



INTEGRATED
REPORT

2014



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HOW TO READ THIS REPORT

This integrated report is cross-referenced with other sources of information as shown below.



Page reference

Refer to page numbers elsewhere in the integrated annual report.



Web reference

More information about Foskor and its activities can be found on the Company's website, www.foskor.co.za



GRI reference

GRI indicator reference



Who we are

Foskor is a producer and exporter of phosphate-based fertilisers and phosphoric acid. We are based in South Africa and employ a total of 1 842 people spread across our Phalaborwa Mining operations, our processing Richards Bay Acid production facility and our head office in Midrand.

VISION

Foskor is internationally respected for competing vigorously in world markets, built on the profitable and responsible beneficiation of phosphates for the sustained benefit of all stakeholders.

MISSION

Foskor continues to earn the respect of stakeholders by competing internationally in the beneficiation of phosphates. We take pride in our reputation for creating value.

VALUES

We openly declare that any business dealings with Foskor will be:

- Conducted with Foskor's competitive advantage always in mind;
- Conducted responsibly and according to the highest standards; and
- Rewarded fairly and consistently.

What we produce

We mine phosphate rock in Phalaborwa and transfer it by rail to our Richards Bay facility, where we use it to produce phosphoric acid and granular fertilisers. We also produce sulphuric acid, which is used in the production of phosphoric acid, and we sell it in limited quantities. Foskor also sells magnetite, a by-product of phosphate beneficiation. We also have a facility for blending a variety of additional nitrogen, phosphate and potassium (NPK) bulk products.

Our 4 R's

To deliver on our customer promise, we show **resolve**, act **responsibly**, earn **respect** and share **rewards**.



Our markets

We are the leading domestic manufacturer and supplier of phosphate-based granular fertilisers. Beyond serving the local market, we supply phosphoric acid and fertilisers to international markets, particularly India, the world's largest market for phosphoric acid. While the bulk of our phosphate rock concentrate is used in our phosphoric acid manufacturing plant, we export and sell limited amounts to other fertiliser producers world-wide. We also sell magnetite and sulphuric acid domestically and abroad.



INTEGRATED REPORTING APPROACH

GRI 2.1, 3.1, 3.3, 3.5



THIS IS FOSKOR (PTY) LIMITED'S THIRD INTEGRATED ANNUAL REPORT AND COMBINES DATA RELATING TO THE SUSTAINABILITY, OPERATIONAL AND FINANCIAL ASPECTS OF THE COMPANY'S ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 MARCH 2014.

PAGE 20

Foskor recognises that its stakeholders, described on page 20, play a key role in its value creation and has therefore produced this integrated annual report for them. It provides a comprehensive review which Foskor hopes will enable them to make informed assessments about the Company's ability to create and sustain value. The last integrated annual report¹ was published for the financial year ended 31 March 2013.

GRI 3.2



This report covers the activities of all the divisions and operating subsidiaries under Foskor's direct control. Where external entities substantially influence Foskor's business, their real and potential impacts are also discussed. Key issues have been identified in line with accepted best practice, and the issues regarded as being most material for Foskor, the environment and the Company's stakeholders are shown on pages 21 to 30.

PAGE 21

The report is designed to be user friendly. Where we say "Foskor", "we" and "our", we refer to the Foskor Group as a whole.

GRI 2.10



¹ Foskor received a merit award from the ICSA/JSE/ Business Day awards for the 2013 Annual Report in the non-listed category.

Technical, scientific and financial terms and acronyms are explained either in the text or in the glossary on page 103. Additional detailed information can be found on the Company's website: www.foskor.co.za.

PAGE 103

This report has been prepared in accordance with the principles contained in the International Integrated Reporting Framework (IIR Framework). Our Annual Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act of 2008, as amended. The summary financial statements contained in this report have been prepared in accordance with IFRS and are consistent in all material respects with the full Annual Financial Statements.

We have applied Global Reporting Initiative (GRI) G3.1 and GRI Mining and Metals Sector Supplement guidelines in the compilation of this report, which has been rated at a self-declared GRI application level C. Our GRI Content Index table is provided on page 100.

PAGE 100



The table below is a summary of all the reporting principles and frameworks we used to inform the content and structure of this report.

REPORTING PRINCIPLES AND FRAMEWORKS

Reporting principles and frameworks	Applicable sections
International Integrated Reporting Framework	Integrated Report structure and content
International Financial Reporting Standards	Annual Financial Statements and Summary Financial Statements
South African Companies Act 71 of 2008	Annual Financial Statements and Corporate governance
SAMREC Code	Review of mineral resources and ore reserves
King Report on Corporate Governance (King III)	Corporate governance
Global Reporting Initiative G3.1	Integrated Report content
IRMSA Code of Practice	Enterprise risk management
Enterprise-wide Risk Management Framework	Enterprise risk management
COSO Framework	Enterprise risk management

ASSURANCE AND COMPARABILITY


There have been no significant changes to Foskor’s organisational structure requiring disclosure, and no significant changes in the scope, boundary or measurement methods applied in this report. Improvements in the accuracy of reporting have led to the restatement of some figures and these have been noted as such.

In conformance with the King III Code of Governance principles, the Board requires its Audit and Risk Committee to ensure the integrity of this Integrated Report before its public release. The Board Audit and Risk Committee oversees the integrated report.

It was decided not to seek external assurance for all our GRI disclosures in 2013. We have, however, externally assured the majority of

the content provided in the report. These are summarised in the combined assurance matrix below. A selection of the material disclosure indicators for 2014 has been reviewed by our in-house internal audit department, the remainder of the indicators have been assured by management through submission of supporting documentation for indicators reported.

Our Board Audit and Risk Committee is confident that our internal assurance structures and combined assurance approach are sufficient to assure the report’s content and accuracy. We will continue to review the regulatory and sustainability reporting environments to ensure our conformance with the highest reporting standards.

 GRI 2.9, 3.8, 3.10, 3.11

ABOUT THIS REPORT *(continued)*

COMBINED ASSURANCE MATRIX

Content and processes	Assurance provider	Outcome
Annual Financial Statements and Summary Annual Financial Statements	External audit – Joint auditors PwC and Ngubane & Company	Unqualified audit opinion
BEE rating	National Empowerment Rating Agency (NERA)	Level 4
Environmental management	DEKRA Certification	ISO 14001
Gypsum dams	Moore Spence Jones	ISO 14001
Groundwater and surface water management	Moore Spence Jones	ISO 14001: zero effluent
HIV/AIDS management	DEKRA Certification	SANS 16001
Occupational Health and Hygiene status	DEKRA Certification	Compliant
Occupational Health and Safety	Occupational Health and Safety Assessment Series	OHSAS 18001
Ore resources and reserves	Snowden	Confirmed ore resources and reserves
Rock quality	ASPC	Legally compliant
Rock radio activity	NECSA	Radioactivity legally compliant
Quality management	DEKRA Certification	ISO 9001
SHEQ compliance	Dekra Norisko	Five shields certification
Stack emissions	SGS	Compliant with AEL and International Standards
Tailings dam status	Knight Piesold	Stable
Water quality	AgriLasa/SABS, Golder & Associates, SRK	Meets environmental, geohydrology and geotechnical standards

REPORT APPROVAL

The Board has collectively applied its mind to the report and believes that it addresses all material issues and fairly represents the Group's integrated performance. The Board approved the release of this 2014 Integrated Report on 17 June 2014.

FORWARD-LOOKING STATEMENTS

This report contains some forward-looking statements which Foskor believes to be reasonable at the time of the report's compilation. Changes in market, economic and social conditions, the regulatory environment and other factors could, however, render our assumptions incorrect, and no statement in this report should be taken as a guarantee of future performance.

