore and tertiary recovery of fine iron ore product Refer to page 27	Description Iron ore is mined in the Northern Cape province in open-pit operations at the Khumani Iron Ore Mine which is located near Kathu and at the Beeshoek Iron Ore Mine which is located outside Postmasburg. The ore produced is sold both on the export market and locally. * Note that, in terms of International Financial Reporting Standards (IFRS), Assmang is accounted for on the equity accounting basis. Therefore, “Revenue generated”, which is stated at 50% of its reported figure, as included in this analysis, does not form part of the group’s reported revenue as reported in terms of IFRS.	R15 135,3m (2017: R16 399,0 million) R3 343,5m (2017: R4 372,6 million) Production volumes (Metric tons '000) – Khumani – Beeshoek LTIFR – Khumani – Beeshoek Total employees and contractors – Khumani – Beeshoek	Revenue generated* Attributable profit <table><tr><th>2018</th><th>2017</th></tr><tr><td>14 694</td><td>14 560</td></tr><tr><td>3 884</td><td>3 154</td></tr><tr><td>0,10</td><td>0,10</td></tr><tr><td>0,07</td><td>0,15</td></tr><tr><td>5 066</td><td>5 162</td></tr><tr><td>1 378</td><td>1 076</td></tr></table>	2018	2017	14 694	14 560	3 884	3 154	0,10	0,10	0,07	0,15	5 066	5 162	1 378	1 076
	2018	2017															
	14 694	14 560															
	3 884	3 154															
0,10	0,10																
0,07	0,15																
5 066	5 162																
1 378	1 076																

Manganese division

Manganese ore and alloys																							
Type of operation – Mining, crushing, washing and screening of ore – Smelting of ferromanganese – Production of refined ferromanganese Refer to page 28	Description Various grades of manganese ore are mined at the Nchwaning and Gloria mines, located in the Black Rock area of the Northern Cape province, and manganese alloys are produced at the Cato Ridge Works in KwaZulu-Natal. Cato Ridge Alloys, a joint venture with Japanese partners, produces refined ferromanganese at the Cato Ridge Works. Feed for the Cato Ridge Works is derived mainly from Assmang's manganese mines. The ore and alloy produced are both sold on the export market and locally. Sakura Ferroalloys, a joint venture smelting operation in Malaysia in which Assmang holds a 54,36% stake, produces high carbon ferromanganese from ores sourced in the market. The smelting plant has been designed to allow for switching production capacity to silico manganese. Alloy produced is sold in the export market. * Note that, in terms of International Financial Reporting Standards (IFRS), Assmang is accounted for on the equity accounting basis. Therefore, "Revenue generated", which is stated at 50% of its reported figure, as included in this analysis, does not form part of the group's reported revenue as reported in terms of IFRS.	R12 859,6m (2017: R10 238,1 million)	Revenue generated*																				
		R3 772,0m (2017: R2 181,6 million)	Attributable profit																				
				Production volumes (Metric tons '000) – Black Rock – Sakura – Cato Ridge Works LTIFR – Black Rock – Sakura – Cato Ridge Works Total employees and contractors – Black Rock – Sakura – Cato Ridge Works	<table><tr><th>2018</th><th>2017</th></tr><tr><td>3 717</td><td>3 069</td></tr><tr><td>244</td><td>181</td></tr><tr><td>151</td><td>161</td></tr><tr><td>0,20</td><td>0,24</td></tr><tr><td>0,26</td><td>0,23</td></tr><tr><td>0,00</td><td>0,19</td></tr><tr><td>4 623</td><td>5 016</td></tr><tr><td>475</td><td>346</td></tr><tr><td>612</td><td>581</td></tr></table>	2018	2017	3 717	3 069	244	181	151	161	0,20	0,24	0,26	0,23	0,00	0,19	4 623	5 016	475	346
2018	2017																						
3 717	3 069																						
244	181																						
151	161																						
0,20	0,24																						
0,26	0,23																						
0,00	0,19																						
4 623	5 016																						
475	346																						
612	581																						

Subsidiary companies Dwarsrivier Chrome Mine

Chrome ore											
Type of operation – Mining, crushing and concentrating of ore Refer to page 29	Description Chrome ore is mined at the Dwarsrivier Chrome Mine in the Limpopo province, located near Steelpoort and Lydenburg. The ore produced is sold both on the export market and locally.	R3 892,8m (2017: R3 410,4 million)	Contribution to group revenue								
		R875,4m (2017: R843,2 million)	Attributable profit								
		Production volumes (Metric tons '000) LTIFR Total employees and contractors	<table><tr><th>2018</th><th>2017</th></tr><tr><td>1 619</td><td>1 392</td></tr><tr><td>0,19</td><td>0,20</td></tr><tr><td>2 262</td><td>2 123</td></tr></table>	2018	2017	1 619	1 392	0,19	0,20	2 262	2 123
		2018	2017								
1 619	1 392										
0,19	0,20										
2 262	2 123										

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

Ore & Metal Company

Marketing and distribution				
Type of operation – Marketing, sales and shipping of ores and alloys  Refer to page 30	Description Ore & Metal Company Limited is responsible for the marketing, sales and shipping of all the group's products, including those produced by the three divisions of Assmang. Strong relationships have been established with customers in Europe, North America, South America, India and the Far East.			
		R831,0m (2017: R783,2 million)		Contribution to group revenue
		R409,8m (2017: R383,8 million)		Attributable profit
		Total employees and contractors		2018 52

African Mining and Trust Company

Marketing and distribution				
Type of operation – Operational management, exploration and technical adviser  Refer to page 30	Description In order to support Ore & Metal Company in its activities, African Mining and Trust Company Limited is technical adviser to Assmang and other group companies and provides operational management services to group mines and plants.	R488,1m		Contribution to group revenue
		(2017: R461,4 million)		
		R164,6m		Attributable profit
		(2017: R181,3 million)		
		Total employees and contractors		2018
		79	80	

Minerais U.S. LLC

Marketing and distribution, USA				
Type of operation – Marketing of minerals and alloys in the USA  Refer to page 30	Description Minerais U.S. LLC is responsible for marketing and sales administration of the group's products in the United States of America (USA), in particular manganese alloys, and trades in various related commodities.			
		R2 444,8m (2017: R2 364,4 million)		Contribution to group revenue
		R65,3m (2017: R97,3 million)		Attributable profit
		Total employees and contractors		2018 9

Wonderstone

Wonderstone					
Type of operation – Mining and manufacturing of pyrophyllite products  Refer to page 30	Description The company mines a type of pyrophyllite which, for trade purposes, is referred to as Wonderstone. The bulk of the material mined is beneficiated to produce high-precision components manufactured to customers’ specification and are exported to the United States of America, the United Kingdom and the Far East.	R53,4m (2017: R81,1 million)		Contribution to group revenue	
		R1,43m (2017: R5,07 million)		Attributable profit	
				2018	2017
		LTIFR		2,44	1,85
		Total employees and contractors		78	78

MINERAL RESOURCES AND RESERVES SUMMARY

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



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

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

	Mineral Resources						Mineral Reserves					
	Measured		Indicated		Measured and Indicated		Proved		Probable		Proved and Probable	
	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%
Manganese												
Nchwaning Mine												
Seam 1	75,70	44,61	52,35	40,78	128,05	43,04	35,31	44,30	37,87	42,30	73,17	43,26
Seam 2	97,38	42,57	74,86	42,09	172,24	42,30	69,36	42,52	33,83	42,62	103,19	42,55
Black Rock (Koppie area)												
Seam 1	9,03	40,30	34,57	40,70	43,60	40,60						
Seam 2	8,23	37,40	18,58	39,20	26,81	38,60						
Gloria Mine												
Seam 1	64,32	37,45	92,93	37,69	157,25	37,59	49,62	37,51	74,31	37,91	123,93	37,75
Seam 2			34,81	28,41	34,81	28,41						

Subsidiary companies, as at 30 June 2018

	Mineral Resources					Mineral Reserves		
	Measured	Indicated	Inferred	Total	Resource	Proved	Probable	Total
	Mt	Mt	Mt			Mt	Mt	Reserve
Dwarsrivier Chrome Mine								
Steelpoort Chromitite Seam	Chromite	52,72	28,80	38,12	119,64	37,39	25,15	62,54
Rustenburg Minerals (LG6 ^{*)})	Chromite	3,60	1,70	9,80	15,10	0,00	0,00	0,00
Zeerust Chrome (LG1, 2 and 3 ^{*)})	Chromite	0,30	1,10	6,60	8,00	0,00	0,00	0,00
Wonderstone	Pyrophyllite	7,69	9,90	107,20	124,79	7,30	9,40	16,70

* The chromite grade of individual seams are included in the complete Mineral Resources and Reserves report. Rustenburg Minerals was sold effective 1 October 2018 and Zeerust is pending sale.

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

Joint-venture entity – Assmang, as at 30 June 2017

	Mineral Resources						Mineral Reserves					
	Measured		Indicated		Measured and Indicated		Proved		Probable		Proved and Probable	
	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%	Mt	Fe%
Iron Ore												
Beeshoek Mine												
All Pits	94,50	64,09	9,62	63,81	104,12	64,07	39,88	64,79	3,85	63,95	43,73	64,71
Stockpiles									4,97	55,49	4,97	55,49
Khumani Mine												
Bruce	135,89	62,40	91,51	63,22	227,40	62,73	104,63	61,05	80,31	61,96	184,94	61,45
King	344,47	62,59	47,14	61,18	391,61	62,42	257,17	62,63	9,39	62,85	266,56	62,64
Stockpiles									3,90	55,22	3,90	55,22

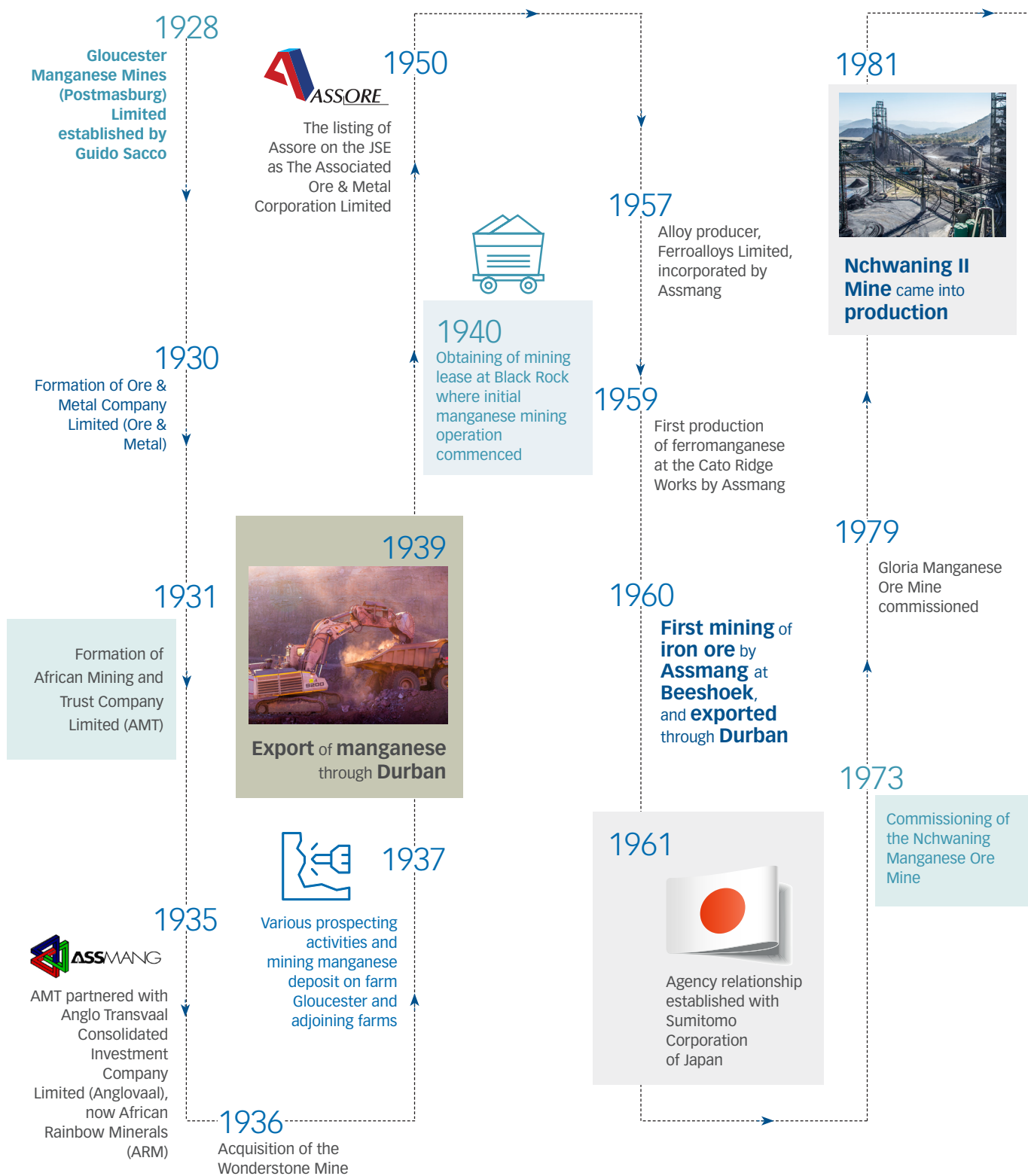
	Mineral Resources						Mineral Reserves					
	Measured		Indicated		Measured and Indicated		Proved		Probable		Proved and Probable	
	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%	Mt	Mn%
Manganese												
Nchwaning Mine												
Seam 1	73,22	44,60	62,40	41,80	135,62	43,30	29,00	45,30	47,20	46,40	76,20	46,00
Seam 2	108,90	42,50	89,83	42,10	198,73	42,30	66,40	42,70	37,40	43,20	103,80	42,90
Black Rock (Koppie area)												
Seam 1	9,03	40,30	34,57	40,70	43,60	40,60						
Seam 2	8,23	37,40	18,58	39,20	26,81	38,60						
Gloria Mine												
Seam 1	63,90	37,40	93,83	37,70	157,73	37,60	43,20	37,30	75,00	37,60	118,20	37,50
Seam 2			34,81	28,40	34,81	28,40						

Subsidiary companies, as at 30 June 2017

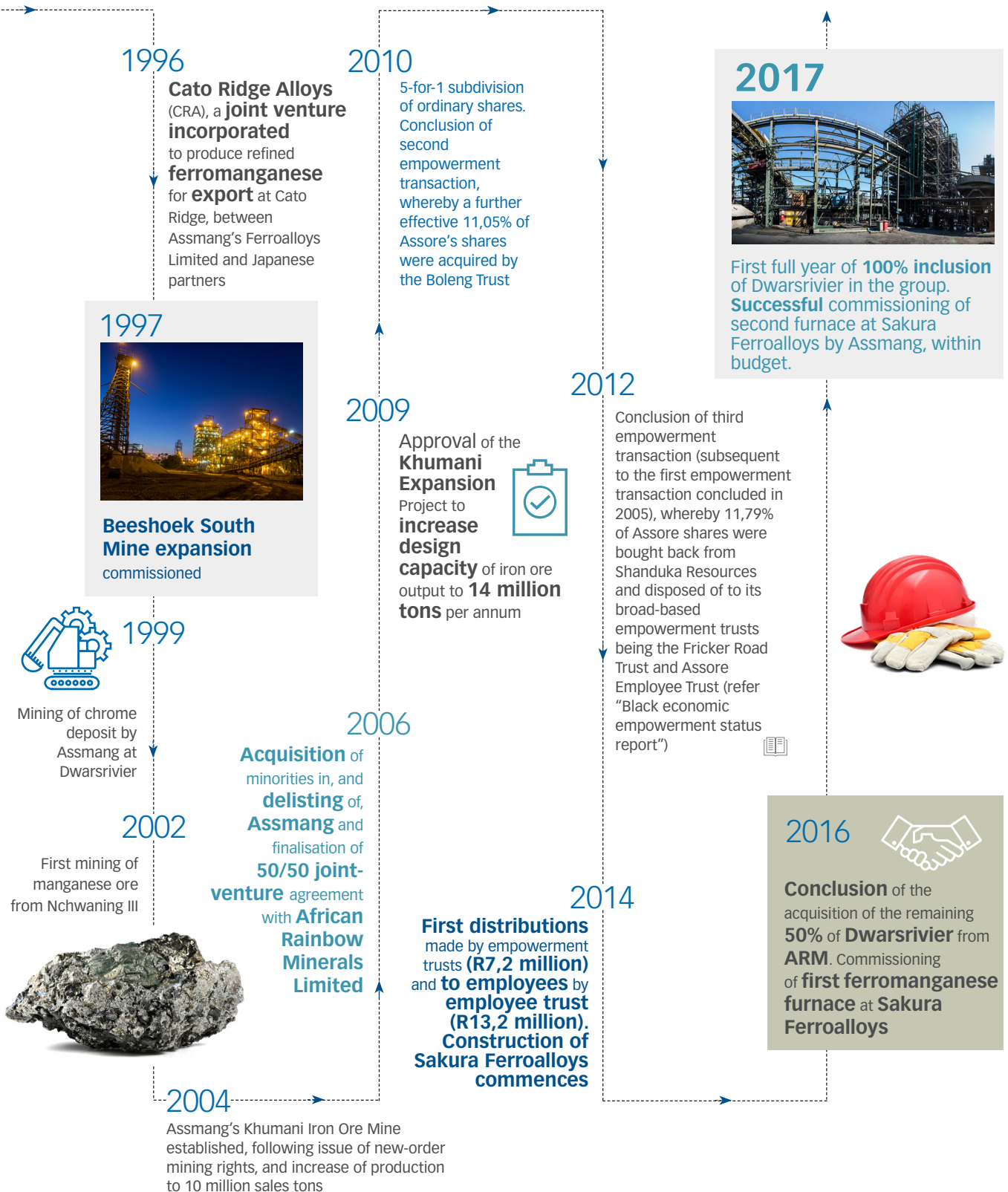
	Mineral Resources				Mineral Reserves			
	Mineral	Measured Mt	Indicated Mt	Inferred Mt	Total Resource	Proved Mt	Probable Mt	Total Reserve
Dwarsrivier Chrome Mine								
Steelpoort Chromite Seam	Chromite	29,30	45,80	31,00	106,10	16,20	32,10	48,30
Rustenburg Minerals (LG6 [#])	Chromite	3,60	1,70	9,80	15,10	0,00	0,00	0,00
Zeerust Chrome (LG1, 2 and 3 [#])	Chromite	0,30	1,10	6,60	8,00	0,00	0,00	0,00
Wonderstone	Pyrophyllite	7,70	9,90	107,2	124,80	7,40	9,40	16,80

[#] The chromite grades of individual seams are included in the complete Mineral Resources and Reserves report.

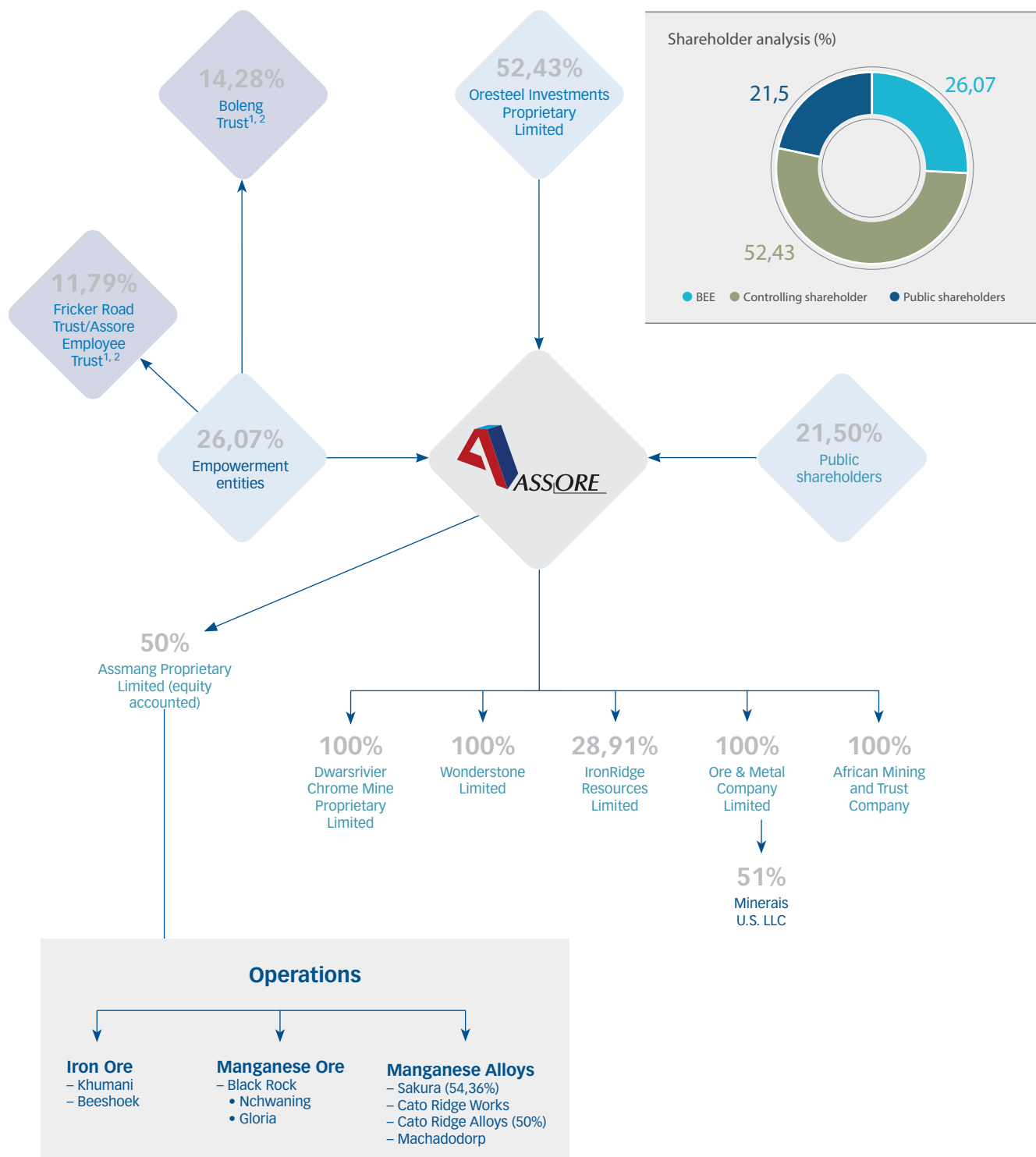
GROUP TIMELINE



ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52



GROUP STRUCTURE



¹ The Boleng and Fricker Road Trusts (black economic empowered entities) control the majority of the voting rights in special-purpose vehicles that, in combination, own 26,07% of Assore's issued ordinary shares (refer "Black economic empowerment status report").

² More detail on the impact of the requirement of IFRS to consolidate these trusts is included on pages 32 and 33 of this report and 71 of the annual financial statements.

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

ORGANISATIONAL GOVERNANCE

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

Ethics

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

The group has recently adopted a code of ethics



4
meetings

Committed to principles

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

Board of directors – composition

10 directors

5
executives

5 non-executive and independent

2
female

Key roles and functions



CEO

The CEO assumes ultimate

responsibility for all executive issues

CFO

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

Lead independent director

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

100%
attendance
by members



Committees

Audit and Risk

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

3 non-executive and independent

4 meetings

100% attendance by members

Social and Ethics

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

2 non-executive and independent

2 executives

2 meetings

100% attendance by members

Remuneration

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

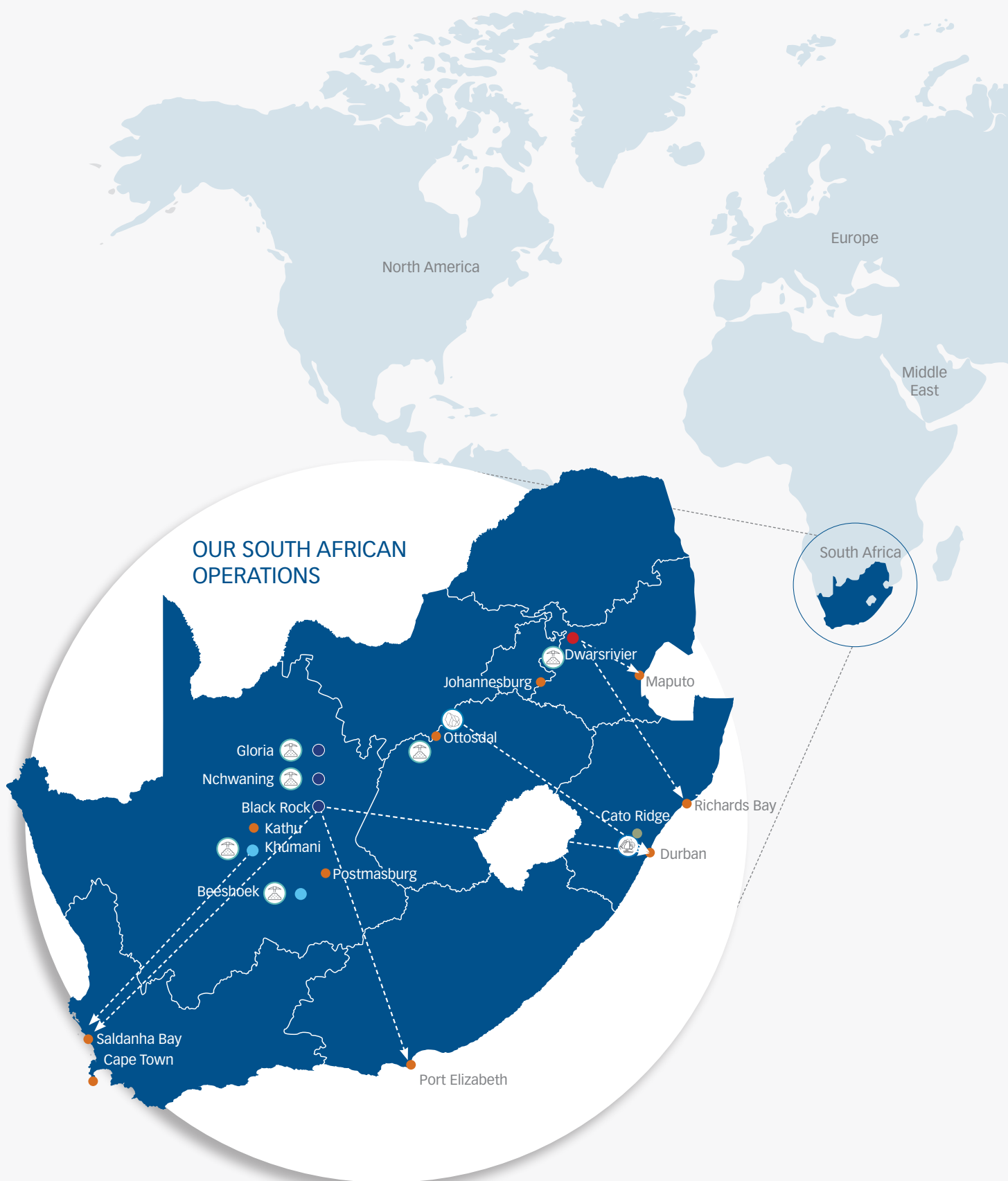
2 non-executive and independent

1 executive

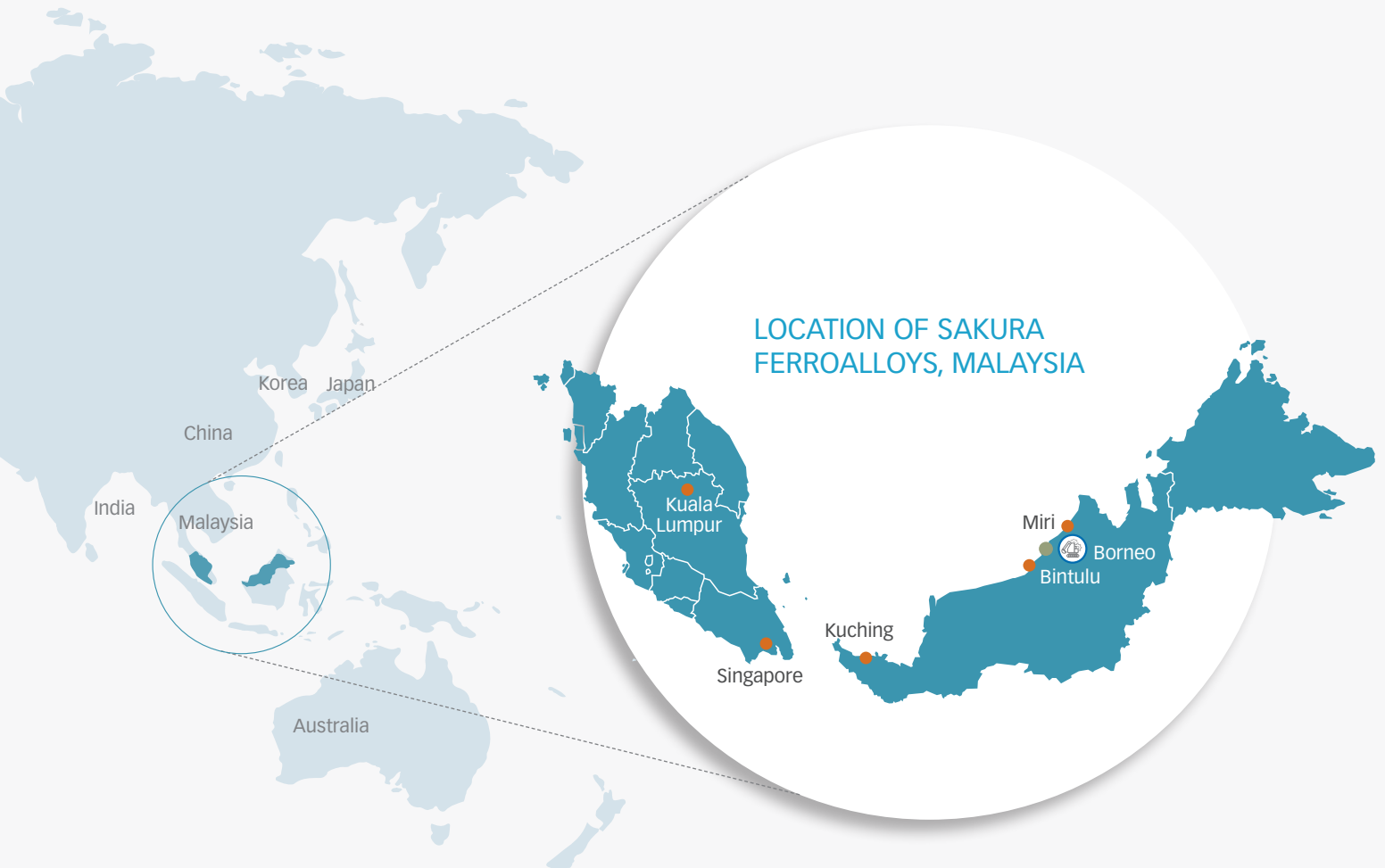
3 decisions made by round robin resolutions

* Refer to the "Corporate governance and risk management report" on pages 40 to 46 for further detail.

LOCATION OF OUR MARKETS AND OPERATIONS



ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52



The group's principal investments consist of its 50% interest in Assmang, which it controls jointly with ARM and its 100% interest in Dwarsrivier. The group, through its various joint-venture entities and subsidiary companies, is involved in the mining of iron, manganese and chrome ores together with other industrial minerals and the production of manganese alloys (in South Africa and Malaysia).

- Fe – Iron ore
- Mn – Manganese ore
- FeMn – Ferromanganese
- Cr – Chrome ore
- Wonderstone
- Mine
- Processing plant
- Cities/towns

BUSINESS MODEL

Resources we rely on

Financial capital

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



Human capital

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



Manufactured capital

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



Intellectual capital

Investment in technology and intellectual capital ensures that the group remains abreast of development in the industry, ensuring a competitive cost position



Social and relationship capital

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



Natural capital

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



Inputs

- Group net cash balance of R7,9 billion
- Overdraft facilities for trade
- A stable and engaged workforce with the relevant capabilities and experience
- A strong leadership team involved in day-to-day activities
- Employees committed to the Assore code of conduct
- Above and below ground infrastructure and specialised equipment to effectively extract and process the minerals mined and alloys produced
- Geological, technical and sales and marketing information and know how
- Investment in innovation, technology and research and development initiatives
- Customer and agency relationships
- Legal requirements and safety standards
- Social license to operate based on key stakeholder relationships
- Brand and reputation
- Mineral resources and reserves
- Land
- Water

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52



Value creation

	2018	2017
Financial capital		
- Net cash balance (Assore group) (Rbn)	7,9	5,0
- Dividends paid (Assore group) (Rbn)	1,9	1,1
Human capital		
- Number of employees and contractors (Assore group)	2 631	2 521
- Number of employees and contractors (Assmang operations – excluding Sakura)	11 821	11 918
- Fatalities (Assore operations)	—	—
- Fatalities (Assmang operations)	1	—
- LTIFR (Assore operations)	0,27	0,25
- LTIFR (Assmang operations)	0,13	0,17
Manufactured capital		
- Capital expenditure (Assore group) (Rm)	389	153
- Capital expenditure (Assmang) (Rm)	3 082	2 817
Social and relationship capital		
- Funding of community economic development projects (Assore operations) (Rm)	31,5	27,6
- Funding of community economic development projects (Assmang operations) (Rm)	101,2	69,5
- Portion of payroll spent on training (Assore operations) (%)*	10,9	4,5
- Portion of payroll spent on training (Assmang operations) (%)*	13,9	7,5
Natural capital		
- Greenhouse gas (GHG) emissions	To be reported in 2019	
- Balancing the availability and consumption of water		
- Land stewardship		

Assmang figures are reflected at 100%.

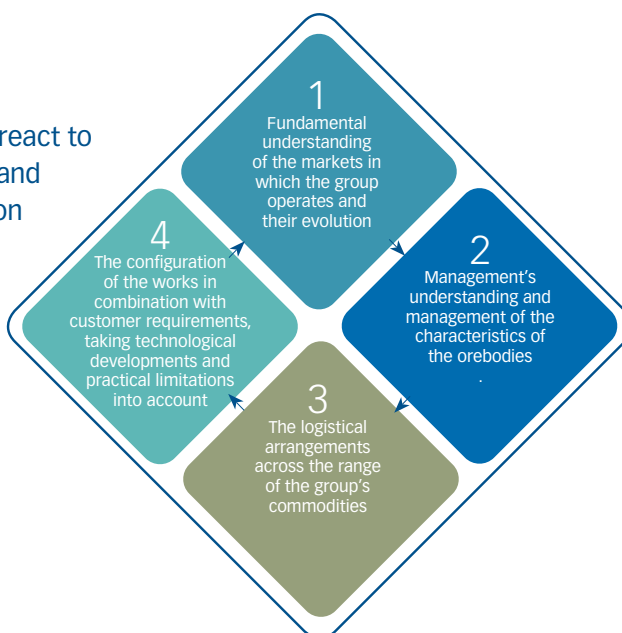
Assore operations consist of Dwarsrivier, Wonderstone, Rustenburg Minerals and Zeerust.

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

OUR STRATEGY

STRATEGY

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



KEY PERFORMANCE AND FUTURE PERFORMANCE INDICATORS

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

Assmang

Assore subsidiaries

Expansion and replacement projects completed on time, to specification and within budget
measured in the "Chief executive officer's report"

- the execution of the sustainability and expansion project at Black Rock Manganese Mines, of which the expected year of completion is 2021, to increase and sustain production from the Nchwaning Mine to higher volumes, achieving sustainable production in excess of 4 million tons per annum of manganese ore in the long term;
- following the successful commissioning and ramp up of both furnaces at Sakura Ferroalloys in Malaysia, to maintain high-carbon ferromanganese (HCFMn) production on both furnaces at a total production capacity of approximately 240 000 tons per annum;
- the continued optimisation of alloy production at the group's ferromanganese facilities in order to mitigate increases in the price of electricity, which are expected to exceed inflation rates; and
- execution of the recently approved project to recapitalise and increase production at the Gloria Mine.

- continuing to explore early-stage opportunities in iron ore, gold, lithium and other commodities, mainly focused in Africa, through IronRidge Resources; and
- enhancing the group's position in South Africa's chrome ore market and consolidating the production output of Dwarsrivier at levels of approximately 1,6 million tons per annum

Sustainable exploitation of mineral deposits
measured in "Mineral Resources and Reserves report", located on the group's website under "Annual reports", "Investors & Media" tab

- maintaining steady-state production performance from Khumani Iron Ore Mine, by optimising the off-grade washing plant and the Wet High Intensity Magnetic Separation (WHIMS) plant, to ensure realisation of planned Life of Mine; and
- optimising the Life of Mine at Beeshoek Iron Ore Mine with the blending of ore from the Village Pit with other pits, also pursuing options to treat historical off-grade dumps to produce on-grade product.

Optimise prices and tonnages sold per segment and regional concentration of customers
measured in the "Chief executive officer's report"

- continuing to develop the group's market for the material produced from the upper seam, as well as alternative grades across the lower seam at Nchwaning Manganese Mine; and
- the continued optimisation of alloy production at the group's ferromanganese facilities in order to mitigate increases in the price of electricity, which are expected to exceed inflation rates.