CONTACT US

For any questions or feedback regarding this integrated report or its contents, please contact Malande Tonjeni on +27 11 347 0629, or email malandet@foskor.co.za

GRI 3.4 

PERFORMANCE FEATURES

Achievements and challenges

Key Achievements

- Improved safety record at the Mining and Acid Divisions.
- Both operating Divisions retained their ISO Certifications (14001, 9001, OHSAS 18001 and SANS 16001).
- Mining Division's Infrastructure improvement projects progressing well. Drier 9, Magnetite Loading Station and Phase 1 of North Pit Push Back projects completed. D-stream flotation plant replacement project progressing according to plan.
- Acid Division's asset replacement programme progressing well.
- Better financial results than the previous year, operating profit increased by 264% to R118 million compared to a loss of R72 million in the previous year.
- Magnetite sales volumes (and contribution to profits) increased by 188% year on year from 2.1 million tons to 6.1 million.

Challenges

- The average selling price of phosphoric acid reduced by 17% year on year and granular fertiliser by 19%.
- The accelerated rate of reduction in selling prices and increase in input costs led to the EBITDA restructuring programme which saw retrenchments and suspension of the Palabora Copper production stream.
- Reliability and availability of plant due to plant breakdowns, closure of plant due to structural integrity, ageing acid plant and unavailability of storage tanks.
- Production volumes lower than budget – rock (83%), phosphoric acid (85%), granulation (83%).

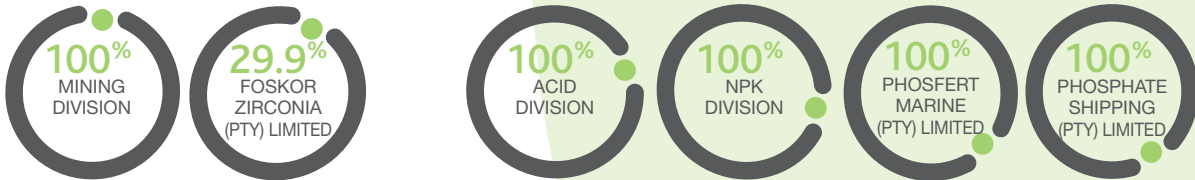


WHO WE ARE

GRI 2.5, 2.6

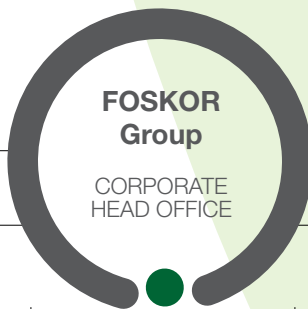


GROUP STRUCTURE



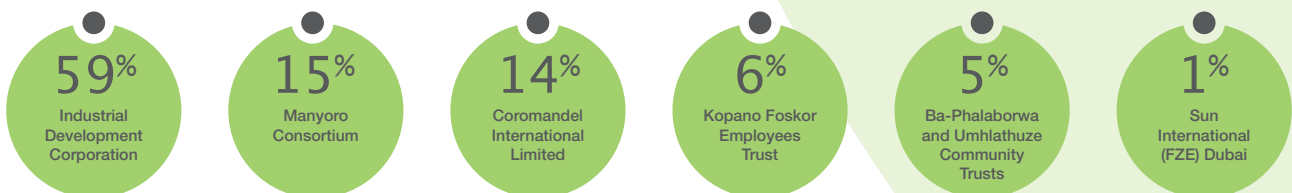
Phalaborwa

Richards Bay



SHAREHOLDERS

Midrand

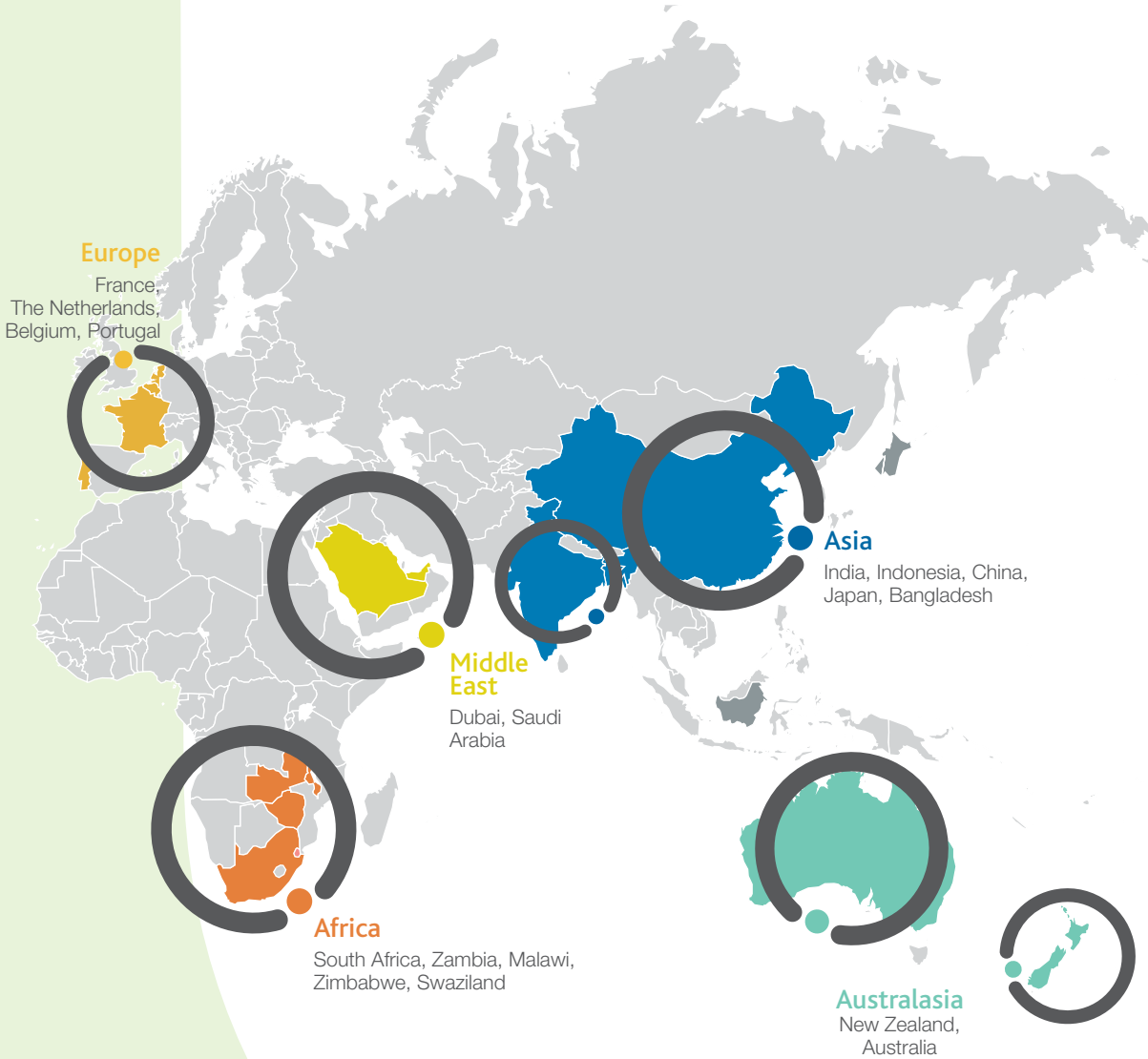


GEOGRAPHIC LOCATION

The markets Foskor serves



GRI 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8



FOSKOR OPERATIONS

Corporate Head Office

Limpopo – Phalaborwa

Gauteng – Midrand

KwaZulu-Natal – Richards Bay

Mining Division 100%

- Phosphate rock
- Magnetite

Foskor Zirconia (Pty) Limited 29.9%

- Electro-fused zirconia

Acid Division 100%

- Granular fertilisers
- Sulphuric acid
- Phosphoric acid

NPK Division 100%

- Phosfert Marine (Pty) Limited 100%
- Phosphate Shipping (Pty) Limited 100%

AND THE DETAILS OF

WHAT WE DO

WHO WE ARE (continued)



Shareholders

The Industrial Development Corporation (IDC) of South Africa holds a 59% controlling stake in Foskor. The IDC is a national development finance institution set up to promote economic growth and industrial development, and operates under the supervision of the South African Government's Economic Development Department.

Three international companies have shareholding in Foskor: Coromandel Fertilisers Limited (Mauritius) with 11.82%, Coromandel International Limited (India) with 2.18% and Sun International FZE (Dubai) with 1%.

Coromandel International Limited is part of the Murugappa Group and produces a range of fertilisers, speciality nutrients and crop protection products. They are the second largest phosphate fertiliser player in India and they also offer retail services. Sun International FZE (Sun International) specialises in international trading in fertilisers, fertiliser intermediates and raw materials which it sources globally to supply customers based in India and its neighbours.

Foskor's Broad-Based Black Economic Empowerment (B-BBEE) shareholders consist of the Manyoro Consortium with 15%, the Kopano Foskor Employees Trust with 6%, and the Ba-Phalaborwa and Foskor Umthlathuze Community Trusts with 5%. The total B-BBEE shareholding amounts to 26% of Foskor.

The Manyoro Consortium is a grouping of strategic business partners and special

interest groups, with a number of new BEE entrants. The Consortium provides Foskor with strategic value and expertise. The strategic business partners include the Makana Energy Consortium, Mgwali Investments, Palama, RSA Capital, Morning Tide Investments and Umanyolo Investment Holdings. The special interest groups comprise Awca Investment Holdings, Azara Consortium, Disability Empowerment Concerns, SBR, Phalimpopo and Podwala.

The Ba-Phalaborwa and Umthlathuze Community Trusts were established in terms of the Mining Charter and BEE Codes to promote equitable access to the nation's mineral resources and expand opportunities for historically disadvantaged South Africans in the mining sector. In terms of the Trust Deed, 85% of economic interest must accrue to local people residing in the surrounding communities.

The Kopano Foskor Employees Trust is an Employee Share Ownership Plan (ESOP) with the aim of empowering staff, rewarding productivity and helping to retain skills. The broad-based distribution of shares also contributes to meeting Foskor's black ownership targets.

Our substantial BEE shareholding means that we meet the Mining Charter's 2014 26% B-BBEE ownership benchmark.

Foskor at a glance

- Foskor was founded by the IDC in 1951 to produce phosphates for South Africa's agricultural sector, and is the only vertically integrated producer of phosphate ore, phosphoric acid and granular fertiliser in South Africa.
- The Group's core activities are the mining of phosphate rock and the production of phosphoric acid and phosphate-based fertilisers. Foskor mines and concentrates phosphate rock in Phalaborwa in South Africa's Limpopo province. From there it is carried by rail to the production facility in Richards Bay in KwaZulu-Natal.
- Foskor is the leading South African supplier of granular fertilisers, the core ingredient

in nitrogen, phosphate and potassium fertiliser products known as NPKs. It is also a commercial producer of phosphoric and sulphuric acids and magnetite, which are sold both locally and abroad.

- Magnetite (a by-product of the phosphate beneficiation process) has become a material contribution to Foskor's performance and will continue to do so in the medium to long term.
- Since 2012 Foskor brought online a blending facility for a variety of nitrogen phosphate and potassium (NPK) bulk products.



Foskor's business model and value-creating activities

Over the past year, Foskor has conducted an analysis of how it uses the 'six capitals' outlined in the International Integrated Reporting Council's (IIRC) framework to create and sustain value.

These six capitals are outlined as follows.

Capital	What it means in terms of our operation	Page
Financial	Capital investment funding and cost-cutting drive.	41
Manufactured	Infrastructure, asset replacement programme and ports access.	70
Intellectual	Intangibles associated with the Foskor brand and its ability to compete internationally in the beneficiation of phosphates, and access to plant and process technology.	31
Human	Attraction and retention of critical skills and succession planning.	76
Natural	Mine resources and ore reserves, life of mines, water resources and environmental impact.	61
Social and relationship	Relationships and engagement with our key stakeholders.	20

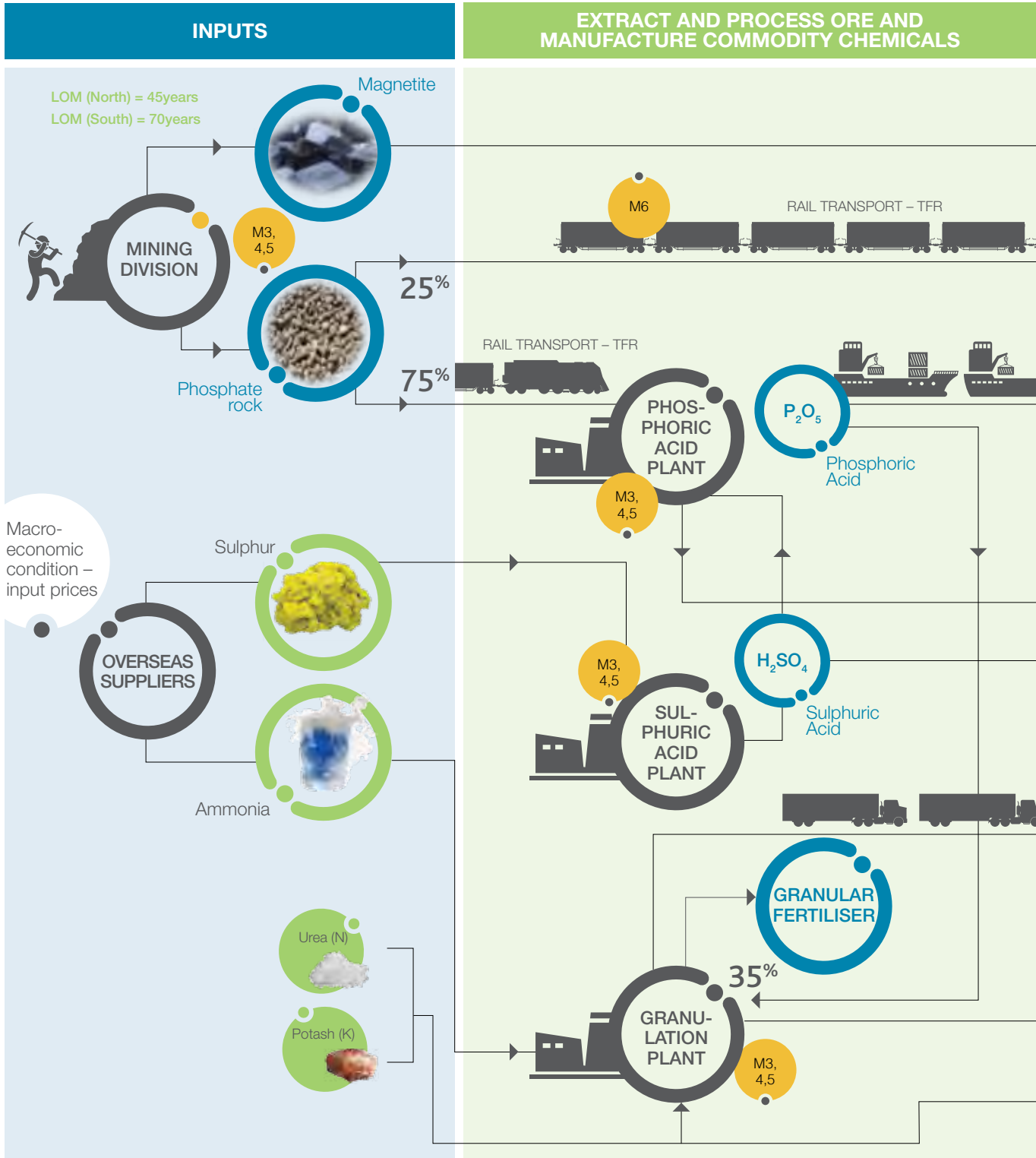
Our business model incorporates a wider view of our value-creating activities. This allows us to be more responsive to macro and local environments to ensure that we remain relevant in the short, medium and long term.