- maximising the production of chemical grade and foundry grade concentrates at Dwarsrivier

Ongoing improvement in the group's safety record
measured in "Sustainability report", located on the group's website under "Annual reports", "Investors & Media" tab

- continued positive trends in safety performances

Compliance with the requirements of the Mining Charter*, specifically those relating to black economic empowerment (BEE)
measured in "Black economic empowerment status report"

- the objective is to ensure compliance with the revised Mining Charter

* Pursuant to the Mineral and Petroleum Resources and Development Act (the MPRD Act)

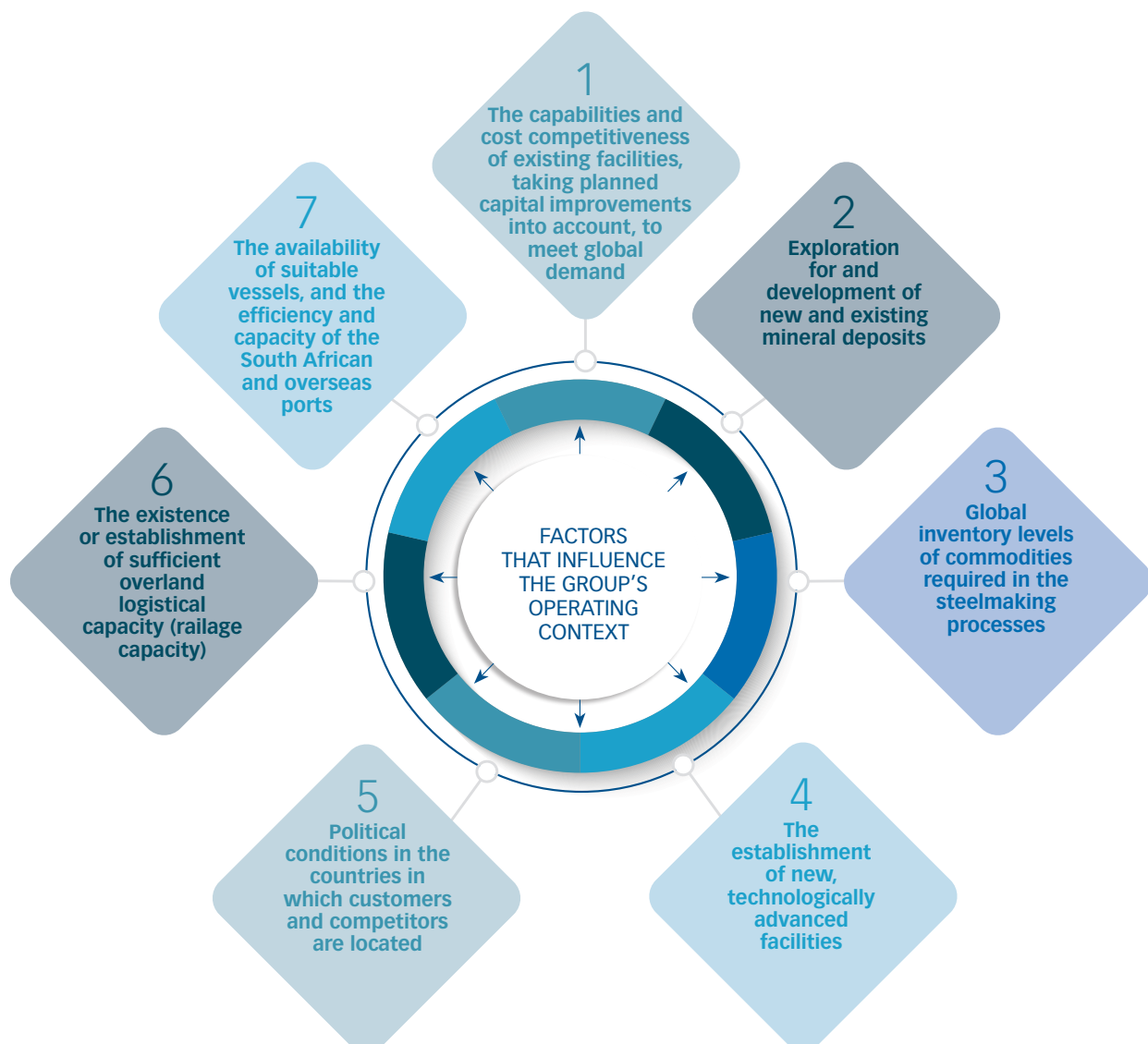
ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

RISKS AND OPPORTUNITIES

OPERATING CONTEXT

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

While ensuring that every reasonable opportunity is pursued to add value to shareholders' returns, management is aware of the impact of the group's activities on other stakeholders as well as on the environment. The manner in which the group interacts with its stakeholders and its impact on the environment is addressed in the "Sustainability report", located on the group's website under "Annual reports", "Investors & Media" tab. The table on page 21 sets out the most significant material risks to which the group is exposed and describes the mitigation measures adopted.

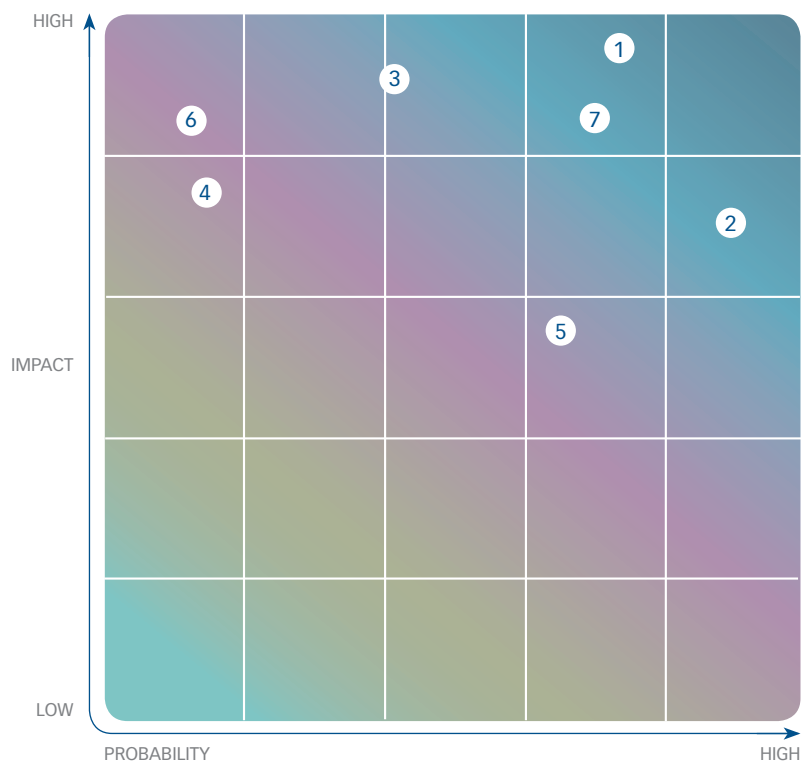


RISKS AND OPPORTUNITIES continued

RISK PROCESS



RISK HEAT MAP (refer facing page)



ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

Risk description	Impact	Mitigation measures
Financial risks		
1 Fluctuations in exchange rates	Since most sales are denominated in foreign currency, fluctuations in exchange rates (the level of the rand against the US dollar and the euro) can have a significant impact on the group's earnings	Assore has an established Treasury and Credit Committee, the purpose of which is to limit exposure to exchange rate fluctuations. A limited degree of natural hedging occurs, given that some capital expenditure occurs in foreign currency as well
2 Changes in international commodity prices	Iron ore sales are priced mostly on a quarterly or monthly basis while manganese ore is priced quarterly in advance or on a shipment-by-shipment basis. Most other commodities are priced quarterly in advance. Fluctuations in these prices can have a significant impact on the profitability of the group	Market prices of commodities are continually monitored by Ore & Metal, and the diversified portfolio of commodities provides a degree of hedging against variable commodity prices
Operational risks		
3 World economic growth	Since most of the group's commodities are used as inputs in the steel industry, the group's ability to continue to distribute and sell its commodities is largely dependent on the level of demand for steel globally, which in turn is linked to global economic growth	Management continually monitors market conditions and developments in the steel industry, and ensures that ore reserves are exploited in a manner that ensures suitable sustainable supply of material to our customers
4 South African logistical infrastructure	The available channels for the export of commodities from the mines to the ports, and the facilities in South Africa's ports, are both dependent on the level of infrastructural investment by the state through Portnet and Transnet. The level of maintenance and quality of management of the logistical facilities have a direct bearing on the group's sales volumes	Assmang management and representatives of Ore & Metal meet regularly with all levels of Transnet's port and rail management to ensure optimum use of the existing channels and to explore expansion and optimal maintenance of these channels
5 South African labour market	The labour market in South Africa has become increasingly volatile, with prolonged strikes in certain sectors, which usually carry unrealistic demands from trade unions on employers, resulting in protracted negotiations with negative effects on productivity	Management attempts as far as is practical to commence wage negotiations at an early stage, and in an attempt to gain certainty on operating costs. These usually encompass negotiations towards agreements that cover more than one year
6 Resources and Reserves	By nature, the metal content of orebodies can vary over the course of the life of the mine and, depending on commodity prices, their lives can either increase or decrease, given that mining deeper becomes increasingly more costly. Customer choices and preferences, therefore, have a direct bearing on the economic lives of the deposits	Orebodies are continually monitored, using modelling techniques, and are exploited in conjunction with market demand. Customer relationships are carefully managed in order to ensure that customer requirements are met within physical, chemical and economic constraints. For a detailed analysis of the group's orebodies, refer to the "Mineral Resources and Reserves report", located on the group's website under "Annual reports", "Investors & Media" tab
7 Mining Charter	The Mining Charter places requirements on the operations in order to meet its objectives	Management of the compliance aspects of the Charter is undertaken at all operations and every attempt is made to ensure compliance, both at the operations and at a corporate level (refer "Black economic empowerment status report" on pages 48 to 51)





03 ANTICIPATING AND REACTING TO CHANGES IN THE MARKETS

03 Group performance

Chairman's statement	24
Chief executive officer's report	26
Five-year summary of the consolidated financial statements	32
Sustainability report	34



Manganese train being loaded at Black Rock Manganese Mine

CHAIRMAN'S STATEMENT



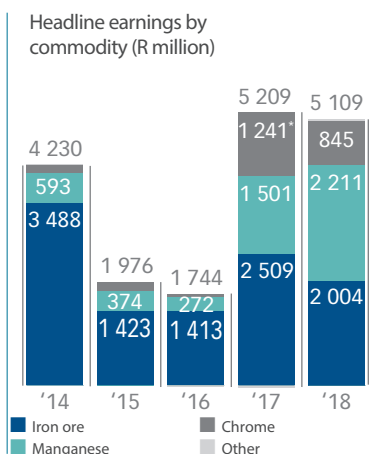
THE YEAR UNDER REVIEW

Markets for the group's products were favourable over the past financial year. The strength in our markets which was evident in the last quarter of 2017 continued into 2018. World crude steel production increased in the 2017 calendar year (CY17) by 5% over the 2016 calendar year (CY16), while stainless steel production increased by 6% over the same period. Prices for the group's products during this financial year were more stable than the previous year as synchronised economic growth around the world helped balance the commodity markets in which the group participates.

The group's major operations performed well, with record production volumes achieved for iron and chrome ores. The 2018 financial year (FY18) was the fourth consecutive year of increased production of these products. Production volumes for manganese ores increased by 21% to over 3,7 million tons from 3,1 million tons in FY17. These production achievements are especially pleasing in light of the improved safety performances in these operations, with Assmang improving its lost-time injury frequency rate (LTIFR) to 0,13 from 0,17 in FY17. Dwarsrivier recorded a slight improvement in its LTIFR to 0,19 in FY18, compared to 0,20 in FY17. Assmang's smelting operation in Malaysia, Sakura Ferroalloys, achieved design production capacity for ferromanganese on both its furnaces. However, we are saddened to report the death of our colleague who, on 30 March 2018 sustained a fatal injury at the operation. We extend our deepest condolences to his family, friends and co-workers.

The rand/US dollar exchange rate, which traded at an average rate of R12,82 in the

year under review, was 6% stronger than the previous year. This offset much of the impact of the higher selling prices and sales volumes achieved. Headline earnings for FY18 amounted to R5,1 billion (FY17: R5,2 billion), 2% below last year, while the group recorded record attributable earnings for a second consecutive year of R5,1 billion, 2% above FY17. Assmang's contribution to headline earnings amounted to R3,6 billion (FY17: R3,7 billion), while Dwarsrivier's contribution amounted R875 million (FY17: R843 million). Headline earnings over the past five years by commodity are set out below:



* Includes dividend received in Assmang upon its sale of Dwarsrivier to Assore (50% share)

MARKET CONDITIONS

The increase in world crude steel production in CY17 resulted in nearly 1,7 billion tons of crude steel being produced (CY16: 1,6 billion tons). Stainless steel production growth outpaced the good growth in crude steel once again, reaching 48 million tons.

This led to firm demand for the group's products. China produces approximately 50% of the world's crude steel and 53% of stainless steel. Crude steel capacity utilisation for CY17 stood at 72%, higher than 69% for CY16. Over the past three years, steel capacity utilisation in the United States (the USA) has increased steadily, to over 80% in September 2018. Tighter environmental controls imposed in China increased the demand for higher grade ores, which resulted in higher prices for high-grade products. As was evident towards the end of CY17, the premium for "lumpy" grades of iron ore increased, averaging 81% higher than the level recorded for FY17 at an average of US dollar 13,34 per ton. The average benchmark price for iron ore for FY18, at US dollar 69 per ton (62% iron content material, delivered in China) was similar to FY17, with a notable reduction in price volatility. Prices for manganese ore benefited as a result of increased demand from China, with the index price for high-grade material increasing by 19% in FY18 to an average of US dollar 6,88 per dry metric ton unit (dmtu), delivered in China (FY17: US dollar 5,77 per dmtu). The manganese alloy market was firm across the year. However, margins for producers were generally under pressure due to the higher prices for manganese ore.

The increased level of production of stainless steel supported firm demand and more stable prices for chrome ore, with Dwarsrivier selling almost 1,6 million tons of ore. This was 22% more than the volume sold in FY17 and another sales volume record. As was the case with the group's other products, prices for chrome ore, although on average lower than FY17, traded in a tighter range. However, the

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52



Safety: overall improvement in LTIFR



Record annual dividend of R22,00 per share

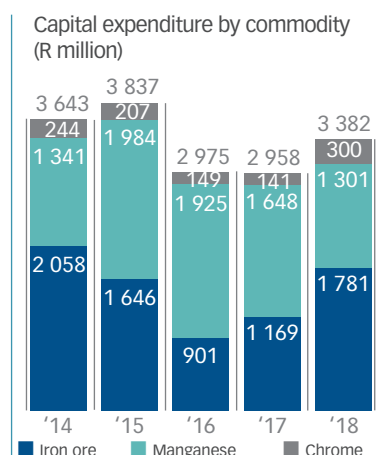
Desmond Sacco



average benchmark price (US dollar 224 per ton) for 44% chrome concentrate material, delivered in China, for FY18 was 28% lower than FY17 (US dollar 310 per ton).

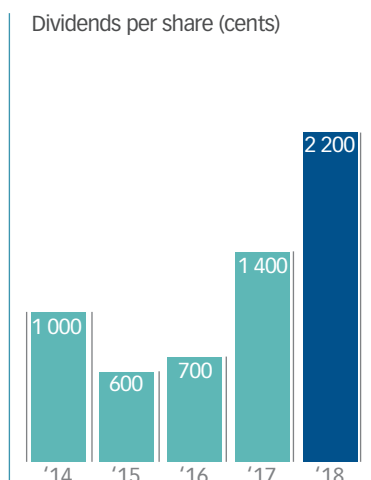
EXPANSION AND CAPITAL EXPENDITURE

Assmang's Black Rock Expansion Project has reached the stage of 90% completion with R6,0 billion having been spent to date. The remainder of the capital expenditure (R700 million) is expected to be spent over the next 30 months. A further R2,7 billion has been approved to modernise the Gloria mine. This investment aims to provide improved balance in Black Rock's resource, production and marketing capabilities, while increasing the overall production capacity of manganese ore from the Black Rock Complex to five million tons per annum. Total capital expenditure in Assmang amounted to R3,1 billion (FY17: R2,8 billion) and included an increase in waste-stripping expenditure of R611 million in the Iron Ore division, an increase of 52% over FY17. Dwarsrivier spent R300 million, mostly on plant improvements and underground development. On a per-commodity basis, capital expenditure over the last five years has been as follows:



DIVIDENDS

With the group's mines either in steady state production, or expanding, its cash generation remains very positive given the market conditions described above. The net cash position of the group increased over FY18 by R2,8 billion to R7,9 billion at year-end, enabling the board to approve a final dividend of R12 per share, making the total dividend for FY18 a record, at R22 per share.



OUTLOOK

The economies of the developed world continue to improve, and combined with ongoing infrastructure expenditure in China, are providing a firm underpin for commodity demand and prices. The drive by Chinese authorities to reduce the environmental impact of its steel producers has provided further support for the group's higher grade products. Of concern for the chrome industry is the recent "trade wars" between the USA and China, which are impacting the export of stainless steel by China negatively.

Regulatory uncertainty remains a feature of conducting business, and especially mining in South Africa. Recent changes contained in the newly gazetted Mining Charter have had a limited impact on

reducing uncertainty. This regulatory uncertainty, combined with continued increases in electricity prices has severely constrained the relative attractiveness of South Africa as a mining and manufacturing destination. The short-term gains arising from the recent decrease in the level of the rand to the US dollar, while immediately positive for the group, are however, expected to manifest themselves in higher costs in the medium to longer term.

APPRECIATION

This past year has been another very successful year for the group. Achieving record levels of production, sales and earnings, no matter the circumstances, is not easily achieved and I wish to commend the management team and all of our staff who have contributed to this success. In addition, such success cannot be achieved without partnering with dedicated joint-venture partners, agents and advisers. Likewise, I extend my thanks to them for their respective contributions during the year.

With the aim of expanding the group's operations in a careful and considered manner, we welcome Kieran Daly as executive: growth and strategic development and Bongani Phakathi as executive: human resources and public affairs to the group's executive team on 1 May and 1 October respectively. Ross Davies, appointed as chief financial officer in 2017, was appointed to the board in February this year. I wish them all everything of the best in their respective roles in the group.

Desmond Sacco
Chairman
19 October 2018

CHIEF EXECUTIVE OFFICER'S REPORT



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

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

In addition, group results are significantly affected by US dollar commodity prices and prevailing exchange rates which are risks that cannot be controlled directly.

SAFETY

The overall safety performance metrics in the group were positive. Assmang, which is jointly controlled by Assore and ARM, demonstrated continued improvement. We are, however, saddened to report the tragic loss of a colleague due to a work-related incident that occurred on 30 March 2018 at Sakura, in which Assmang has a 54,36% interest. Again we share our deepest condolences with the families and friends of our colleague, and deeply regret this loss.

The combined lost-time injury frequency rate (LTIFR) for the Assmang operations has improved from 0,17 for FY17 to 0,13 for FY18. The Cato Ridge and Machadodorp smelting operations completed FY18 without recording a single lost-time injury.

Dwarsrivier showed a slight improvement in its LTIFR from 0,20 for FY17 to 0,19 for FY18. The impact of the LTIFR at Assore's other operations resulted in an overall increase from 0,25 for FY17 to 0,27 for FY18.

We are proud to have achieved, and to be recognised by our peers for, a number of significant safety milestones over the year:

- Dwarsrivier Chrome Mine recorded 4 million fatality-free shifts in August 2017;
- Black Rock Manganese Mine achieved 6 million fatality-free shifts in January 2018;
- Assmang was the recipient of the following accolades by the DMR in the past year:
 - Black Rock Manganese Mine, achieved first place for best safety performance in underground mines;
 - Beeshoek Iron Ore Mine (Beeshoek) achieved first place for best safety performance for base metal mines and second place for the best year-on-year safety improvement; and
 - Beeshoek was also the recipient of the best safety performance award for achieving 16 000 fatality-free production shifts.

We remain committed to the pursuit of continued, sustainable improvement in our overall safety performance.

MARKETS

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

The markets into which the group sells its products were generally stronger during the year in comparison to FY17. World crude steel production grew by 5% in the 2017 calendar year (CY17) and this growth rate was maintained during the first six months of the 2018 calendar year (CY18). Healthy demand for ores resulted in stable prices for iron ore and an increase in prices for manganese ore. Higher demand for ferrochrome was driven by increased production of stainless steel (up 6% in CY17 over the 2016 calendar year), resulting in strong demand for chrome ore, prices of which were steady over FY18. The tightening of environmental controls in China continues to drive positive demand for higher grade raw materials, as evidenced by higher premiums achieved for "lumpy" grades of iron ore.