Our value-creating activities are represented visually in the following diagram.

BUSINESS MODEL



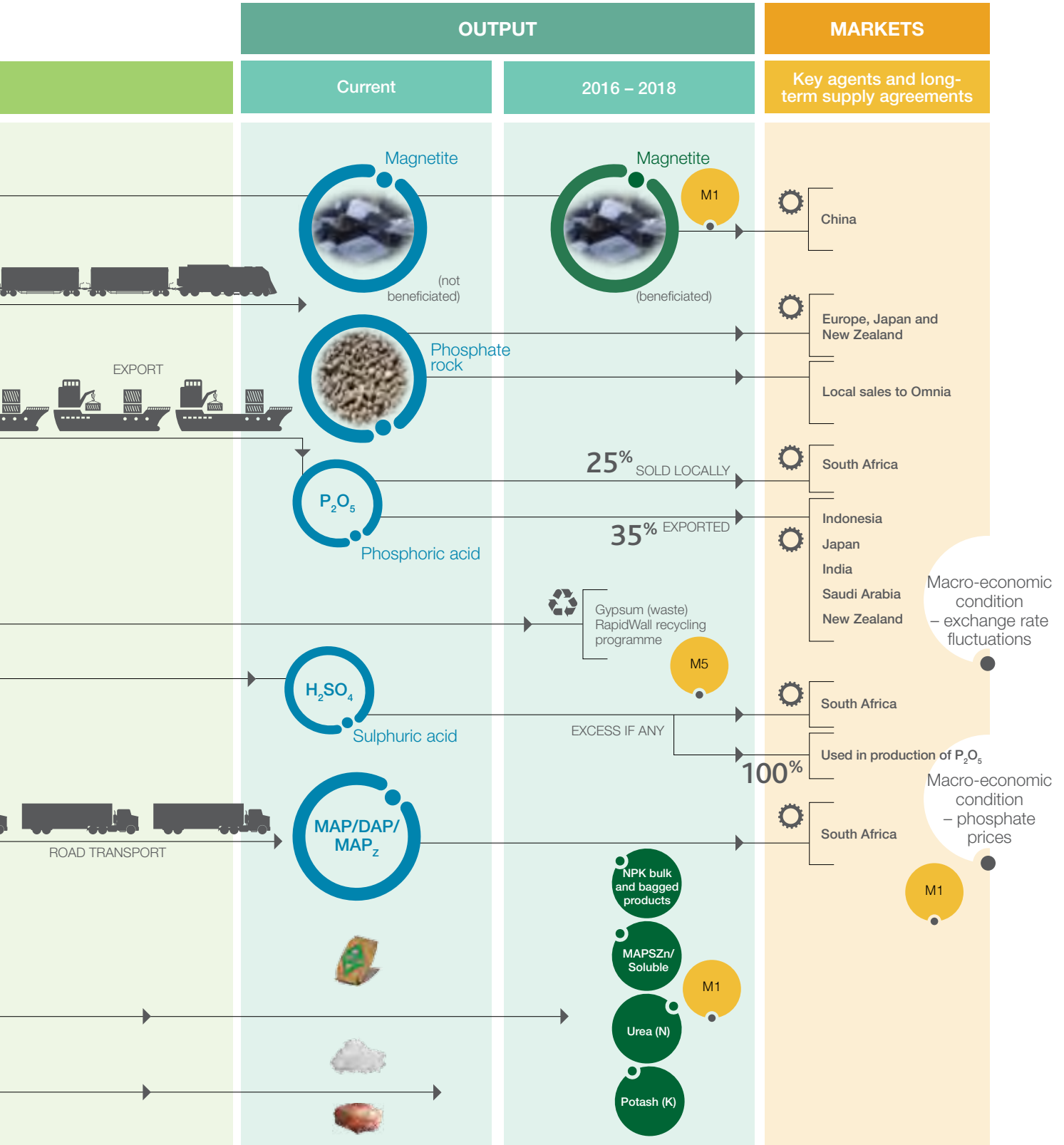
Supported by employees and the necessary technology



- LEGEND
- Input
 - Material issue number – Refer pages 27 to 30
 - Key stakeholders
 - Final product for sale
 - Market diversity
 - Product opportunity not yet developed
 - Recycling opportunity

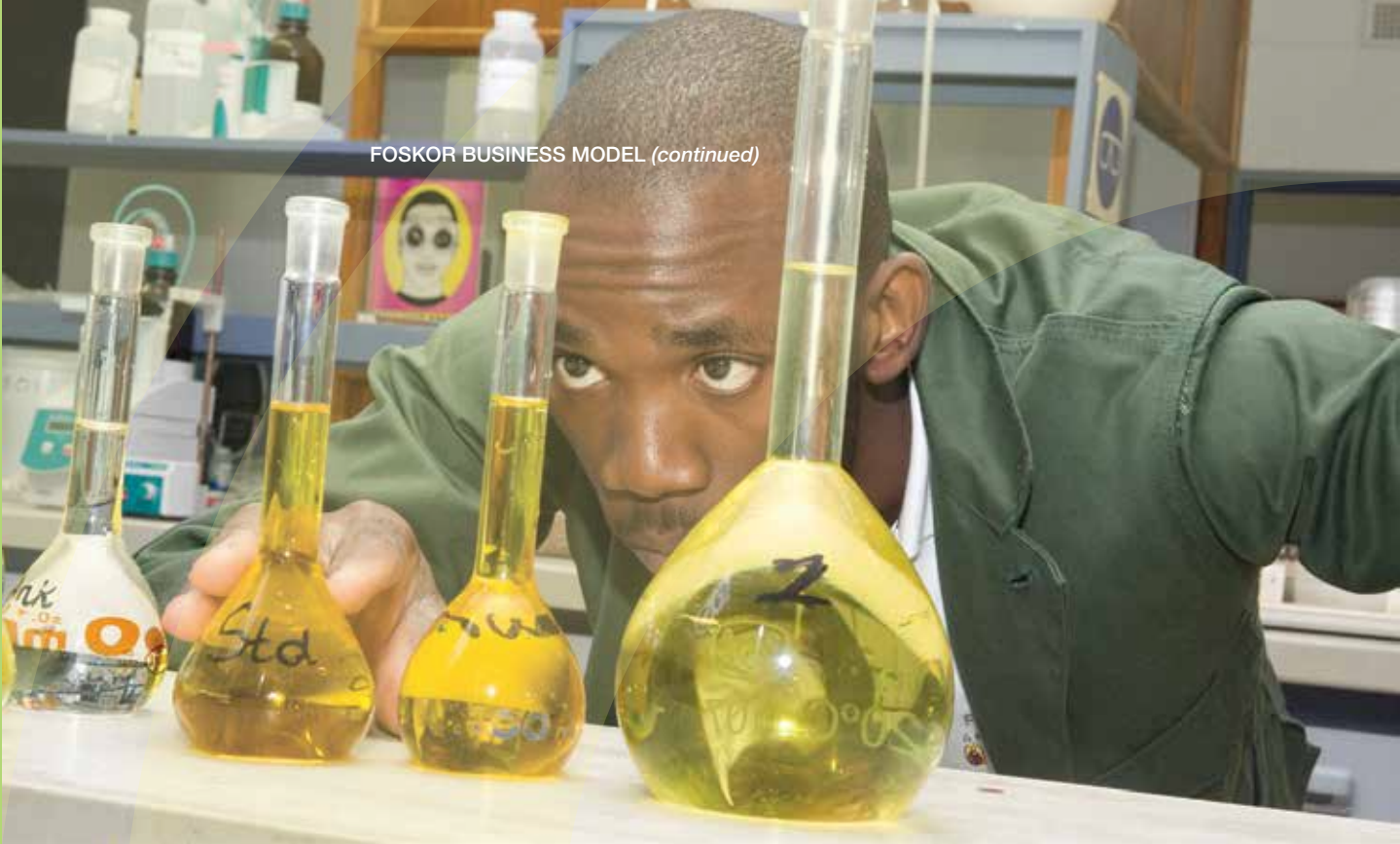
High quality igneous phosphate rock is mined in Phalaborwa and railed to the Acid Plant in Richards Bay to produce phosphoric acid. We import sulphur to produce sulphuric acid as an input into phosphoric acid. We also produce coated and uncoated granular fertilisers such as MAP (mono-ammonium phosphates), DAP (di-ammonium phosphates) and MAP_z (MAP with zinc).

We export to agri and chemical wholesalers in Europe, the Middle East, Australasia, Asia and sub-Saharan Africa. We do not outsource any products and services and our business model is built around our high-quality igneous rock beneficiated safely to produce high-end products for a high-end market to create value to all stakeholders.

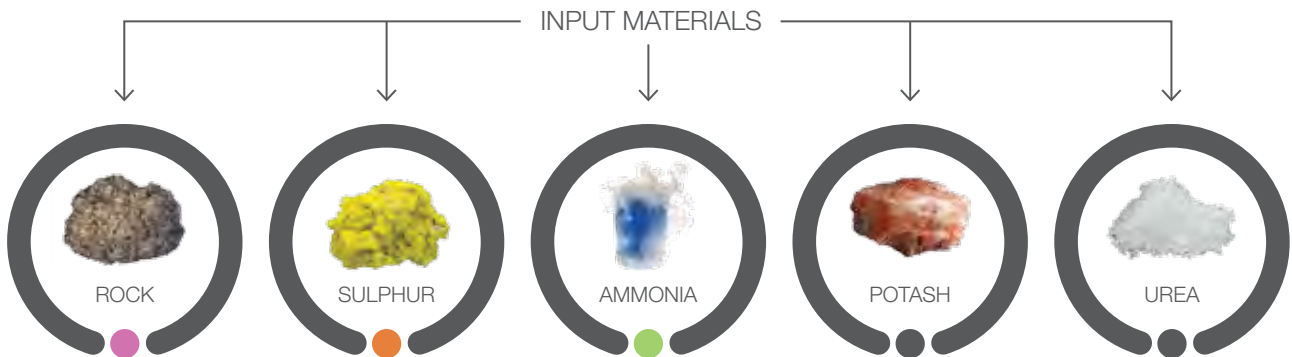


 Supported by in-house shipping brokerage and cargo agent

FOSKOR BUSINESS MODEL (continued)



The resources we utilise



Our business model has a high natural capital input. We own all the rights to the phosphate rock at our two mines in Phalaborwa, which can produce 2.6 million tons of rock per annum at full capacity, and have life expectancies of 45 and 70 years, respectively. The quality of our igneous phosphate rock allows us to produce high-end products for important markets where strict quality standards apply, such as the food industry.

Some of the rock formations in Phalaborwa also contain magnetite. Although not currently mined we have stockpiled magnetite that we now sell as a by-product of the phosphate beneficiation process.

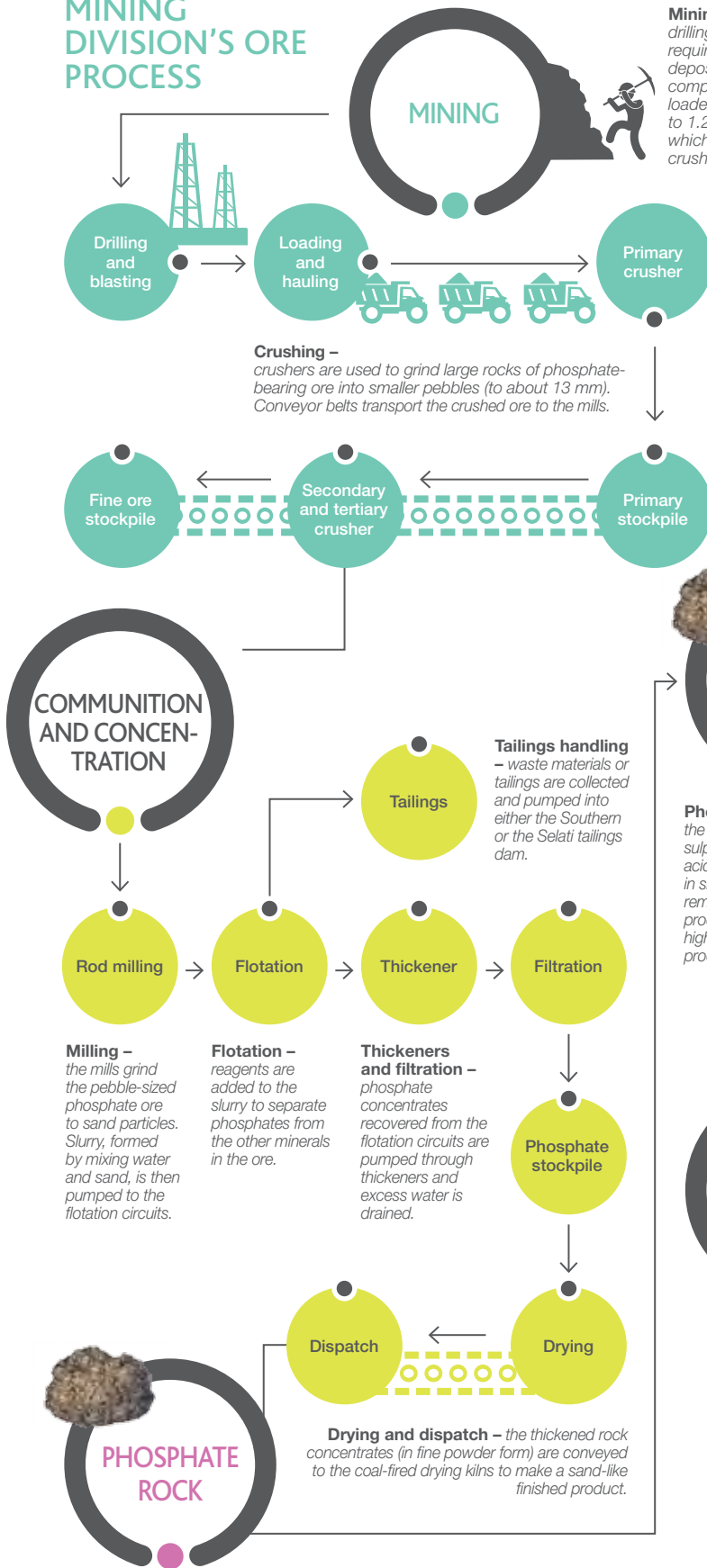
We import sulphur primarily from Canada and the Middle East to produce sulphuric acid, an input material for our phosphoric acid manufacturing. We also import ammonia that is used in the production process of coated and uncoated granular fertiliser. We actively engage our suppliers to manage variations in the availability of these resources and the impact of exchange rate fluctuations.