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52



Record iron and chrome ore sales and production for the fourth consecutive year



Record attributable earnings for the second consecutive year

Charles Walters



EARNINGS

The favourable markets experienced in the period helped the group to sell increased volumes of all products. The stronger average price of the basket of commodities sold by the group was offset by a firmer rand/US dollar exchange rate. Management of costs and capital in the year was good. These circumstances enabled the group to achieve headline earnings for FY18 at a similar level compared to those recorded in FY17 with contributions to headline earnings/(loss) by commodity as follows:

	FY18 R million	FY17 R million	% increase/ (decrease)
Iron ore	2 004	2 509	(20)
Manganese	2 211	1 501	47
Chrome	845	1 241	(32)
Other group transactions	49	(42)	—
Per consolidated income statement	5 109	5 209	(2)

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

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

	FY18 Metric tons '000	FY17 Metric tons '000	% increase
Iron ore	17 874	17 275	3
Manganese ore*	3 177	2 974	7
Manganese alloys	378	303	25
Chrome ore	1 557	1 279	22

* Excludes intra-group sales to alloy plants.

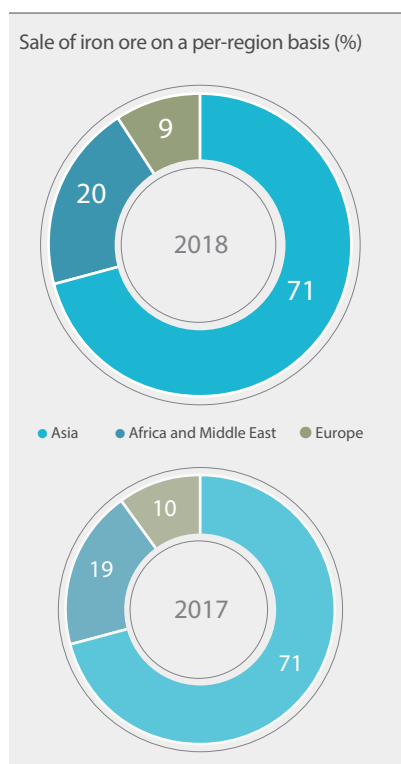
IRON ORE

The average market price for iron ore was stable over FY18, compared to FY17, at US dollar 69 per ton (62% iron content, "fines" grade, delivered in China), which is indicative of a more stable supply and demand balance compared to FY17. Over half of Assmang's iron ore volume is sold as "lumpy" grade material and the premium this grade attracts varied across FY18, ranging between US dollar 5,14 per ton and US dollar 29,87 per ton. The average "lumpy" premium almost doubled over the same period, to US dollar 13,34 per ton, mostly due to the tightening of environmental controls in China.

During FY18, Khumani Iron Ore Mine achieved record production of 14,7 million tons and total sales volumes were up by 3% on FY17 to 17,9 million (FY17: 17,3 million) tons. The level of export volumes increased by 2% in comparison to FY17 while local sales volumes increased by 11%. The stable iron ore prices, higher "lumpy" grade premium and increase in sales volumes were, however, not sufficient to counter the effect of the stronger rand/US dollar exchange rate.

CHIEF EXECUTIVE OFFICER'S REPORT continued

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

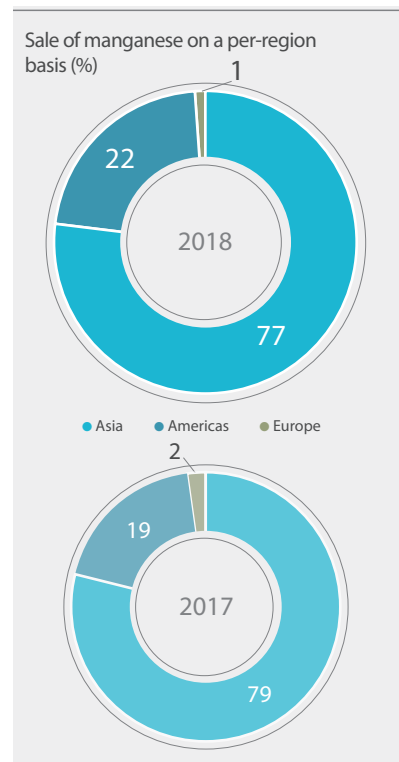


Earnings from the Iron Ore division reduced in the period, mainly as a result of the firmer rand/US dollar exchange rate, which was 6% firmer over the period. Capital expenditure in Assmang's Iron Ore division amounted to R1,8 billion, of which R302 million was spent on waste-stripping (FY17: R607 million). Other capital was allocated to the procurement of additional mining fleet machinery requirements.

MANGANESE ORE AND ALLOYS

The demand for manganese ore remained strong, driven by weaker than expected Chinese domestic manganese ore production and significantly higher Chinese electrolytic manganese metal (EMM) production. The manganese ore market did experience some price volatility due to environmental restrictions which resulted in manganese ore imports into China reaching historical highs. The strong demand and undersupplied Chinese market resulted in an improvement in manganese ore prices, with the average index price for high-grade material (44% grade manganese content), delivered in China (CIF) increasing by 19% to US dollar 6,88 per dry metric ton unit (dmtu), from US dollar 5,77 in FY17. The prices for medium-grade material (37% manganese content) free on board, South Africa (FOB) increasing by 23% to US dollar 5,59 per dry metric ton unit (dmtu), from US dollar 4,56 in FY17.

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

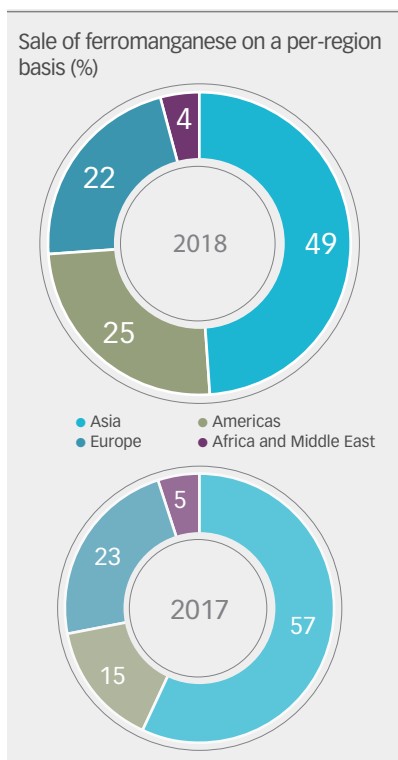


The alloy market remained undersupplied as growth in supply was not sufficient to cover the increases in demand. These conditions, together with robust manganese ore prices, strong steel consumption and high steel prices resulted in alloy prices across the grades being maintained at the higher levels seen since the start of CY17.

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

Oversupply in the manganese alloy market started to emerge in the markets outside of China in the second half of FY18 as supply caught up with the increased demand. Although demand from the steel industry remained firm, the increased supply did translate into price weakness. The average index price for the USA and Europe for the FY18 for high-carbon ferromanganese was US dollar 1 434 per metric ton delivered (including duties) (pmt DDP), (FY17: US dollar 1 179 pmt DDP) while the average for medium-carbon ferromanganese for the FY18 was US dollar 1 983 per metric ton delivered (including duties) (FY17: US dollar 1 706 pmt DDP).

Sakura Ferroalloys SDN BHD, Malaysia (Sakura), completed its first year of full production, with the additional production giving rise to additional sales volumes of ferromanganese. Sales of ferromanganese on a per-region basis for the current and previous financial years are illustrated as follows:



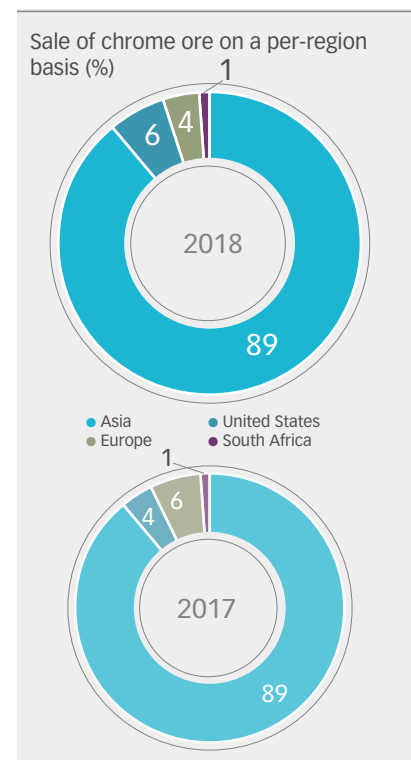
The positive price momentum and increased production of both manganese ore and alloys resulted in significantly increased earnings from the Manganese division.

Capital expenditure during the year in Assmang's Manganese division decreased by 19% to R1,3 billion (FY17: R1,6 billion) mainly due to lower capital expenditure incurred for the Black Rock Project, as most of the surface infrastructure improvements were completed and commissioned in FY17. The Black Rock Expansion Project is 90% complete, with R6,1 billion being spent to date.

CHROME

A combination of improved mining and beneficiation efficiencies gave rise to a 16% increase in production compared to FY17, with the mine achieving monthly record production on five occasions during FY18. This production, together with favourable market conditions, enabled the mine to achieve another year of record sales volumes of 1,6 million tons (FY17: 1,3 million tons). The production of stainless steel in China increased by 6% from 24,2 million tons in CY16 to 25,6 million tons in CY17 and world stainless steel production increased by 6% in the same period. The increased level of production of stainless steel supported firm demand and less volatile prices in FY18 compared to FY17. However, the average index market price was down by 28% year-on-year, with an average price for the year of US dollar 224 per ton (44% chrome content material, delivered China), compared to US dollar 310 in FY17. Despite this drop in the benchmark price, realised prices achieved were only 1% lower than the previous year.

The strong production, cost and sales performance combined to deliver another very good year for the Chrome division. The mine incurred capital expenditure of R300 million, mostly on replacement items. Sales of ores on a per-region basis for the current and previous financial years are illustrated as follows:



CHIEF EXECUTIVE OFFICER'S REPORT continued

WONDERSTONE

The group has been mining pyrophyllite since 1937 from a deposit outside Ottosdal, approximately 300 kilometres south-west of Johannesburg, which it trades as Wonderstone. It is volcanic in origin and displays unique heat holding, insulation and pressure-resistant properties. The bulk of the material mined is beneficiated and reworked into components for export to the USA, the United Kingdom and the Far East. These components are utilised in various high-tech industrial applications, including the manufacture of synthetic diamonds and consumable products for the welding and electronics industries, and are sold as specialist ceramic products. The most significant market for Wonderstone products is its use in the manufacture of polycrystalline diamond (PCD) cutters for drilling in the oil and gas well industries.

The export market, being the most significant market for Wonderstone, came under pressure due to restructuring at some of the traditional customers, leading to a change in preference for supply materials or outsourcing of the manufacturing processes that required pyrophyllite as an input material. The strengthening of the rand during the trading period further eroded margins on export sales. The domestic market performed in line with expectations and holds further potential, subject to ongoing test and development work that is being done in collaboration with one of Wonderstone's leading clients. Demand for Wonderstone run-of-mine (ROM) material into China remained strong.

The Dakot Wear Ceramics joint venture experienced challenging conditions in the ceramic beads market and found entry into the local tile manufacturing business extremely challenging. The business (Wonderstone's 40% share) recorded a

R2,1 million loss for the 2018 financial year. A decision was made to divest from this company, effective June 2018 (refer to note 35.2 to the consolidated annual financial statements).

Excluding impairment charges imposed in FY18, the attributable profit recorded by the Wonderstone operations amounted to R1,4 million (FY17: R5,1 million profit). Capital expenditure by Wonderstone for the year amounted to R1,2 million (FY17: R5,2 million), most of which was spent on plant and equipment.

GROUP LINE PROJECTS

Group Line Projects has improved its BBEE credentials through a restructuring process by effectively increasing its black ownership to 51%. Its product offering was diversified through strategic alliances in the field of structural maintenance products, in addition to the traditional wear lining products. Demand in the wear lining market continued to be weak with very few major construction projects. Group Line restructured and realigned its marketing efforts and has made inroads into new markets towards the end of the financial year. Financial performance, however, was disappointing, recording a loss of R14,9 million for the year (FY17: R2,7 million loss).

MARKETING AND SHIPPING

Wholly owned subsidiary Ore & Metal Company Limited is responsible for the marketing and shipping of all the group's products, including those produced by Assmang. Strong relationships have been established with customers in the Far East, Europe, North America, South America, Africa and India, and products with a market value of approximately R27,5 billion (2017: R29,7 billion), on which it earns commission, were marketed and distributed in these regions during the year. The company is an established

supplier to steel and allied industries worldwide and has operated effectively in these markets for over 80 years. Attributable profit after taxation for the year improved to R409,8 million (FY17: R383,4 million), due mainly to higher sales volumes, higher commodity prices for manganese ore and alloys and stable commodity prices for chrome ore and iron ore.

MINERAIS U.S. LLC

The group holds a 51% share in Minerais U.S. LLC (Minerais), which is a limited liability company registered in the state of New Jersey in the United States and Canada. Minerais is responsible for marketing and sales administration of the group's products in these countries, in particular manganese alloys, and it trades in other commodities related to the steelmaking industry. Minerais' contribution to the group's attributable profit for the year decreased to R65,3 million (FY17: R97,3 million) as a result of more sales being negotiated under distribution agreements, for which the profit margins are lower as the counterparty takes the market risk.

TECHNICAL AND OPERATIONAL MANAGEMENT

As technical adviser to Assmang and other group companies, African Mining and Trust Company Limited provides operational management services to the group's mines and plants. For these services it receives fee income, which is related to turnover in Assmang and to services provided to Dwarsrivier. The impact of increased commissions and management fees received of R24 million, was negated by increased operating and staff costs (R40,0 million), resulting in its attributable net profit after taxation for the year decreasing to R164,4 million (FY17: R181,3 million).

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

INVESTMENTS

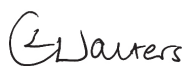
Assore holds a 28,9% interest in IronRidge Resources Limited (IronRidge), which is accounted for using the equity method (refer to page 20 of the consolidated annual financial statements for more detail). IronRidge has a portfolio of gold, lithium, bauxite, titanium and iron ore prospects in Africa and Australia. During the financial year IronRidge acquired 100% ownership of Tekton Minerals providing ownership of its gold exploration portfolio in Chad. It entered into a joint venture with Gail Exploration giving exclusive access to a gold exploration prospect in the Ivory Coast, and acquired highly prospective lithium pegmatite tenure in Ghana adjacent to its existing Ewoyaa lithium prospect on which drilling has commenced. The market value of the group's investment in IronRidge has decreased from GBP24,8 million (R423,0 million) at 30 June 2017 to GBP22,8 million (R410,4 million) at 30 June 2018.

The group holds a limited portfolio of listed shares which are selected and held in accordance with long-term investment criteria. In accordance with IFRS, the portfolio is valued in the financial statements at market value. During the year a portion of the portfolio was sold, at a profit of R43,4 million. The market value on the remainder of this portfolio increased and the group recorded a profit of R32,6 million on its revaluation (after allowing for capital gains taxation relief). At 30 June 2018, the market value of the remainder of the portfolio was R262,0 million, based on a cost of R157,8 million.

Other income for the group includes interest received of R502 million (2017: R349,3 million) generated on cash in excess of current requirements, which was invested on a short-term basis in the money market, both on variable and fixed rates. The increased amount of interest received is mostly due to elevated average available cash balances and higher rates of interest, which prevailed in part due to fixed rates being higher than the variable rates.

APPRECIATION

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



Charles Walters

Chief executive officer
19 October 2018

FIVE-YEAR SUMMARY OF THE CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENTS

Revenue

Profit excluding profit on disposal of available-for-sale listed investments

Profit on disposal of available-for-sale listed investments

Taxation

Share of profits and losses from joint-venture entity and foreign listed associate, after taxation (equity accounted)

Profit for the year

Attributable to:

– Shareholders of the holding company

– Non-controlling shareholders

As above

Other information

Attributable earnings as above (R'000)

Headline earnings (R'000)

Earnings per share (cents)

Headline earnings per share (cents)

Dividends declared during the year (gross)

Less: Dividends attributable to treasury shares

Dividends relating to the activities of the group for the year under review (cents)

– Interim declared and paid

– Final (declared subsequent to year-end)

Weighted average number of shares for purposes of calculating earnings per share

Ordinary shares in issue

Treasury shares, in accordance with IFRS*

Weighted average

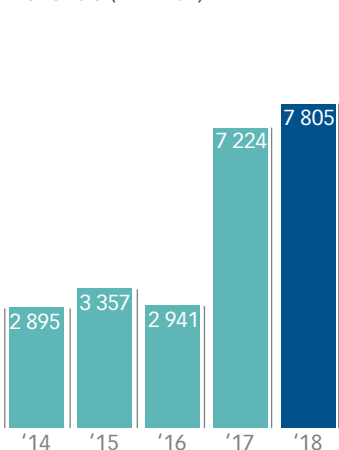
Average exchange rates for the year:

SA rand to US dollar

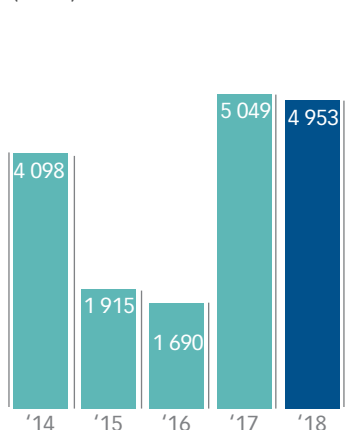
SA rand to euro

2014 R'000	2015 R'000	2016 R'000	2017 R'000	2018 R'000
2 894 596	3 357 297	2 941 047	7 223 959	7 804 737
698 503	76 792	400 303	2 472 277	2 270 040
—	—	—	—	42 432
(240 486)	(102 293)	(176 376)	(583 420)	(645 546)
3 572 155	1 315 941	1 273 714	3 249 473	3 508 076
4 029 722	1 290 440	1 497 641	5 138 330	5 175 002
4 005 123	1 403 371	1 539 363	5 021 171	5 119 329
24 599	(112 931)	(41 722)	117 159	55 673
4 029 722	1 290 440	1 497 641	5 138 330	5 175 002
4 005 123	1 403 371	1 539 363	5 021 171	5 119 328
4 229 890	1 976 351	1 744 176	5 209 046	5 108 750
3 881	1 360	1 491	4 869	4 963
4 098	1 915	1 690	5 049	4 953
1 116 856	1 186 660	698 035	1 535 677	2 512 926
(291 200)	(309 400)	(182 000)	(400 400)	(656 207)
825 656	877 260	516 035	1 135 277	1 856 719
450	300	200	600	1 000
550	300	500	800	1 200
1 000	600	700	1 400	2 200
139 607	139 607	139 607	139 607	139 607
(36 400)	(36 400)	(36 400)	(36 430)	(36 456)
103 207	103 207	103 207	103 117	103 151
10,42	11,46	14,65	13,26	12,82
13,06	13,61	15,97	14,62	15,77

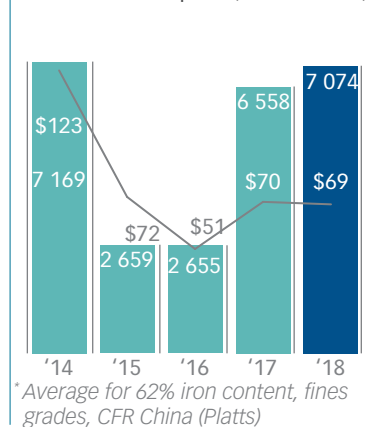
Revenue (R million)



Headline earnings per share (HEPS) (cents)