We are currently researching new revenue streams that can easily be incorporated into our business model. Over the short- to medium-term, we anticipate being able to extract more value by beneficiating our magnetite, and are investigating the possible development of potash and urea-based products.

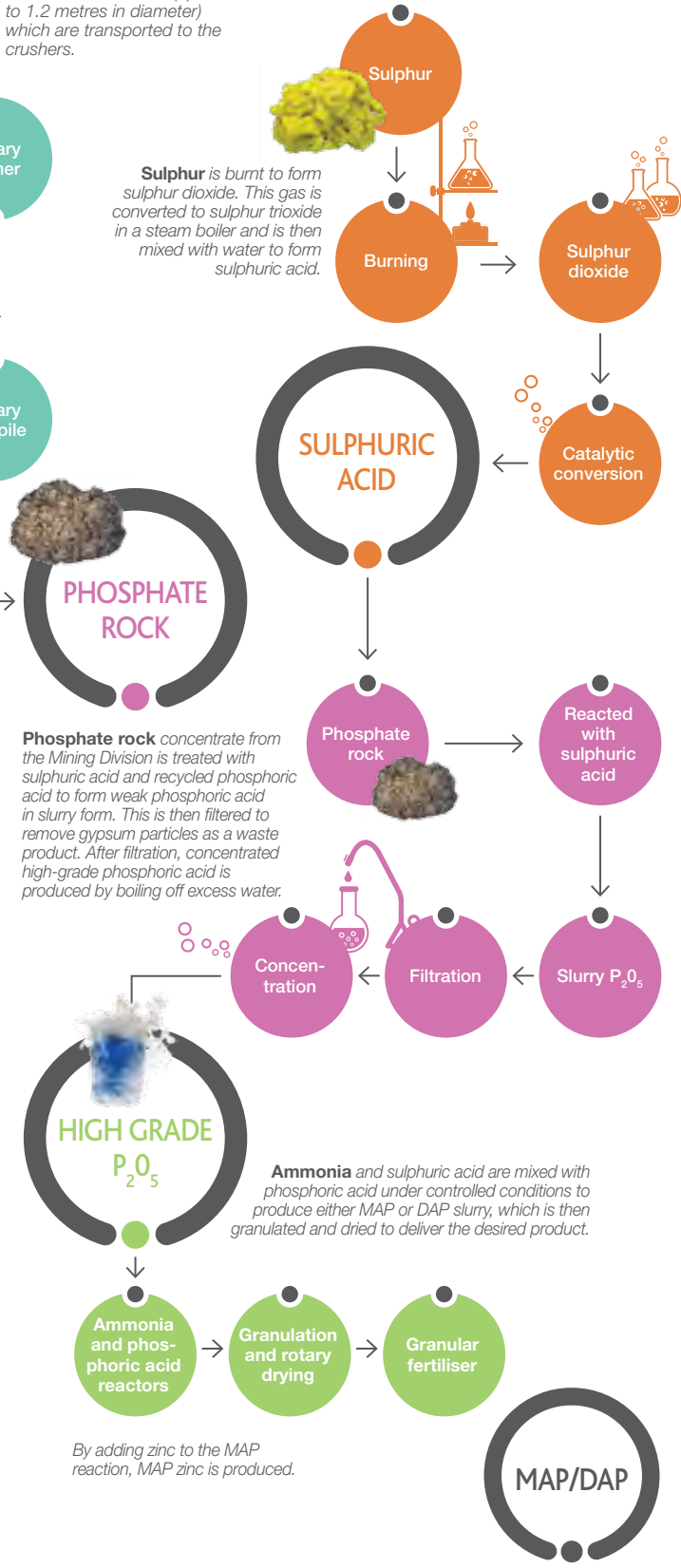
Processes, activities and outcomes

The following illustration represents the production processes of Foskor's Mining and Acid Divisions.

MINING DIVISION'S ORE PROCESS



ACID DIVISION'S PROCESS



FOSKOR BUSINESS MODEL (continued)

OUTPUTS AND OUTCOMES

Part of Foskor's strength lies in the control we have over our value chain, from the mining and processing of rock to the manufacturing and distribution of the finished product. Our ability to create value depends on the strategic relationships we have with key stakeholders within the value chain, the state of our plants and infrastructure, and on our employees, contractors and surrounding communities.

We have been dependent on Palabora Copper (PC) to provide 20% to 25% of our crushing and milling capacity in the production of rock, and going forward this production stream has been suspended as part of the restructuring process that took place in 2014.

We are also dependent on Transnet Freight Rail (TFR) to transport our mined ore 800km to our processing plant in Richards Bay and our final products from there to the port of

Richards Bay. TFR is also responsible for transporting our rock through the Maputo Corridor for export via Mozambique.

Our manufactured capital (infrastructure and plant) is currently under severe pressure. Most of our essential facilities in the Acid Division were built in the 1970s and urgently need upgrading. We also recognise that we need to improve our infrastructure maintenance and manage aging equipment more proactively.

As part our strategy we have initiated a major asset replacement programme. (See page 70 for more details.)

Over 1 842 permanent employees and 155 temporary workers depend on Foskor for their livelihood. We continue to compete strenuously in a skills-scarce South Africa for the strategic and engineering skills we require to operate efficiently.



FOSKOR PRODUCTS AS % OF REVENUE*

Product	CONTRIBUTION		
	2012	2013	2014
Magnetite	3.7%	7.9%	17.3%
Rock	11.3%	21.7%	5.1%
Phosphoric acid	59.4%	40.5%	41.6%
Granular fertiliser	25.6%	29.9%	31.8%
NPK (includes urea and potash)	–	–	1.6%
Other (sulphur, sulphuric acid, ammonia)	–	–	2.6%

* Our limited sulphuric acid sales contribute less than 0.5% of revenue and have therefore been excluded from this table.

Product	Details
Magnetite	The bulk of our unbeneficiated magnetite is sold locally and to China. We plan to expand the Chinese market with beneficiated magnetite products through long-term supply agreements. A beneficiation plant will be set up in Phalaborwa to supply this market.
Rock	We have capacity to mine approximately 2.6 million tons of rock per annum. Seventy-five percent is used for the production of phosphoric acid, 10% to 15% is exported to Japan, New Zealand and the Netherlands and the rest is sold locally.
Phosphoric acid	Our acid plant has production capacity of 690 000 tons of phosphoric acid annually and, as our core product, phosphoric acid sales contribute approximately 40% to our annual revenues. We export 35% of our phosphoric acid production to Europe, India, Saudi Arabia, Japan, Indonesia and New Zealand. Twenty-five percent is sold locally and 40% is used as an input for the production of granular fertilisers.
Gypsum	Gypsum is a by-product of the phosphoric acid production process and is currently discarded. Opportunities exist to reduce the environmental impact of disposing of the gypsum and creating secondary revenue streams by using it to produce wall cladding.
Sulphuric acid	Our sulphuric acid plant is capable of producing 2.2 million tons of sulphuric acid. Two million tons are used in the production of phosphoric acid, while the rest is sold to Malawi, Zambia and domestically.
Granular fertilisers	We can produce 400 000 tons of granular fertilisers using our own phosphoric acid as raw material; specifically we produce mono-ammonium phosphates (MAP), di-ammonium phosphates (DAP), and MAP with zinc (MAPz).
NPK	We have a production facility for blending a variety of nitrogen, phosphate and potassium (NPK) bulk products. The facility has capacity to blend 35 000 tons of NPK per annum. Seventy percent of the NPK products are sold in the SADC region and the rest is sold locally.

We plan to expand our fertiliser product range to include soluble MAP, NPK and bagged products for distribution to lucrative markets in New Zealand, Central Africa and Israel. The production of potash and urea-based products is also under investigation.

Our local communities also form part of our value-creating business model. By providing

jobs, improving local living conditions and maintaining positive relationships with our employees and local communities, we maintain our social licence to operate and play our role in the socio-economic development of South Africa.

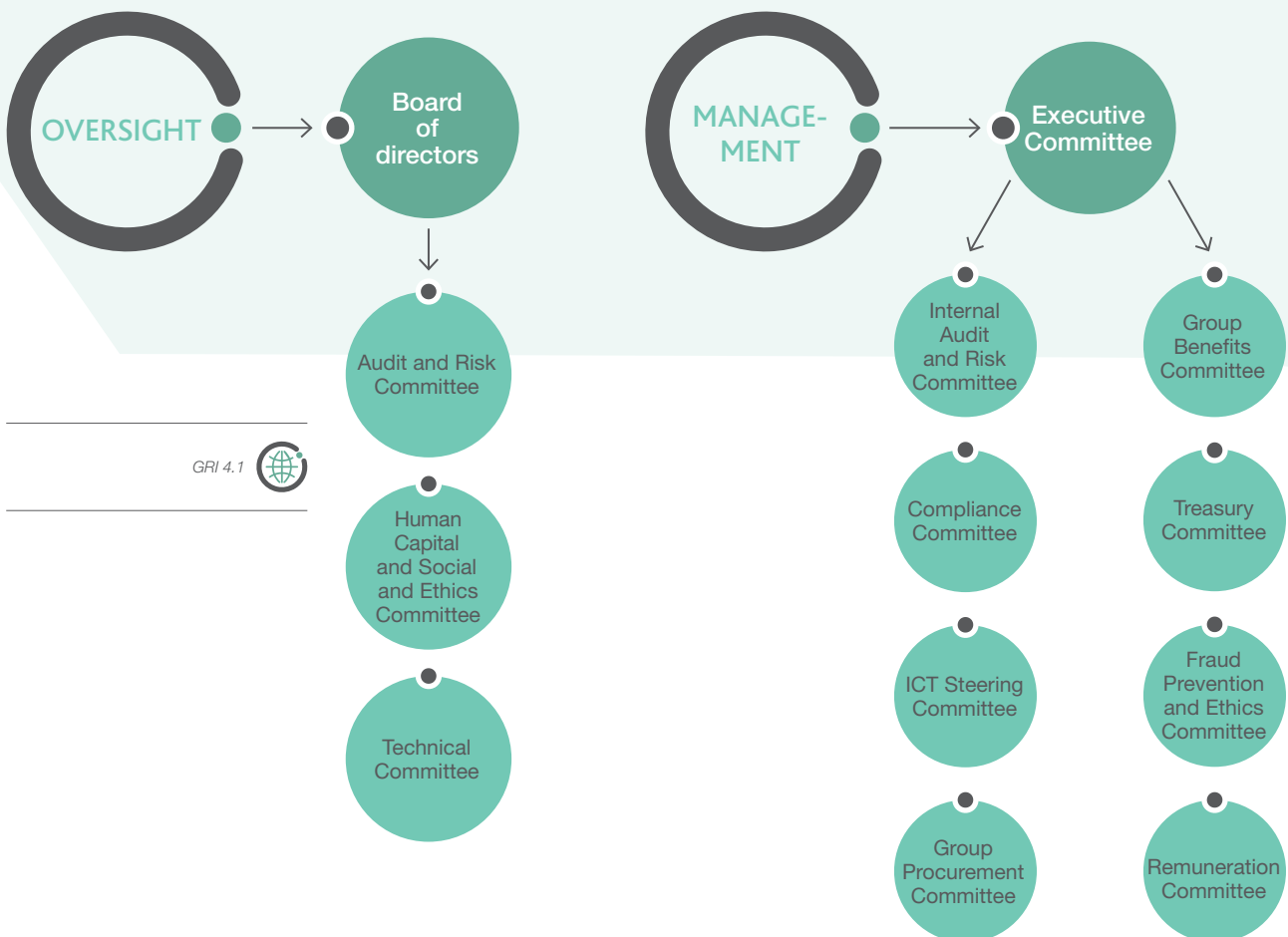
We provide a detailed discussion of the business strategy on page 31 of this report.



OPERATING CONTEXT AND STRATEGIC INTENT

MANAGEMENT AND GOVERNANCE STRUCTURES

Foskor's governance and executive structures are shown below. More detail regarding our Board, Board sub-committees and remuneration policies can be found in the Corporate governance section of this report.





LEADERSHIP



1



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8

BOARD MEMBERS

1 Geoffrey Qhena

Non-executive Director and Chairman
BCompt (Hons), CA (SA), SEP, Adv Tax Certificate

2 Alfred Pitse

Executive Director and Chief Executive Officer
BCompt (Hons), CA (SA), MBL

3 Josephine Gaveni

Non-executive Director
BAdmin (Hons), MSc (HR Management)

4. Tanya Grobbelaar

Non-executive Director
BCom, (Hons), CA (SA)

5 Peter Paul Ngwenya

Non-executive Director
BCom (Hons)

6 Gerrit van Wyk

Non-executive Director
BCom (Hons), MCom, MBL AMP (INSEAD)

7 Arunachalam Vellayan

Non-executive Director
BCom, Ind Admin, MBS

8 John Barton

Independent Non-executive Director
FCMA, CGMA, AMP (Harvard)

9 Fidelis Madavo

Independent Non-executive Director
BSc (Hons) ChemEng, MSc, IEDP

10 Ben Magara

Independent Non-executive Director
BSc Eng (Hons)

11 Nkosemntu Nika

Independent Non-executive Director
CTA, BCompt (Hons), CA (SA), AMP (INSEAD)

12 Dr David Phaho

Independent Non-executive Director
BSc (Hons), MSc, PhD, Certificate: Finance and Accounting, MAP, SEDP

GRI 4.1, 4.2 and 4.3

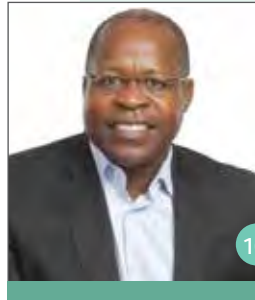


Refer online for the full CVs of the directors and management staff





9



10

EXECUTIVE COMMITTEE

1 Alfred Pitse

Chief Executive Officer
BCompt (Hons), CA (SA), MBL

5 Sarah Luthuli

Vice President: Corporate Affairs and Human Capital
BSocSci, PDPM, HPL (IMD), IEP (INSEAD), MBA

2 Theuns Koekemoer

Chief Financial Officer
BCom (Hons), CA (SA), AEP

6 James Morotoba

Vice President: Mining
BSc Eng (Min), MMC, MDP, AMP, MBA



11



12

3 Khumbulani Cele

Vice President: Logistics and Procurement
BCom (Hons), DIP Bus Tax, EDP, IEP (INSEAD)