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



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

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

STATEMENTS OF FINANCIAL POSITION

ASSETS

Non-current assets

Investment in joint-venture entity	14 768 170	14 585 308	15 094 529	15 327 400	15 984 321
Property, plant and equipment and intangible assets	552 191	256 504	178 609	1 584 642	1 793 865
Investments					
– available-for-sale listed investments	377 988	233 972	180 084	229 376	262 003
– foreign listed associate	—	120 756	124 848	108 729	154 896
– available-for-sale unlisted investments	46 613	47 808	44 591	24 098	7 568
Long-term receivable	—	—	—	—	6 000
Pension fund surplus	56 973	57 474	68 070	93 144	129 245
Deferred taxation	—	4 964	17 421	—	—

Current assets

Other current assets	1 011 113	1 335 087	1 455 937	2 327 364	2 584 281
Cash resources (including restricted cash)	2 144 598	2 871 195	3 664 447	5 626 778	8 449 797
Assets held for sale as part of identified disposal groups	—	—	—	—	1 351

Total assets

EQUITY AND LIABILITIES

Share capital and reserves

Equity attributable to shareholders of the holding company	17 302 592	17 808 956	18 945 480	22 649 300	26 091 352
Non-controlling shareholders' interests	150 271	15 765	(33 871)	(24 348)	(40 990)

Total equity

Non-current liabilities

Deferred taxation	63 426	—	—	283 778	345 440
Long-term liabilities	373 234	367 181	28 918	134 920	184 152

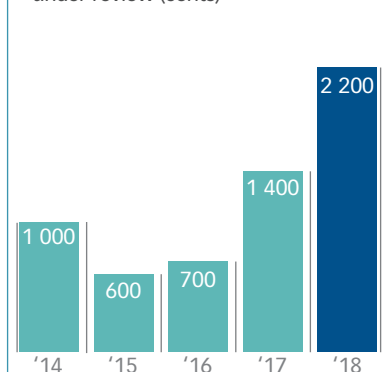
Current liabilities

Non-interest-bearing	529 535	360 300	892 235	1 698 162	2 191 727
Interest-bearing	538 588	960 866	995 774	579 719	584 472
Liabilities associated with assets held-for-sale	—	—	—	—	17 174

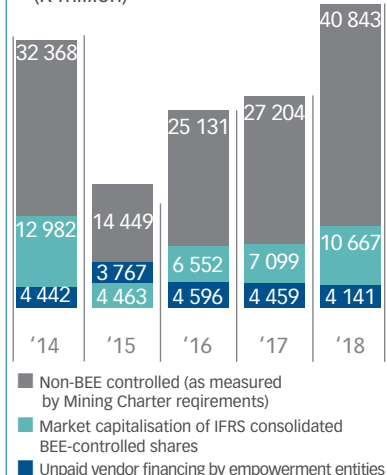
Total equity and liabilities

Exchange rates at year-end					
SA rand to US dollar	10,58	12,27	14,86	13,03	13,72
SA rand to euro	14,44	13,73	16,49	14,89	15,98

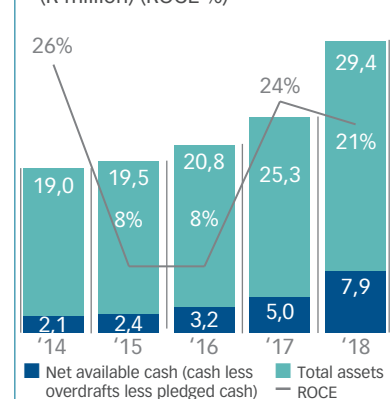
Total dividends per share relating to the activities of the group for the year under review (cents)



Market capitalisation – analysis (R million)



Total assets versus available cash (R million) (ROCE %)



SUSTAINABILITY REPORT

Lost-time injuries (LTIs)

Dwarsrivier	5
Wonderstone	3
Rustenburg Minerals	–
Zeerust	–

8
(2017: 7)

Total Assore
operations

Lost-time injury frequency rates (LTIFRs)

Dwarsrivier	0,19
Wonderstone	1,85
Rustenburg Minerals	–
Zeerust	–

0,27
(2017: 0,25)

Total Assore
operations

Occupational health surveillance

2 585
Audiometric
surveillance tests

4 121
Medicals
performed

Total Assore operations: Workforce composition



Focus of CED funding

R15,6 million
was allocated to
infrastructure
development

R6,9 million
to education

R31,5m
(2017: R27,6 million)

Total CED spend
per Assore
operations

Dwarsrivier Chrome Mine water treatment plant

Dwarsrivier Chrome Mine recognises water as a scarce resource. As such water conservation and demand management is seen as a key management activity at the mine. Securing long-term availability of water and managing water quality is also strategically important for the sustainability of the mine. In light of this the mine operates its water resources on the principles of optimal water use and conservation as set out in the Mining Best Practice Guidelines. This is achieved by managing a closed water balance aimed at zero discharge and minimal abstraction.

To further these aims the mine successfully commissioned the first phase of its new water treatment facility. The facility is designed to treat dewatering water from the underground operations at a rate of 450 cubic metres of water per day. The first phase of the project involved testing the biological treatment of nitrate which is introduced into the water through the use of ammonium nitrate in the blasting activities. Phase two of the project is currently under commissioning and will target various other elements in the water with the primary objective of delivering water of a potable standard. The treatment facility will assist the mine to manage its water balance better, reduce potential environmental contaminants in the system, and secure a long-term supply of high-quality water for water-sensitive processes and domestic use.

Having proven the viability of biological treatment of nitrates at the mine a number of opportunities for proactive management exist. Targeting potential sources of nitrate water contamination to lower the post-closure liability associated with mine environmental remediation is one of these opportunities that is currently under investigation.



DCM 450 cubic metre per day water treatment plant

Learnerships and bursaries

35
Learnerships



43
Bursaries



ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

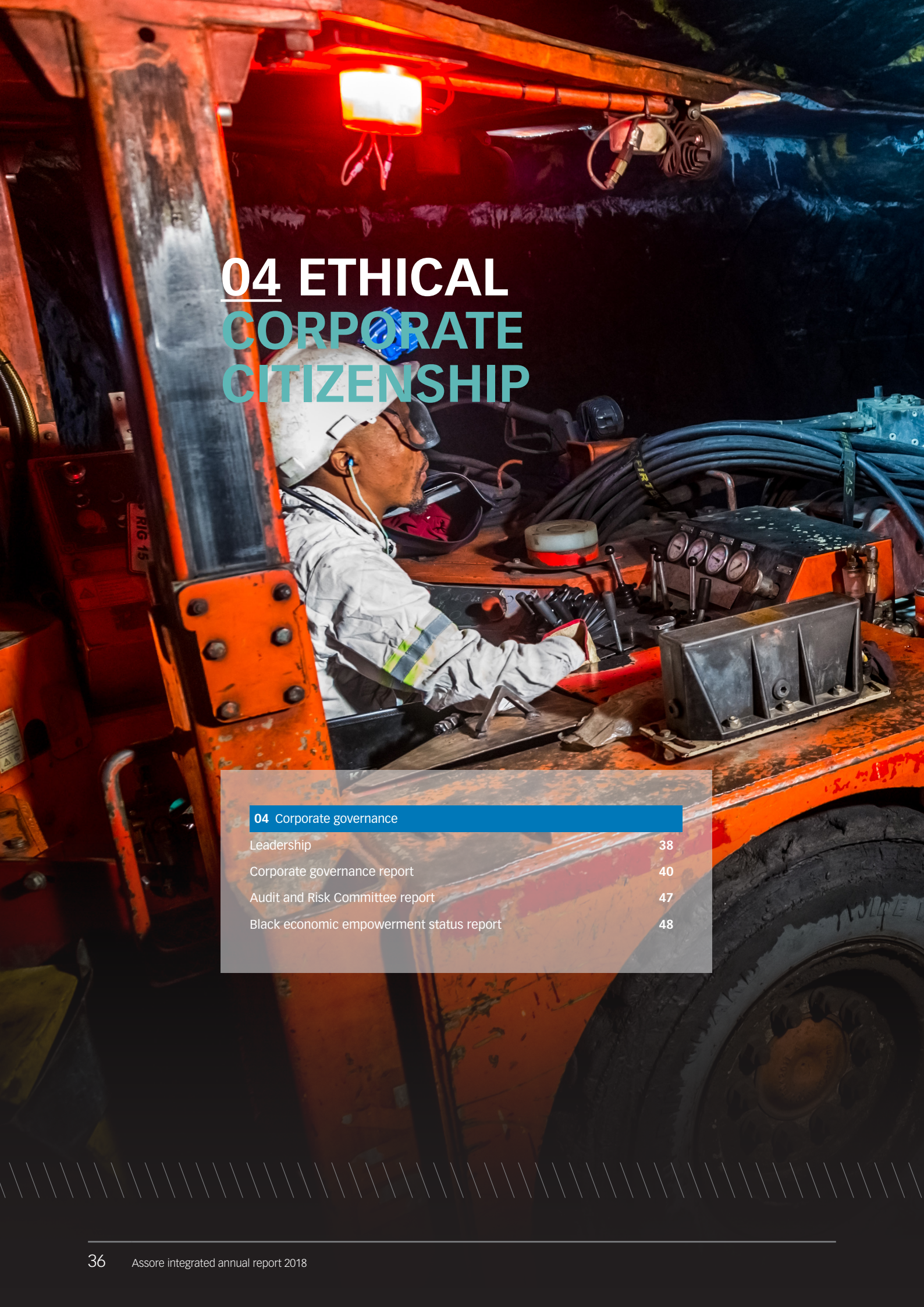
FINANCIAL YEAR

FINANCIAL YEAR		2018		2017	
Indicator	Unit	Assmang operations	Assore operations	Assmang operations	Assore operations
HUMAN RESOURCES MANAGEMENT					
Total number of employees as at 30 June	Number	11 821	2 454	11 918	2 345
– Permanent	Number	5 336	1 251	4 793	1 260
– Contract	Number	6 485	1 203	7 125	1 085
Production days lost to strike action	Number	4	—	—	—
Total new employee houses completed since start of project	Number	1 518	87	1 510	87
SAFETY PERFORMANCE					
Fatalities	Number	—*	—	—	—
Lost-time injuries	Number	11	8	15	7
Lost-time injury frequency rate	Per 200 000 hours	0,13	0,27	0,17	0,25
Section 54 notices issued (Mine Health and Safety Act)	Number	2	3	1	4
Production shifts lost due to section 54 notices	Number	3	5	—	15
Prohibition notices issued (Occupational Health and Safety Act)	Number	—	—	—	—
OCCUPATIONAL HEALTH AND WELLNESS MANAGEMENT					
Medicals performed	Number	19 597	4 121	16 759	4 215#
Audiograms performed	Number	24 326	2 585	20 018	3 414#
Noise-induced hearing loss cases referred for compensation	Number	2	7	2	4
New TB cases reported	Number	17	7	4	11
– Pulmonary TB	Number	6	7	12	9
– Multi-drug resistant TB	Number	—	—	—	2
ENVIRONMENTAL MANAGEMENT					
Total greenhouse gas emissions	Tons CO ₂ e	1 174 063	79 589	1 216 079#	74 817
Scope 1 emissions	Tons CO ₂ e	369 573	8 254	349 419#	10 046
Scope 2 emissions	Tons CO ₂ e	804 490	71 335	866 660	64 771
Diesel consumption	'000 litres	59 164	2 853	49 837#	3 746
Electricity consumption	MWh	829 372	72 065	875 415	69 261
Water consumption	m ³	10 203 604	475 290	9 811 901	736 945
Waste generation					
– Waste rock	Tons	60 739 143	89 638	51 307 405#	134 595
– Tailings/slag/discard waste	Tons	6 034 384	819 168	6 584 276#	783 152
Financial provision for rehabilitation and closure	R million	723,3	128,4	693,5	71,5
Number of environmental administrative penalties/fines	Number	—	—	—	—
Community and economic development expenditure	R million	101,2	31,5	69,5	27,6

[#] Restated from previous year

*One fatality was reported for Sakura FerroAlloys SDN BHD in which Assmang Limited (South Africa) has a 54,36% shareholding.

All figures for the Assmang operations are stated on a 100% basis.



04 ETHICAL CORPORATE CITIZENSHIP

04 Corporate governance

Leadership	38
Corporate governance report	40
Audit and Risk Committee report	47
Black economic empowerment status report	48



Dwarsrivier Chrome Mine underground face drilling

LEADERSHIP



Executive directors and board members

1. Desmond Sacco (78)

Chairman

BSc (Hons) (Geology)

Board committee:



* Appointed on 6 August 1974

2. Charles Walters (50)

Chief executive officer

BSc (Mech) Eng, BCom, PMD

* Appointed on 1 July 2017

3. Ross Davies (48)

Chief financial officer

BCompt (Hons), CA(SA)

Board committee:



* Appointed on 20 February 2018

4. Patrick Sacco (40)

Group marketing director

BA (Indus Psych), MA (Marketing)

* Appointed on 1 July 2007

5. Bastiaan van Aswegen (57)

Technical and operations director

BEng (Metallurgy), BCom, MEng

Board committee:



* Appointed on 14 October 2011

6. Kieran Daly (49)

Executive: growth and strategic development

BSc (Mining) Engineering, MBA

7. Bongani Phakathi (48)

Executive: HR and public affairs

BCom, PG Dip IR



Full CV information for our Directors can be found at www.assore.com/directorate-2/



Member of the board



Executive Committee

Board committees:

 Remuneration  Audit and Risk  Social and Ethics  Nominations

* Appointed to the Assore board.

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52



Independent non-executive directors

8. Edward Southey (76)

Deputy chairman and lead independent non-executive director

BA, LLB

Board committees:



* Appointed on 2 January 2009

9. Delight Aitken (42)

Independent non-executive director

Dip Bus Admin

* Appointed on 1 March 2017

10. Thandeka Mgoduso (62)

Independent non-executive director

BA, MA (Clinical Psychology)

Board committee:



* Appointed on 2 February 2015

11. Sydney Mhlarhi (45)

Independent non-executive director

BCom, BAcc, CA(SA)

Board committee:



* Appointed on 15 October 2012

12. William Urmson (76)

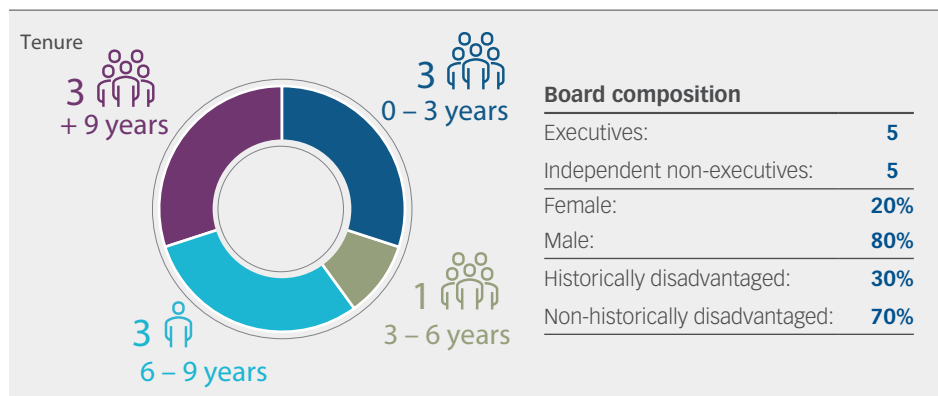
Independent non-executive director

CA(SA)

Board committees:



* Appointed on 1 October 2010



CORPORATE GOVERNANCE REPORT

The group subscribes in all its activities to principles of best practice in business management and corporate governance for South African companies, as set out in the King Report on Corporate Governance (King IV), which it implements in accordance with the following framework:

- Establishing a risk and control environment within each of its business entities where management, in conjunction with the necessary support from the Audit and Risk, and Social and Ethics committees, is responsible for identifying, quantifying and managing risks related to the achievement of the organisation's objectives on a sustainable basis. The assessment of risk is based on their potential impact on the group to continue its business.
- Creating a process which provides the board, through the Audit and Risk, and Social and Ethics committees, with assurance regarding the adequacy of internal control within the organisation, ie that the risk and control environment is appropriate for the business concerned and that the business is operated in a manner which provides the board with reasonable assurance that the group's assets are appropriately safeguarded.
- Implementing a formalised review process to identify the effectiveness of both the risk management environment and the assurance processes. This is generally the role of the internal audit function and other independent technical assurance specialists used on a consultancy basis. (Refer "Assurance" on page 3.)



The company's shares are listed on the JSE, which requires all listed companies to comply with the Code of Corporate Practices as set out in King IV. A detailed governance register is located on the group's website, under the "About us" tab.



PRINCIPLE 1: The governing body should lead ethically and effectively

The governing body of the group, the board, is committed to ethical leadership beyond mere legal compliance, and to acting in the best interest of the group at

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

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

The board assumes responsibility for the establishment and maintenance of ethical standards. Ethical issues are managed by way of executive involvement in day-to-day management processes of the group, and by senior management who interact with staff at all levels to ensure that high ethical standards commensurate with board expectations are maintained. Issues that cannot be resolved by line management are addressed by way of oversight by the Social and Ethics committee, which acts on behalf of the board (SEC, refer "Social and Ethics committee"). The group applies a code of ethics, as approved by the SEC and the board, and all staff who bear line responsibility are required to be trained in the application of this code. Various channels to facilitate effective whistle-blowing procedures are in place in the group to afford employees and other parties the opportunity to bring unethical or unlawful practices to the attention of senior management on an anonymous basis. The board believes that management is sufficiently experienced to ensure that the requirements of the group in respect of laws, rules, codes and standards do not expose the group to material risks in this respect. In addition, senior management consults with external legal counsel in unfamiliar and complex areas.

Insider trading and closed periods

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

All directors and staff are required to obtain the written approval of the chief executive officer (CEO) prior to dealing in the company's shares at any time during the year. Any dealings by the CEO in Assore shares require the approval of the lead independent director. Due to the significance of the group's involvement in Assmang, as well as Assmang's bearing on the results of Assore's joint-venture partner, African Rainbow Minerals Limited (ARM), senior staff members are also precluded from dealing in ARM's shares in these closed periods.

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

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

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

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

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

 pages 16 and 17).

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

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

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

Board of directors

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

Board composition

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

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

Professional advice

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

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

Independence
Independent non-executive directors are appointed in terms of three-year renewable contracts and the board evaluates their independence annually, based on returns submitted by each director. The roles of the chairman and CEO are separate, and non-executive directors are not permitted to serve for periods longer than nine years in the aggregate without board approval. Non-executive directors do not receive any benefits from the company other than their fees for services as directors.

Election and succession

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

In accordance with the company's Memorandum of Incorporation (Mol), all non-executive directors are subject to retirement by rotation and re-election by shareholders at least once every three years, provided that at least one-third of their number offer themselves for re-election at each Annual General Meeting (AGM) as required by the Listings Requirements of the JSE. In addition, all directors are subject to re-election by shareholders at the first AGM following their initial appointment. A brief *curriculum vitae* of each director is set out under the leadership tab on the group's website www.assore.com/directorate-2/.

The appointment to the board and the assessment of continued eligibility on the board are made by the executive directors with the oversight of the non-executive directors and in consultation with the board as a whole. The management structure of the group provides effective succession for each executive director, which occurs by way of understudy by appropriately qualified and experienced senior staff members, ensuring sufficient depth of expertise in areas that are critical to the continuation of the group's business activities. The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

CORPORATE GOVERNANCE REPORT continued

Meetings

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

	Possible attendance	Attended
Desmond Sacco	4	4
EM Southey	4	4
CE Walters	4	4
RA Davies*	2	2
BH van Aswegen	4	4
PE Sacco	4	4
DN Aitken	4	4
S Mhlarhi	4	4
TN Mgoduso	4	4
WF Urmson	4	4

* Appointed 20 February 2018.

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

Audit and Risk Committee

The committee meets at least three times per annum on predetermined dates, with *ad hoc* meetings convened to consider significant risk and accounting issues when necessary. The committee met four times in the year under review. A separate meeting was held to consider the appointment of a new internal audit firm. The attendance at these meetings is tabled below:

	Possible attendance	Attended
EM Southey (Chair)	4	4
S Mhlarhi	4	4
WF Urmson	4	4

The chairman of the committee reports on its activities at each board meeting. Representatives of the internal and external auditors are invited to attend all meetings of the committee and, if necessary, have access in private to the chairman of the committee throughout the year. The CEO, Chief Financial Officer (CFO) and representatives of the company secretary attend all meetings by invitation. Board members who are not members of the committee are entitled to make submissions at its meetings, with the prior consent of its chairman. Internal and external auditors meet members of the committee at least once annually without members of management being present in order to discuss the quality of their relationship and evaluate the level of cooperation which they were afforded during the conduct of their audit work in

the year under review. The committee recommended the approval of the integrated annual report for 2018 to the board on 19 October 2018.

The terms of reference of the Audit and Risk Committee are documented, have been approved by the board, and are reviewed periodically to ensure they remain appropriate to the activities of the group. The principal objectives of the committee that emanate from its terms of reference, and which were applied during the year under review, are:

- to monitor the risk profile as compiled by internal audit and agreed to by management, and make recommendations on the composition and classification of the risk profile for the group (refer to “Risk management” on page 44);

- by taking into account the group’s combined assurance model (refer page 3), to integrate the activities of assurance providers so that all risks are identified and appropriate mitigation steps are taken;
- to provide a forum for management and representatives of the external and internal audit functions to resolve issues which arise from all external and internal audit activities;
- to make recommendations to the board regarding the appointment of the external auditors;
- to review the activities, services and performance of the external auditors, evaluate their independence and review their overall role and the appropriateness of fees charged;
- to review and approve the annual financial statements, interim reports and related disclosures and other significant announcements made by the group, making the necessary recommendations to the board;
- to consider the appropriateness of the group’s accounting policies;
- to monitor and supervise the effectiveness of the internal audit function (refer “Internal audit and internal control” on page 46) to ensure that the roles of both internal and external audit are clear in order to provide an objective overview of the operational effectiveness of the group’s systems of internal control and reporting;
- to receive and consider feedback on issues relevant to the committee raised at meetings of the Social and Ethics Committee (refer “Social and Ethics Committee” on page 43); and
- obtain reports from management, and make the necessary enquiries from external and internal audit and of management, on any matters which are the subject of litigation, ensure compliance with material aspects of legislation and create awareness of pending changes to legislation (refer “Legal compliance” on page 45).

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

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

The committee is satisfied that the external audit function remains independent. The chair of the committee approves all services undertaken by the external auditor prior to engagement. The external auditor's own requirements enforce an audit tenure of no more than five years for the incumbent chief audit executive (CAE). The committee assessed the suitability and recommended the reappointment of Ernst & Young Inc. (EY) and the CAE, Dave Cathrall, as the group's independent external auditors for the 2018 financial year based on the information submitted by EY in terms of paragraph 22.15(h) of the JSE Listings Requirements.

Social and Ethics Committee

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

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

The Social and Ethics Committee (SEC) reports to the board and provides feedback on issues raised at its meetings to the board and to the Audit and Risk Committee for consideration where relevant. The key aspects of its terms of reference include the monitoring of the group's activities relating to any relevant legislation affecting the group's activities, or prevailing codes of best practice with regard to matters relevant to:

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

Remuneration Committee

Since salaries and bonuses are reviewed on an annual basis, the committee meets formally at least once a year, in addition to *ad hoc* meetings that may be necessary from time to time. The CEO attends meetings of the committee by invitation

but is not entitled to vote. Executive remuneration awards were discussed and agreed to by way of round robin resolution.

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

Recommendations on the broad framework and cost of executive remuneration are made annually to the committee for approval. To do so, the committee is required to determine:

- the group's general policy on executive remuneration;
- specific remuneration packages for executive directors;
- where necessary, criteria to assess the required performance of executive directors; and
- the necessity to take independent professional advice on remuneration issues.

Due to the sensitivity of individual remuneration levels, the remuneration of senior employees, other than directors, is not disclosed. However, the total cost of the remuneration of senior employees is

disclosed in the consolidated financial statements (refer note 33.1), and directors' remuneration of the holding company directors for the current and previous financial year is set out on page 9 of the annual financial statements.

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

Board and committee performance evaluation

The chairman represents the controlling shareholder and is therefore in a position effectively to evaluate the performance of board members and that of its various committees in meeting the group's objectives, and as a consequence ongoing evaluation of the board and its various committees does not occur on a formal basis. The structure of the management of the business permits regular interaction, which occurs between all levels of management, ensuring that the various structures in the Assore group operate in accordance with their terms of reference. As stated in the section on remuneration (refer page 45), executive directors are not appointed in terms of contracts, and their services may be terminated in accordance with legal requirements without exposing the group to pre-existing financial obligations.

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

A key aspect of the group's activities includes marketing and distribution. As a result, the reputation of and relationships with its customers and all other stakeholders is assessed in all of the board's actions, and not in isolation. Further insight into the group's activities is provided to the chairman at regularly convened Executive Committee meetings, which are attended by the executive directors and other senior members of management. The skills set required of executive directors of other group companies is determined by the Assore

CORPORATE GOVERNANCE REPORT continued

executive. Attendance by external advisers at meetings of the board and its various committees is arranged when considered necessary.

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

Chief executive officer and chief financial officer

The CEO assumes ultimate responsibility for all executive issues, including the information technology (IT) function, and ensures that issues raised within the group's various committees and subcommittees are addressed by the responsible staff and, further, that these issues are elevated to the appropriate level when it is apparent that more senior management involvement is necessary. The CEO does not have other professional commitments, including membership of other governing bodies outside of Assore. The group has appointed a chief financial officer, who assumes responsibility for the group's financial position and related issues.

Company secretary

The company has appointed a wholly owned subsidiary, African Mining and Trust Company Limited (AMT), as Company secretary. The board and senior staff of that company, who are all appropriately qualified, ensure that all applicable provisions of the Companies Act are applied in the affairs and management of the group. The board of directors of AMT includes an adequate number of persons with professional qualifications to ensure that an appropriate level of independence is maintained and that its affairs are conducted on an arm's length basis. The board has considered the necessary skills and competence of these secretarial functions and was satisfied as to the level of expertise included in these functions.

Group boards

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

necessary alteration or rejection. The board of the holding company is satisfied that the delegation of authority framework contributes to the role clarification and the effective exercise of the authority and responsibilities.

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

Risk management

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

Management of group risk is critical to the sustainability of the group and is achieved through the identification and control by various risk management committees of all risks, including operational risks, which could adversely affect the achievements of the group's business objectives. Risk assessments are ongoing, and risk registers for all significant operations in the group are prepared and updated quarterly by a dedicated risk management department, with assistance from specialist external consultants.

For larger business entities in the group, independent risk engineering consultants grade each operation against international risk standards for fire, security, engineering, commercial crime, contingency planning and mining, as well as environmental risk, to monitor whether current practices meet the set criteria and are being maintained. Input is obtained from various risk management committees comprising representatives from senior management. On completion and review of these processes, insurance cover is taken out on insurable risks where considered

appropriate. In addition to these processes, other risks deemed relevant to the Assore group are presented to the Audit and Risk Committee, which is given the opportunity to comment and provide input on the assessments which are tabled. The assets of the group are included in a comprehensive insurance programme, with an independent valuation of fixed assets occurring every three years.

The respective risk management committees are also responsible for ensuring that appropriate financial and insurance mechanisms are integrated into the risk plan and that the group is protected against catastrophic risk. The group risk management process includes an ongoing review of compliance with relevant legislation and standards in the following areas (refer "Group sustainability performance" on page 35):

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

Details of the principal risks to which the group is exposed are included on pages 19 to 21 of this report.

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

The management of information technology (IT) falls within the remit of the CEO, who chairs regular meetings of the IT Steering Committee (IT Steerco). The IT Steerco consists of senior staff members of the group, who receive representations from the chief information officer (CIO) on pertinent IT issues. The purpose of the IT Steerco is to address the appropriateness and relevance of the IT infrastructure, monitor and further the progress of major IT projects, information and cyber security, the design and maintenance of disaster recovery procedures, and related staffing and administrative issues. The IT Steerco seeks external advice when required. Matters of relevance to the business are communicated by the CEO to the Audit and Risk Committee or the board, where appropriate. In addition, the IT systems are subjected to a detailed annual external audit, the results of which are reported on to the Audit and Risk Committee for attention and action where necessary.

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

Disaster recovery (DR) is catered for by means of daily back-ups of electronic information and media, which are physically housed in a building separate from where the IT hardware is located. The group has also replicated its hardware environment in a separately housed DR area.

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

Legal compliance

The board has delegated the responsibility for oversight of legal compliance, covering operational, trade, labour and regulatory areas to the Social and Ethics Committee, from which management receives any guidance deemed necessary for the fields appropriate to its terms of reference. Suitably qualified consultants have been appointed to ensure that legal compliance is maintained in the business sectors in which the group operates. Management of compliance by the group is effected through senior staff members, who report to executive board members responsible for safety, health, environment and quality (SHEQ), and issues pertaining to contracts, human resource issues, procurement and information technology. Due to the importance attached to compliance with competition law requirements, the group operates a competition law compliance programme and has ensured that all senior staff members are familiar with the requirements of the Competition Act. The Audit and Risk Committee ensures that matters having significant levels of risk material to the group receive the appropriate attention, and that adequate provision and appropriate disclosure are made for known and determinable exposures.

Safety, health and environmental (SHE) legal compliance audits are conducted on an ongoing basis for all significant operations. In addition, a high-level compliance review is conducted every second year for the group's other operations, the results of which are noted at meetings of the SEC.

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

to ensure the appropriateness of the methods adopted to resolve issues.

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

Remuneration policy

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

- both mining and the marketing and selling of commodities, whether locally or internationally, are long-term businesses, and certain essential skills are required to ensure the sustainability of the group's operations through the various international commodity and economic cycles to which the group is exposed;
- the sustainability of the group's business depends on it being able to attract and retain individuals with appropriate skills, knowledge and experience in all aspects of the group's activities, particularly where long-term contracts are involved;
- the group's products are sold internationally and locally and the customer base has to be managed carefully to ensure profitability and sustainability; and
- the measurement of the group's achievements against its stated performance objectives (refer "Our strategy" on page 18), which takes into account changes in economic factors beyond the control of management.

Determination of remuneration

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

The levels of remuneration are benchmarked annually against remuneration paid to executives in other listed companies in the resources sector and, where appropriate, against levels of

remuneration paid within the relevant professions of individual employees. The remuneration of directors and senior staff depends on the size and complexity of the operations of the group and the level of professional input required within the business environment concerned, and has due regard to the calibre, expertise and seniority of the person required for the position.

All employees are remunerated on the basis of a fixed salary and variable bonus awards. Bonus awards are made to all staff and are based on the performance of the group and the successful achievement of its long-term strategic objectives. Limited reliance is placed on the achievement of short-term performance indicators in determining group and individual levels of remuneration, with emphasis being placed rather on contribution to group effort and achievement in the long term. Bonuses are determined on the basis of the results and performance of the group for the year in question, taking into account conditions applicable in the particular commodity cycle, and are reviewed and approved by the Remuneration Committee. The impact on earnings per share after taxation for the year of the bonuses paid to executive directors of Assore was 25 cents (FY17: 21 cents), amounting to 0,50% (FY17: 0,43%) of earnings per share. The group does not operate a share incentive scheme or share option scheme for executive directors or senior staff. However, these members of staff are the beneficiaries of certain performance bonus arrangements and incentive schemes.

In order to incentivise and create value for the group's employees, the group operates a dividend and equity participation scheme through the Assore Employee Trust (refer "Black economic empowerment status report", page 48), whereby non-managerial staff who do not participate in pre-existing incentive schemes or performance bonus arrangements participate in dividends declared by Assore as well as in the growth in Assore's share price over a predetermined vesting period. Directors and senior staff do not participate in this scheme.

Service agreements

None of the executive directors has signed a service agreement with the group. Accordingly, there are no contractual or financial obligations on the group in the

CORPORATE GOVERNANCE REPORT continued

event of premature termination of employment.

Non-executive directors

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

Shareholders' approval

The board acknowledges the requirements of King IV for shareholders to pass a non-binding advisory vote on the company's remuneration policy on a biannual basis. The group, however, requires shareholders to pass a non-binding advisory vote in this respect on an annual basis. The advisory endorsement was passed by 94,00% of the voting shares at the previous Annual General Meeting (AGM) held on 24 November 2017. The implementation of directors' remuneration is set out on page 9 of the consolidated annual financial statements, for which shareholders are required to pass a non-binding advisory vote at the AGM. In the event that the non-binding advisory vote is voted against by 25% or more of the votes exercised at the AGM, the Remuneration committee will review the remuneration policy and/or its implementation, as appropriate. Directors' fees are approved by means of a special resolution as required by section 66(9) of the Companies Act, No 71 of 2008, as amended (the Companies Act). Details of these procedures and relevant information are set out in the notice of Annual General Meeting.

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

The various levels of assurance obtained by the group is set out on page 3.

Internal audit, internal control and external audit

Internal audit has adopted its terms of reference from the Audit and Risk Committee (the committee), and all

internal audit work is undertaken based on the ongoing risk assessment process which is presented annually by internal audit to the committee, to ensure that the focus of the internal audit activities are optimised and integrated with the external audit function (refer "Risk management" and "Internal audit and internal control"). The internal audit functions of Assore and Assmang are outsourced (refer "Assurance", page 3), and the responsible senior executive on the engagement has direct access to the chairman of the committee.

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

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

The board, through its Audit and Risk Committee, is responsible for ensuring the implementation of appropriate internal

controls, which are reviewed regularly for efficiency and effectiveness, taking into account the risk profile of the group (refer pages 19 to 21). These controls are designed to manage the risk of failure of internal controls and provide reasonable assurance that there are adequate systems of internal control and appropriate corporate governance procedures in place. As with all management systems, the assurance which is provided is not absolute and the risk of failure cannot be eliminated entirely. Internal auditors monitor the operation of the internal control systems and governance processes and, after discussion with management, report findings and recommendations to the Audit and Risk Committee. Corrective action is taken to address control deficiencies as and when they are identified. Material issues of compliance are among standard items on the agenda of the Audit and Risk Committee, and minutes of these meetings are made available to internal audit. The heads of the outsourced internal audit functions have access to the Chairman of the Audit and Risk Committee throughout the year. Nothing has come to the attention of the Audit and Risk Committee or the board to indicate that any material breakdown in the effective functioning of internal controls or corporate governance procedures has occurred during the year under review.

Representatives of the internal audit firms are invited to attend Audit and Risk Committee meetings and, where areas of new risk are identified, such as initiation of capital projects or new systems of internal control or IT systems implementation, separate independent investigations take place on an *ad hoc* basis in addition to the programmed reviews referred to in this report.

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

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

AUDIT AND RISK COMMITTEE REPORT

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

Ed Southey



COMMITTEE MEMBERS

EM Southey (Chairman)

S Mhlarhi

WF Urmson

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

ROLES AND RESPONSIBILITIES

The roles and responsibilities of this committee are defined in its terms of reference (refer page 42 of the corporate governance report), approved by the board.

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

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

MATERIAL ISSUES CONSIDERED BY THE COMMITTEE DURING THE YEAR

The committee approved the internal and external audit plans and audit fees for the 2018 financial year. The internal and external audit reports were tabled at its meetings and any matters arising from the reports were resolved appropriately. Recommendations were made to the board for the approval of the financial results for the period and year ended

December 2017 and June 2018 respectively. The committee also evaluated the group's financial position and agreed on an interim and final dividend to be proposed to the board for approval. Other standard agenda items consist of matters arising from the social and ethics committee and the review of the group's risk inventory.

In addition to the committee's standing agenda items the following matters were tabled for consideration during the 2018 financial year:

- approval of the group's code of ethics and applicable training for staff;
- the submission of the income tax returns, correspondence with SARS and matters relating to taxation;
- corporate governance procedures relating to the application of the revised code of corporate governance (King IV);
- issues raised in terms of the JSE's process regarding the proactive monitoring of financial statements;
- the impact of new accounting standards and applicable training for staff where relevant;
- the appointment of PwC as the group's outsourced internal auditors;
- the review of the information technology infrastructure currently underway by executive management; and
- litigation matters.

BLACK ECONOMIC EMPOWERMENT STATUS REPORT

Assore strongly endorses the broad-based black economic imperatives contained in the Minerals and Petroleum Resources Development Act (the MPRD Act) and the Broad-based Socio-economic Empowerment Charter for the South African Mining Industry issued thereunder (the Mining Charter).

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

The Mining Charter is intended to facilitate the entry of historically disadvantaged South Africans (HDSAs) into the mining industry. The scorecard which the state issued pursuant to the Mining Charter required, *inter alia*, that mining companies should achieve 26% HDSA ownership of mining assets by 1 May 2014. The Mining Charter also requires, *inter alia*, that mining companies provide plans for achieving employment equity at management level, and procuring goods and services from black empowered organisations on a preferential basis, in accordance with the predetermined criteria set out in such plans.

Assmang has secured new-order Mining Rights for all its operations, while Dwarsrivier has a registered new-order Mining Right, issued on 30 June 2016. Wonderstone has successfully converted and executed its old-order Mining Rights to new-order Mining Rights for pyrophyllite.

The group has implemented a preferential procurement policy at all its operations (refer "Preferential procurement" in this report) and has developed social and labour plans (SLP) for each of its operations, as well as local economic development (LED) projects which support the integrated development plan of the

relevant local authority. The plans, which have received the approval of the relevant departments, include the construction of schools and crèches, food security projects, and presentation of programmes on adult education, health and safety, and environmental awareness (refer "Sustainability report", located on the group's website under "Annual reports", "Investor & Media" tab).

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

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

THE BOLENG AND FRICKER ROAD TRUSTS

The Boleng and Fricker Road trusts (the trusts) have been established for the benefit of HDSAs and broad-based HDSA community groupings residing in the areas in which the Assore group's mines and beneficiation plants are located. Since the objectives of the trusts are very similar and they have the same trustees, the Boleng Trust is a beneficiary of the Fricker Road Trust.

In terms of agreements between Assore and the trusts, the Fricker Road Trust qualified for dividends (after dividends tax) of R27,2 million (2017: R21,8 million) during the year, while the Boleng Trust was entitled to a flow-through payment of R20 million (2017: R8 million), irrespective of the commitments to the Assore group with regard to the funding of the

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

transaction provided by Assore. The boards of trustees of these trusts are as follows:

Dr TG Sibiyi (Chairman)*

RN Lekgatlhe[#]

Ms K Makhaya*

M Mtshali*

Ms TPJ Ngxulelo*

CE Walters[^]

* Independent trustee

[#] Founder trustee

[^] Founder trustee appointment in process

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

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

During the 2018 financial year, and pursuant to the trust deeds, the trustees have approved expenditure on its major projects amounting to R9 million (2017: R14,7 million) and have committed themselves to spending a further R21,7 million on these and other projects, details of which are as follows:

Operation	Description	Spend to date R'000	Commitment R'000	Total R'000
Dwarsrivier	Tertiary Education Preparation Programme	1 860	1 882	3 742
	Early Childhood Development	253	262	515
	Boarding Facility	230	54	284
	Mobile School Libraries	186	—	186
	Sanitary Solutions	540	9 408	9 948
	Career Assessments	414	75	489
Wonderstone	Boleng Trust Bridging school and related expenditure	230	54	284
	Tertiary Education Preparation Programme	1 860	1 882	3 742
	CED Vehicle	402	—	402
	Bursaries	1 230	68	1 298
	Technical Lecture Facility	46	7 754	7 800
	Bridging School – Infrastructure	1 116	292	1 408
Other projects		629	21	650
		8 996	21 752	30 748

Further detail of the expenditure on these projects is included under the “Investors & Media” tab on the group’s website, www.assore.com.

BOLENG AND FRICKER ROAD TRUSTS

Independent Trustees



1. Dr TG Sibiya
Chairman
PhD (IT&IS), Med (ISD), Pittsburgh,
BSc (Information systems),
Carnegie Mellon, USA

2. K Makhaya
BusAdmin (Finance), Gonzaga
University, Washington

3. M Mtshali
BLaws, LLB, UCT

4. TPJ Ngxulelo

BLACK ECONOMIC EMPOWERMENT STATUS REPORT continued

THE ASSORE EMPLOYEE TRUST Independent trustees



1. M Pillay
LLB LLM (Duke, USA)

2. NP Mngomezulu
LLB

3. I Phalane
LLB

The Assore Employee Trust was established by Assore for the economic benefit of the non-managerial employees of the Assore group by facilitating their participation in the dividend income distributed by Assore (dividend rights) and also participation in the increase in the value of Assore's ordinary shares listed on the JSE (equity rights). The beneficiaries of the Assore Employee Trust are full-time, permanent non-managerial employees of the Assore group who do not participate in pre-existing incentive schemes or performance bonus arrangements. Senior management and board members are precluded from participating in these

benefits. The trust is overseen by a board of trustees, the majority of whom are independent HDSAs. The board of trustees is constituted as follows:

M Pillay^{†*} (Chairman)
M Boodhia^{†^}
Ms MD Paris^{†#}
GN Lavielle[^]
Ms NP Mngomezulu^{†*}
Ms WT Mnisi^{†^}
I Phalane^{†*}

[†] HDSA trustee

^{*} Independent trustee

[^] Employee representative trustee

[#] Founder trustee

During the 2018 financial year, the trust made dividend rights distributions to employees totalling R7,6 million (FY17: R10,5 million). The decrease in the dividend distributions are mainly due to a lower number of participating employees. An independent valuation performed as at 30 June 2018 indicates that the fair value of equity rights granted to date to employees amounted to R12,8 million (FY17: R11,7 million) (refer note 16, "Share-based payment liability", to the consolidated annual financial statements).

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

PREFERENTIAL PROCUREMENT

Assore is committed to bringing previously disadvantaged South Africans into the mainstream of the economy and specifically the mining industry by identifying and developing business opportunities and by making them available to BBBEE suppliers at all its operations and activities. Assore has adopted a policy of precluding vendors who do not have valid empowerment credentials from supplying goods and services to its operations. A summary of the percentage BBBEE procurement measured against total discretionary procurement is presented in the table below:

	Total discretionary procurement [#] R million	Aggregate BBBEE expenditure* R million	Aggregate % BBBEE [†]
2018			
Assmang	10 824,6	10 544,6	97,4
Dwarsrivier	1 710,5	1 450,2	84,8
Wonderstone	65,5	53,2	81,2
Rustenburg Minerals	20,3	11,6	57,3
Zeerust	2,5	2,0	80,5
African Mining and Trust	143,6	155,5	108,3
2017			
Assmang	10 774,2	9 505,4	88,2
Dwarsrivier	1 219,3	900,7	73,9
Wonderstone	67,9	59,5	87,7
Rustenburg Minerals	65,3	42,6	65,3
Zeerust	2,5	2,5	100,1
African Mining and Trust	91,2	95,5	104,7

[#] Total discretionary procurement is defined as total procurement less procurement effected through related entities (inter-company transactions) and procurement from state-owned entities

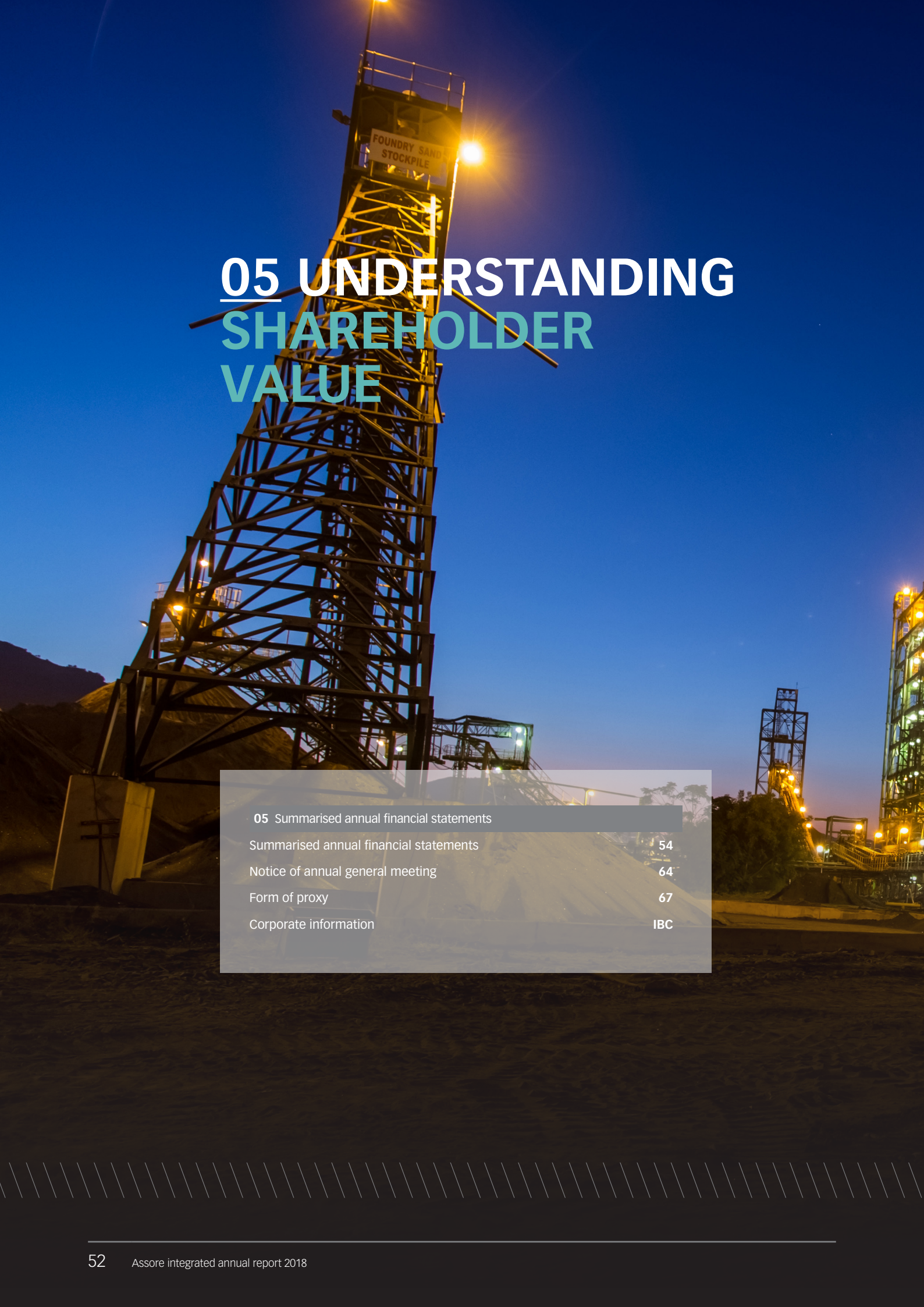
^{*} Aggregate BBBEE expenditure is recognised based on the respective recognition levels of the suppliers, in accordance with the codes published by the Department: Trade and Industry (dti)

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

The increase in the percentage of BBBEE expenditure within Assmang is due mostly to increases in levels 1, 8 and 9 expenditure.

The Dwarsrivier percentage of BBBEE expenditure increased due to the capital expenditure doubling from 2017 and an increase in logistics expenditure with local HDSA transporters.

Expenditure in Rustenburg Minerals and Zeerust declined significantly, due to these mines ceasing production, while the expenditure in Wonderstone declined due to once-off purchases made from suppliers that are not empowered. The expenditure in African Mining and Trust increased due to expenditure incurred in the refurbishment of Assore's head offices.



05 UNDERSTANDING SHAREHOLDER VALUE

05 Summarised annual financial statements

Summarised annual financial statements	54
Notice of annual general meeting	64
Form of proxy	67
Corporate information	IBC



Dwarsrivier Chrome Mine surface beneficiation plant

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2018

	Note	2018 R'000	2017 R'000
ASSETS			
Non-current assets			
Investment in joint-venture entity	1	15 984 321	15 327 400
Property, plant and equipment	2	1 132 725	873 531
Intangible assets	3	661 140	711 111
Investments			
– available-for-sale listed investments	4	262 003	229 376
– foreign listed associate	5	154 896	108 729
– available-for-sale unlisted investments		7 568	24 098
Pension fund surplus	34	129 245	93 144
Long-term loan	35.2	6 000	—
		18 337 898	17 367 389
Current assets			
Inventories	6	1 361 954	1 223 032
Trade and other receivables	7	1 222 327	1 104 332
Assets held-for-sale as part of identified disposal groups	8	1 351	—
Cash resources	9	8 449 797	5 626 778
		11 035 429	7 954 142
Total assets		29 373 327	25 321 531
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	10	698	698
Share premium	11	264 092	264 092
Treasury shares	12	(5 065 510)	(5 062 848)
Retained earnings		30 633 535	27 370 925
Other reserves	13	258 537	76 433
Equity attributable to shareholders of the holding company		26 091 352	22 649 300
Non-controlling shareholders' deficit		(40 990)	(24 348)
Total equity		26 050 362	22 624 952
Non-current liabilities			
Deferred taxation	14	345 440	283 778
Long-term provisions	15	166 639	127 678
Share-based payment liability	16	17 513	7 242
		529 592	418 698
Current liabilities			
Trade and other payables	17	2 039 587	1 500 487
Taxation	26.4	24 059	72 532
Short-term provisions	18	128 081	125 143
Overdrafts	19	584 472	579 719
Liabilities associated with assets held-for-sale	8	17 174	—
		2 793 373	2 277 881
Total equity and liabilities		29 373 327	25 321 531

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2018

	Note	2018 R'000	2017 R'000
Revenue	20	7 804 737	7 223 959
Turnover		6 305 587	5 945 266
Cost of sales		(4 800 780)	(4 200 692)
Gross profit		1 504 807	1 744 574
Add: Other income			
Commissions on sales and technical fees	20	979 005	920 055
Foreign exchange gains	22	59 827	11 779
Investment income	20	520 146	353 512
Bargain purchase gain	35.1	—	256 755
Profit on sale of available-for-sale listed investments	4	42 432	—
Other income		26 159	7 026
Less: Other expenses			
Finance costs	21	(19 394)	(19 662)
Foreign exchange losses	22	(6 896)	(401)
Mining royalty taxes	22	(138 938)	(178 148)
Impairment of furniture, fittings and office equipment	2	(9 519)	—
Impairment of non-financial assets	22	(21 564)	—
Staff remuneration and benefits	22	(375 672)	(332 600)
Other expenses		(247 921)	(290 613)
Profit before taxation	22	2 312 472	2 472 277
Taxation	23	(645 546)	(583 420)
Profit after taxation, before joint-venture entity and associates		1 666 926	1 888 857
Share of profit from joint-venture entity, after taxation	1	3 524 287	3 266 282
Share of losses in associates		(16 211)	(16 809)
Profit for the year		5 175 002	5 138 330
Attributable to:			
Shareholders of the holding company		5 119 329	5 021 171
Non-controlling shareholders' share of profits in subsidiary companies		55 673	117 159
As above		5 175 002	5 138 330
Earnings per share (cents) (basic and diluted)	24	4 963	4 867

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Note	2018 R'000	2017 R'000
Profit for the year (as above)		5 175 002	5 138 330
Items that may be reclassified into the income statement dependent on the outcome of a future event		162 862	(210 563)
Gains on revaluation to available-for-sale listed investments, after taxation		32 933	38 251
Gains on revaluation to market value of available-for-sale listed investments	4	77 024	49 292
Deferred capital gains taxation thereon	14	(44 091)	(11 041)
Exchange differences on translation of foreign operations		129 929	(248 814)
Items that may not be reclassified into the income statement dependent on the outcome of a future event			
Actuarial gains in pension fund, after taxation	13	17 206	26 959
Total comprehensive income for the year, net of taxation		5 355 070	4 954 726
Less: Comprehensive income attributable to non-controlling shareholders		(57 709)	(104 364)
Attributable to shareholders of the holding company		5 297 361	4 850 362

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 30 June 2018

	Note	2018 R'000	2017 R'000
Cash generated from operating activities		185 515	734 600
Net cash generated from operations		2 342 134	2 205 469
Cash generated from operations	26.1	1 968 533	2 089 291
Dividend income	20	17 778	4 190
Movements in working capital	26.2	355 823	111 988
Interest income		470 425	324 197
Finance costs	26.3	(12 835)	(12 003)
Taxation paid	26.4	(683 139)	(552 945)
Dividends paid to shareholders of the holding company	26.5	(2 512 926)	(1 535 677)
Dividends attributable to treasury shares, utilised within the group	26.5	656 207	400 400
Dividends paid to non-controlling shareholders		(74 351)	(94 841)
Cash retained from investing activities		2 632 751	2 123 308
Proceeds from disposal of available-for-sale listed investments		86 706	—
Proceeds from disposal of available-for-sale unlisted investments		—	20 493
Acquisition of interests in associates		(66 584)	—
Additions to property, plant and equipment	2	(404 121)	(149 859)
Dividend received from joint-venture entity	1	3 000 000	2 250 000
Proceeds on disposal of property, plant and equipment		16 750	2 674
Cash generated/(utilised) by financing activities		4 753	(416 055)
Movement in overdraft	19	4 753	(416 055)
Cash resources			
– increase for the year		2 823 019	2 441 853
– at beginning of year		5 626 778	3 184 925
– at end of year	9	8 449 797	5 626 778

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

	Note	2018 R'000	2017 R'000
Share capital			
Balance at beginning and end of year	10	698	698
Share premium			
Balance at beginning and end of year	11	264 092	264 092
Treasury shares			
Balance at beginning of year		(5 062 848)	(5 051 583)
Acquired during the year		(2 662)	(11 265)
Balance at end of year	12	(5 065 510)	(5 062 848)
Retained earnings			
Balance at beginning of year		27 370 925	23 485 031
Profit for the year		5 119 329	5 021 171
Ordinary dividends declared during the year	25	(1 856 719)	(1 135 277)
Final dividend No. 121 of 800 cents (2017: 500 cents) per share – declared on 29 August 2017		(1 116 856)	(698 035)
Interim dividend No. 122 of 1 000 cents (2017: 600 cents) per share – declared on 20 February 2018		(1 396 070)	(837 642)
Less: Dividends attributable to treasury shares		656 207	400 400
Balance at end of year		30 633 535	27 370 925
Other reserves			
Balance at beginning of year		76 433	247 242
Other comprehensive income/(loss)		182 104	(170 809)
– gain after taxation arising on revaluation of available-for-sale listed investments to market value at year-end		32 933	38 251
– foreign currency translation reserve arising on consolidation		131 965	(236 019)
– actuarial gains in pension fund, after taxation	13	17 206	26 959
Balance at end of year	13	258 537	76 433
Equity attributable to shareholders of the holding company		26 091 352	22 649 300
Non-controlling shareholders' deficit			
Balance at beginning of year		(24 348)	(33 871)
Share of total comprehensive (loss)/income		(16 642)	9 523
Total comprehensive income for the year, net of taxation		57 709	104 364
– profit for the year		55 673	117 159
– other comprehensive income/(loss) for the year		2 036	(12 795)
Dividends paid to non-controlling shareholders		(74 351)	(94 841)
Balance at end of year		(40 990)	(24 348)
Total equity		26 050 362	22 624 952

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

1 INVESTMENT IN JOINT-VENTURE ENTITY

The group's principal investment is a 50% (2017: 50%) interest in Assmang Proprietary Limited (Assmang), a South African company which it jointly controls with African Rainbow Minerals (ARM) which is also listed on the JSE. Assmang mines iron and manganese ores and produces manganese and chrome alloys. In accordance with IFRS, the results of Assmang are accounted for by Assore using the equity method. The financial information set out below has been extracted from the audited financial statements of Assmang and its subsidiary companies for the year ended 30 June 2018.

	2018 R'000	2017 R'000
Consolidated income statement of Assmang		
Turnover	27 548 235	26 280 018
Cost of sales	(16 206 770)	(14 810 082)
Gross profit	11 341 465	11 469 936
Other operating income	1 356 756	625 165
Other operating expenses	(3 469 816)	(3 926 871)
Profit from operations	9 228 405	8 168 230
Profit/(loss) from joint-venture entity	236 606	(46 137)
Income from investments	597 514	1 074 176
Finance costs	(68 046)	(95 001)
Profit before taxation	9 994 479	9 101 268
Taxation	(2 920 956)	(2 543 755)
Profit for the year, net of taxation	7 073 523	6 557 513
Discontinued operations		
Other comprehensive income/(loss)	265 267	(445 405)
Total comprehensive income for the year, net of taxation (group interest therein 50% (2017: 50%)) (refer "Equity accounted results for Assmang" below)	7 338 790	6 112 108
Dividends declared during the year	6 000 000	5 607 730
Abridged consolidated statement of financial position of Assmang		
Total assets		
Non-current assets	26 509 377	25 073 561
Current assets		
Inventories	4 392 486	3 647 687
Trade and other receivables	5 522 327	4 317 489
Financial assets	228 367	275 632
Cash resources	5 014 065	6 330 426
Total liabilities	41 666 622	39 644 795
Non-current liabilities		
Deferred taxation	5 809 009	5 471 270
Long-term provisions	897 397	916 300
Trade and other payables	89 217	94 439
Current liabilities		
Trade and other payables	1 819 476	1 572 077
Short-term provisions	960 674	750 612
Taxation	206 184	392 374
	9 781 957	9 197 072
Net assets	31 884 665	30 447 723
Proportion of the group's ownership	50%	50%
Carrying amount of investment		
Opening balance	15 327 400	15 094 529
Share of profit after taxation	3 524 287	3 266 282
Sale of Dwarsrivier	—	(560 709)
Share of other comprehensive income/(loss), net of taxation	132 634	(222 702)
Less: Dividends received	(3 000 000)	(2 250 000)
Carrying amount of investment in statement of financial position	15 984 321	15 327 400

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

1 INVESTMENT IN JOINT-VENTURE ENTITY (continued)

Carrying amount of investment (continued)

Capital expenditure

Capital commitments

– contracted for

– not contracted for

Equity accounted results of Assmang

Total comprehensive income for the year, net of taxation

Less: Other comprehensive (income)/loss from operations

Assmang profit after taxation

50% thereof

Group consolidation adjustments

Share of profit from joint-venture entity after taxation per income statement

Impairment of assets

The carrying values of the following assets were fully impaired at year-end, as no future economic benefits were expected to arise from these operations:

– feasibility studies relating to manganese operations

– Dwarsrivier, upon sale to joint venture partner

– one furnace and associated assets at Cato Ridge Works

– manganese export storage facility at Cato Ridge Works

2018 R'000	2017 R'000
3 082 204	2 816 981
2 844 692	2 586 774
941 078	857 218
1 903 614	1 729 556
7 338 790	6 112 107
(265 267)	445 405
7 073 523	6 557 512
3 536 761	3 278 756
(12 474)	(12 474)
3 524 287	3 266 282
51 900	—
—	749 347
—	124 626
—	68 396
51 900	942 369

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

2 EARNINGS AND HEADLINE EARNINGS PER SHARE

Earnings and headline earnings per share (cents)

Earnings per share (basic and diluted)

Headline earnings per share (basic and diluted)

The above calculations were determined using the following information:

Earnings

Profit attributable to shareholders of the holding company

Headline earnings

Earnings as above

Adjusted for:

Profit on disposal of available-for-sale listed investments

– before taxation

– taxation effect

Profit on disposal of property, plant and equipment in subsidiaries

– before taxation (refer note 22)

– taxation effect

Gain on disposal of investment in associate

– before taxation

– taxation effect

Impairment of non-financial assets in joint-venture entity

– before taxation (refer note 1)

– taxation effect

Impairment of furniture, fittings and office equipment

– before taxation (refer note 2)

– taxation effect

Impairment of non-financial assets

– before taxation (refer note 35.2)

– taxation effect

Loss on disposal of property, plant and equipment in joint-venture entity

– before taxation

– taxation effect

Impairment of Dwarsrivier upon sale in joint-venture entity

Bargain purchase gain (Dwarsrivier) (refer note 35.1)

Shares in issue

Weighted number of ordinary shares in issue ('000)

Ordinary shares in issue

Treasury shares held in trust

Weighted average number of shares in issue for the year

2018 R'000	2017 R'000
4 963	4 867
4 953	5 049
R'000	R'000
5 119 329	5 021 171
5 119 329	5 021 171
(42 432)	—
(42 432)	—
—	—
(5 105)	—
(6 578)	—
1 473	—
(5 835)	—
(8 104)	—
2 269	—
18 684	70 414
25 950	96 501
(7 266)	(26 087)
6 854	—
9 519	—
(2 665)	—
15 526	—
21 564	—
(6 038)	—
1 731	1 202
2 230	1 670
(499)	(468)
—	373 014
—	(256 755)
5 108 752	5 209 046
139 607	139 607
(36 456)	(36 430)
103 151	103 177

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

3 SEGMENTAL INFORMATION

The following segments are separately monitored by management and form the group's reportable segments:

Joint venture mining and beneficiation

Assore's principal investment is its 50% share in Assmang Proprietary Limited (Assmang).

Assmang's operations are managed by commodity mined and, where applicable, beneficiated at various works operations.

Accordingly, this segment is further analysed as follows:

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

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

Dwarsrivier

Dwarsrivier is a 100% owned mine, producer and beneficiator of chrome ores.

Marketing and shipping

In terms of the joint-venture arrangement with Assmang, Assore and certain of its subsidiaries are responsible for the marketing and shipping of Assmang's product. In addition, another subsidiary provides consulting and engineering expertise to Assmang and other group companies.

Other mining activities, eliminations and adjustments

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

R'000	Joint venture mining and beneficiation			Sub-total	Dwarsrivier	Marketing and distribution	Other mining activities eliminations and adjustments	Total
	Iron Ore division	Manganese division	Chrome division					
Year to 30 June 2018								
Revenues								
Third party	15 135 316	12 859 636	180 309	28 175 261	3 892 752	3 974 210	(28 237 486)	7 804 737
Inter-segment	—	—	—	—	—	18 305	(18 305)	—
Total revenues	15 135 316	12 859 636	180 309	28 175 261	3 892 752	3 992 515	(28 255 791)	7 804 737
Contribution to profit/(loss) for the year*	3 343 512	3 771 662	(41 650)	7 073 524	875 378	703 879	(6 985 855)	1 666 926
Contribution to headline earnings#	3 343 350	3 807 585	(41 650)	7 109 285	875 378	710 733	(3 586 644)	5 108 752
Impairment of financial and non-financial assets	—	(51 900)	—	(51 900)	—	(9 519)	12 490	(48 929)
Statement of financial position								
Consolidated total assets	23 149 661	17 988 956	524 319	41 662 936	3 884 794	25 300 630	(41 475 033)	29 373 327
Consolidated total liabilities	6 076 881	3 190 147	426 352	9 693 380	1 071 744	1 859 703	(9 301 862)	3 322 965
Other information								
Finance income	578 044	19 471	—	597 515	87 554	407 224	(572 147)	520 146
Finance costs	33 855	34 191	—	68 046	5 304	12 474	(66 430)	19 394
Depreciation and amortisation	1 400 776	593 768	8 287	2 002 831	130 794	16 066	(2 024 455)	125 236
Taxation	1 431 656	1 489 299	—	2 920 955	277 438	317 189	(2 870 036)	645 546
Capital expenditure	1 780 830	1 285 846	15 528	3 082 204	333 804	32 971	(3 044 858)	404 121

* Profit after taxation, before joint venture entity and foreign listed associate.

Includes equity-accounted results of Assmang and IronRidge.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 30 June 2018

3 SEGMENTAL INFORMATION (continued) Other mining and beneficiation (continued)

R'000	Joint venture mining and beneficiation			Sub-total	Marketing and distribution	Other mining and beneficiation	Adjustments arising on consolidation	Total
	Iron Ore division	Manganese division	Chrome division					
Year to 30 June 2017								
Revenues								
Third party	16 398 968	10 238 065	207 764	26 844 797	3 410 363	3 573 061	(26 604 262)	7 223 959
Inter-segment	—	—	—	—	—	121 286	(121 286)	—
Total revenues	16 398 968	10 238 065	207 764	26 844 797	3 410 363	3 694 347	(26 725 548)	7 223 959
Contribution to profit/(loss) for the year*	4 372 631	2 181 569	(6 746)	6 547 454	843 199	1 071 298	(6 573 094)	1 888 857
Contribution to headline earnings#	4 373 877	2 321 686	749 337	7 444 900	843 199	653 423	(3 732 476)	5 209 046
Impairment of financial and non-financial assets	—	(138 976)	(746 007)	(884 983)	—	—	442 491	(442 492)
Statement of financial position								
Consolidated total assets	25 571 400	13 519 306	554 089	39 644 795	1 511 650	23 589 330	(39 201 542)	25 544 233
Consolidated total liabilities	5 930 711	2 754 092	414 120	9 098 923	824 167	1 823 961	(9 050 472)	2 696 579
Other information								
Finance income	531 544	12 120	—	543 664	29 897	312 508	(536 746)	349 323
Finance costs	54 997	40 004	—	95 001	5 838	9 176	(90 353)	19 662
Depreciation and amortisation	1 417 197	465 250	—	1 882 447	137 439	6 409	(1 871 807)	154 488
Taxation	1 864 503	911 241	(2 622)	2 773 122	297 014	273 031	(2 759 747)	583 420
Capital expenditure	1 168 975	1 648 006	—	2 816 981	140 581	2 361	(2 810 064)	149 859

* Profit after taxation, before joint venture entity and foreign listed associate.

Includes equity-accounted results of Assmang and IronRidge.

Geographical information

Geographical segment by location of customers

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

	2018			2017		
	Assmang revenue by segment R'000	Subsidiaries revenue by segment R'000	Total R'000	Assmang revenue by segment R'000	Subsidiaries revenue by segment R'000	Total R'000
Customers by locations						
Far East	19 960 513	3 352 102	23 312 615	20 155 728	3 070 845	23 226 573
Europe	2 507 924	77 110	2 585 034	1 583 640	40 191	1 623 831
USA	976 274	2 740 625	3 716 899	550 246	2 421 439	2 971 685
South Africa	4 625 716	1 634 900	6 260 616	3 946 475	1 486 862	5 433 337
Other – foreign	104 834	—	104 834	43 929	204 622	248 551
Total	28 175 261	7 804 737	35 979 998	26 280 018	7 223 959	33 503 977

Notes:

1. There are no customers whose off-take represents more than 10% of revenue (2017: Rnil million)

2. The revenue of Assmang (refer note 1) is excluded from the group's reported revenue, in terms of the application of IFRS 11 (*Joint arrangements*)

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

4 COMMITMENTS

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

Capital

Expenditure authorised and contracted for
Expenditure authorised but not contracted for

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases over premises and equipment which are payable as follows:

Within one year

After one year but not more than five years

The group's commitments will be met by future anticipated cash flows

2018 R'000	2017 R'000
229 906	—
102 583	101 164
332 469	101 164
1 310	1 230
3 149	1 737
4 459	2 967

INDEPENDENT AUDIT BY THE AUDITORS

These summarised consolidated annual financial statements for the year ended 30 June 2018 have been extracted from the complete set of annual financial statements on which the auditors, Ernst & Young Inc., have expressed an unqualified audit opinion. The auditor's opinion and annual financial statements are available for inspection at the registered office of the company. The summarised consolidated annual financial statements themselves have not been audited.

NOTICE TO SHAREHOLDERS

Notice is hereby given to the shareholders of Assore Limited (Assore or the company) recorded in the securities register of the company on Friday, 12 October 2018 (being the record date for receiving this notice as determined by the board of directors of Assore (the board)), that the sixty-eighth annual general meeting (AGM) of the shareholders of Assore will be held at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 30 November 2018 at 10:30, during which meeting the following business will be transacted:

- 1 To present the audited annual financial statements of Assore and its group for the financial year ended 30 June 2018.
- 2 To elect the following directors who retire by rotation in accordance with the provisions of the company's Memorandum of Incorporation (Mol), all of whom are eligible and offer themselves for re-election to the board:
 - 2.1 Ms TN Mgoduso; and
 - 2.2 Mr S Mhlarhi.

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

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

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

- 4 To consider and, if deemed fit, to pass with or without modification the ordinary and special resolutions set out below.
- 5 To transact any other business that may be transacted at an AGM of the company.

MEETING RECORD DATE

In accordance with section 59(1) of the Companies Act, No 71 of 2008, as amended (Companies Act), the board has determined that the record date for the purposes of establishing which shareholders are entitled to participate in and vote at the AGM will be Friday, 23 November 2018. Accordingly, the last day to trade to be recorded in the share register is Tuesday, 20 November 2018.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The audited annual financial statements of Assore and its group (as approved by the board), including the directors' report, the independent auditor's report, the Audit and Risk Committee's report and the Social and Ethics Committee's report for the financial year ended 30 June 2018, have been distributed to shareholders as required by section 30(3)(d) of the Companies Act.

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

AUTOMATIC REAPPOINTMENT OF THE COMPANY'S AUDITOR

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

Due to the retirement of Mr Dave Ian Cathrall on 31 October 2018, Mr Dawid Petrus Venter will be the individual designated auditor who will undertake the audit for the financial year ending 30 June 2019.

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

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

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

ORDINARY RESOLUTIONS

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

Ordinary resolution number 1 (re-election of Ms TN Mgoduso as a director)

RESOLVED THAT Ms TN Mgoduso, who retires by rotation in terms of the Mol and who is eligible and available for re-election, is re-elected as a director of Assore.

Ordinary resolution number 2 (re-election of Mr S Mhlarhi as a director)

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

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

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

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

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

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

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

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

Note: The reappointment of Mr S Mhlarhi to the Audit and Risk Committee is subject to ordinary resolution number 2 being passed.

ADVISORY ENDORSEMENT OF THE REMUNERATION POLICY AND ITS IMPLEMENTATION

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

To endorse, through a non-binding advisory vote, the company's implementation plan of the remuneration policy (excluding the fees paid to the non-executive directors for their services), as set out on page 45 of the integrated annual report.

SPECIAL RESOLUTIONS

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

Special resolution number 1 (non-executive directors' remuneration)

RESOLVED THAT, in terms of section 66(9) of the Companies Act, the annual remuneration payable to non-executive directors for their services as directors be increased, with effect from 1 January 2019, as follows:

Deputy chairman and lead independent non-executive director	R650 000
Non-executive directors (excluding deputy chairman)	R350 000
Members of each of the Audit and Risk Committee and Social and Ethics Committee	R150 000
Members of the Remuneration Committee (unchanged from previous year)	R100 000

Special resolution number 2 (executive directors' remuneration)

RESOLVED THAT, in terms of section 66(9) of the Companies Act, the annual remuneration payable to an executive director for services as a director remain at R60 000 per annum.

Special resolution number 3 (general authority to provide financial assistance)

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

VOTING

Only Assore shareholders registered in the company's securities register on Friday, 23 November 2018 will be entitled to participate in the AGM and to vote on the resolutions set out above. On a show of hands, every ordinary shareholder who is present in person or represented by proxy at the AGM, will have one (1) vote (irrespective of the number of ordinary shares held by such shareholder), and, on a poll, every ordinary shareholder will have one (1) vote for every ordinary share held or represented by such shareholder. Whether voting takes place by a show of hands or on a poll will be at the discretion of the chairman.

PROXIES AND IDENTIFICATION

Shareholders holding certificated shares and shareholders who have dematerialised their shares and have elected "own name" registration in the sub-register maintained by their Central Securities Depository Participant (CSDP), may attend, speak and vote at the AGM or may appoint one or more natural persons to act as proxies (who need not be shareholders of the company) to attend, speak and vote on behalf of such shareholder at the AGM. A form of proxy is attached to this notice of AGM. Duly completed forms of proxy must be detached and lodged with or posted to either the transfer secretaries of Assore (being Singular Systems Proprietary Limited, 28 Fort Street Birnam, Johannesburg, 2196, (PO Box 785261, Sandton 2146)) or to the registered office of Assore at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 (Private Bag X03, Northlands, 2116). Shareholders are requested to submit their proxies to be received by no later than 10:30 on Wednesday, 28 November 2018. Proxies which are not delivered timeously to the registered office or transfer secretaries may be handed to the chairman of the AGM at any time before the proxy exercises any rights of the shareholder at the AGM.

NOTICE TO SHAREHOLDERS continued

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

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

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

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

Johannesburg
 19 October 2018

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

TN Mgoduso

Independent non-executive director
BA, MA (Clinical Psychology)

Thandeka is a clinical psychologist and obtained her qualifications at the universities of Fort Hare and the Witwatersrand. While in commerce, she held various leadership positions in operations, as well as in human resources, including a non-executive directorship of the South African Reserve Bank, and currently consults in strategy and human resources. She chairs her company, Jojose Investments and is a non-executive director on the board of Tongaat Hulett. She was appointed to the board with effect from 2 February 2015 and serves on the Social and Ethics Committee.

S Mhlarhi

Independent non-executive director
BCom, BAcc, CA(SA)

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

EM Southey

Deputy chairman and lead independent non-executive director
BA, LLB

Ed was admitted as an attorney, notary and conveyancer in 1967 and practiced as a partner of Webber Wentzel until his retirement as senior partner of that firm in 2006. He remains an executive consultant to the firm. He is a former president of the Law Society of the Northern province and of the Law Society of South Africa and is a director of a number of companies. He joined the Assore board as a non-executive director in January 2009, and was appointed as deputy chairman and lead independent director in November 2010. He is the chairman of the group's Audit and Risk, and Remuneration committees.

WF Urmson

Independent non-executive director
CA(SA)

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

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

FORM OF PROXY

ASSORE LIMITED

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

For use only by shareholders holding certificated shares and shareholders who have dematerialised their shares and have elected "own name" registration in the sub-register maintained by the Central Securities Depository Participant (CSDP), attending the annual general meeting (AGM) of Assore ordinary shareholders to be held at 10:30, on Friday, 30 November 2018 at the registered office of Assore, located at Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg.

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

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

I/We _____ (Names in block letters)
of (Address) _____
being the holder(s) of _____ ordinary shares
in the company, hereby appoint(s) (see note 1) _____
1. _____ or failing him/her _____
of _____
2. _____
of _____ or failing him/her _____

the chairman of Assore, or failing him, the chairman of the AGM as my/our proxy to vote for me/us on my/our behalf at the AGM of Assore to be held at 15 Fricker Road, Illovo Boulevard, Johannesburg on Friday, 30 November 2018 at 10:30 or at any adjournment thereof.

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

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

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

Signed at _____ on _____ 2018

Signature _____

Assisted by me (where applicable) _____

Please see notes overleaf

NOTES TO THE FORM OF PROXY

1. A shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, speak and vote in the place of that shareholder at the AGM. A shareholder may therefore insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of Assore, or failing him, the chairman of the AGM". The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box alongside the resolution concerned. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if he is the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or abstain from voting at the AGM as he/she deems fit, in respect of the shareholder's total holding.
3. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
4. Every shareholder present in person or by proxy and entitled to vote shall, on a show of hands, have only one vote and, upon a poll, every shareholder shall have one vote for every ordinary share held.
5. In the case of joint holders, the vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders for which purpose seniority will be determined by the order in which the names stand in the register of shareholders in respect of joint holding(s).
6. Documentary evidence establishing the authority of the person signing this form of proxy in a representative capacity (eg for a company, close corporation, trust, pension fund, deceased estate, etc) must be attached to this form of proxy unless previously recorded by the transfer secretaries of Assore or waived by the chairman of the AGM.
7. The chairman of the AGM may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the Memorandum of Incorporation of Assore.
8. Completed forms of proxy and the authority under which they are signed (if any) must be lodged with or posted to either Assore's registered office, Assore House, 15 Fricker Road, Illovo Boulevard, Johannesburg, 2196 (Private Bag X03, Northlands, 2116) or its transfer secretaries being Singular Systems Proprietary Limited, 28 Fort Street Birnam, Johannesburg, 2196 (PO Box 785261, Sandton, 2146). Shareholders are requested to submit their form of proxy to be received by no later than 10:30 on Wednesday, 28 November 2018.

ABOUT THIS REPORT	1
OVERVIEW	4
GROUP PERFORMANCE	22
CORPORATE GOVERNANCE	36
SUMMARISED ANNUAL FINANCIAL STATEMENTS	52

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Desmond Sacco (Chairman)[#]
 CE Walters (Chief executive officer)
 RA Davies (Chief financial officer)^o
 PE Sacco (Group marketing director)
 BH van Aswegen (Technical and operations director)^o

NON-EXECUTIVE DIRECTORS

EM Southey (Deputy chairman and lead independent director)^{†*#}
 DN Aitken[†]
 TN Mgoduso^{to}
 S Mhlarhi^{†*}
 WF Urmson^{†*o#}

[#] Member of the Remuneration Committee

^o Member of the Social and Ethics Committee

[†] Independent

^{*} Member of the Audit and Risk Committee

SECRETARY AND REGISTERED OFFICE

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

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

TRANSFER SECRETARIES AND SHARE TRANSFER OFFICE

Singular Systems Proprietary Limited
 28 Fort Street
 Birnam
 Johannesburg, 2196

AUDITORS

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

ATTORNEYS

Webber Wentzel
 90 Rivonia Road
 Sandton
 Johannesburg, 2196

Norton Rose Fullbright
 15 Alice Lane
 Sandton, 2196

BANKERS

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

CORPORATE INFORMATION

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

SPONSOR

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



Assore House
15 Fricker Road
Illovo Boulevard
Johannesburg, 2196

www.assore.com