7 Nathi Nkomzwayo

Vice President: Acid
BSc Eng, PDP

4 Niranjn Gokhale

Vice President: New Business Development, Strategy, R&D and Continuous Improvement
BE (Mechanical Eng), MS (Mfg and Industrial Eng), MBA, CPIM (APICS)

8 Similo Sibisi

Vice President: Legal, Risk, Compliance and Marketing
BA, LLB, AMP (INSEAD)



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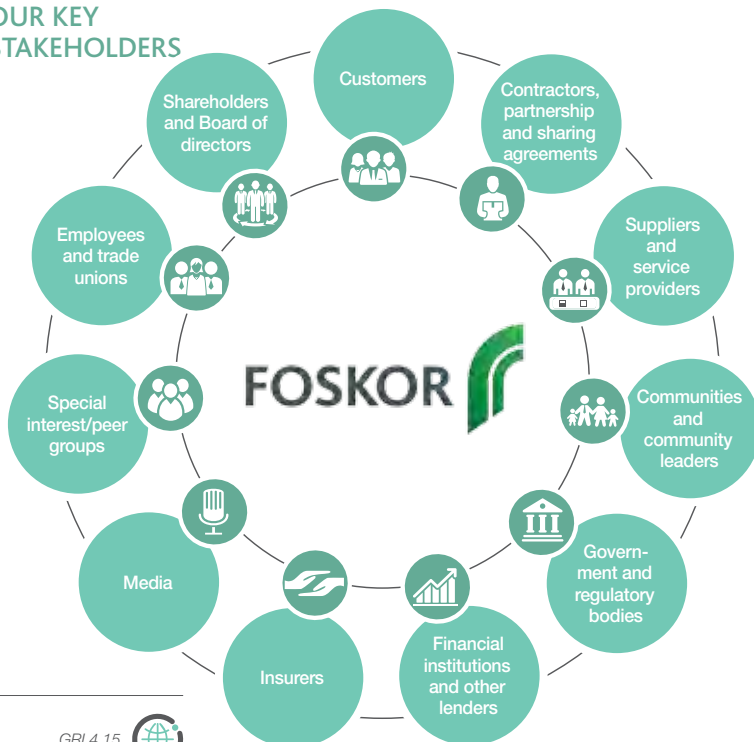
8



OUR KEY STAKEHOLDERS

FOSKOR DEFINES ITS STAKEHOLDERS AS PEOPLE WHO ARE AFFECTED BY ITS OPERATIONS OR WHO CAN AFFECT THE PRODUCTION OR DELIVERY OF OUR PRODUCTS AND SERVICES.

OUR KEY STAKEHOLDERS



GRI 4.15

We seek to engage all our stakeholders productively and proactively. In this integrated report, the term stakeholders includes shareholders.

Opportunities for dialogue are created through meetings, forums, surveys, briefings, interviews and our website. Other internal and external communication channels are also available for stakeholders to engage with the Company. We use these channels to inform stakeholders of the company's activities and obtain feedback from them.

Our stakeholder engagement programme has been specifically designed to:

- Continually update our understanding of our operating environment, to better identify and define the risks facing the Company and allocate resources to seeking solutions;
- Learn about market developments and social dynamics and feed this knowledge into product enhancements;
- Build trusting relationships and educate the public as to the importance of our business; and
- Give corporate social investment (CSI) recipients a voice in the decision-making processes and tailor initiatives to their needs.

KEY STAKEHOLDERS AND OUR STRATEGIC RESPONSES IN ENGAGING THEM

STAKEHOLDER	HOW WE COMMUNICATE WITH THEM	WHAT MATTERS TO THEM	WHAT CONCERNS THEM	HOW WE RESPOND TO THEIR CONCERNS
 <p>Employees and trade unions</p>	<ul style="list-style-type: none"> ■ Staff alerts from the CEO's desk ■ General notices from the Communications desk ■ Intranet ■ Speeches ■ Women in Mining/Manufacturing ■ Forums ■ Monthly staff briefings ■ Departmental meetings ■ Daily business area meetings ■ Daily newsletters ■ Bi-monthly staff magazine ■ Notice boards ■ Performance reviews ■ Internal communications campaigns and events 	<ul style="list-style-type: none"> ■ Fair remuneration and benefits ■ Training and mentoring ■ Safety ■ Employee wellness programmes ■ Community issues including HIV/AIDS, housing and job creation ■ Communication strategy 	<ul style="list-style-type: none"> ■ Transformation ■ Recruitment of scarce skills ■ Opportunities for advancement ■ Succession planning ■ Incentives and bonus schemes ■ Training and development ■ Job security 	<ul style="list-style-type: none"> ■ Employee assistance programmes ■ R780 thousand on HIV/AIDS and wellness programmes ■ Safety and Environmental Awareness Days ■ Maintaining ISO 9001, ISO 14001, OHSAS 18001, SANS 451:2008 and SANS 16001 certifications ■ Bursaries and study assistance ■ In-house induction and training programmes ■ e-Learning ■ Knowledge transfer programme ■ Talent management strategy ■ Internships, learnerships and mentorships ■ Technical assistance agreement ■ Career pathing ■ Employee share ownership plan
 <p>Shareholders and board of directors</p>	<ul style="list-style-type: none"> ■ Shareholders meetings ■ Board meetings ■ Letters ■ Memos ■ Annual reports ■ Alerts from the CEO's desk 	<ul style="list-style-type: none"> ■ Profit ■ Sustainable growth ■ Driving transformation ■ Job creation 	<ul style="list-style-type: none"> ■ Cyclical nature of business ■ Escalating costs ■ Competition ■ Narrowing margins 	<ul style="list-style-type: none"> ■ Discharging duties through sub-committees ■ Requiring regular feedback on executive management's execution and deliverance on key performance indicators
 <p>Customers</p>	<ul style="list-style-type: none"> ■ Meetings ■ Site visits ■ Business associations ■ Conferences and seminars 	<ul style="list-style-type: none"> ■ Value ■ Customer service ■ Quality products ■ Competitive prices ■ Timely deliveries ■ Reliability of supply 	<ul style="list-style-type: none"> ■ Availability of stock ■ Logistics ■ Sustainability of customer relationships 	<ul style="list-style-type: none"> ■ Stockpiling rock ■ Alternative rail logistics routes ■ Improving operational efficiency
 <p>Contractors, partnerships and sharing agreements</p>	<ul style="list-style-type: none"> ■ Meetings ■ Written communications ■ Contact on operational issues ■ Reports ■ Contract negotiations 	<ul style="list-style-type: none"> ■ Equitable income distribution ■ Key safety, health, environment and quality strategies 	<ul style="list-style-type: none"> ■ Work stoppages ■ Industrial action ■ Continued partnerships 	<ul style="list-style-type: none"> ■ Contractor safety, health and environmental management plans ■ Safety agreements
 <p>Suppliers and service providers</p>	<ul style="list-style-type: none"> ■ Meetings ■ Site visits ■ Tenders and supply contracts ■ Company website ■ Business associations ■ Performance reviews and audits ■ Conferences and seminars 	<ul style="list-style-type: none"> ■ Input costs ■ Payment terms ■ Duration of contracts ■ Vendor information and training 	<ul style="list-style-type: none"> ■ Enterprise development ■ Preferential procurement terms ■ BEE ratings 	<ul style="list-style-type: none"> ■ Foskor has more than 2 600 vendors in its supplier database. The following services are offered to them: <ul style="list-style-type: none"> ■ Vendor training ■ Supplier days ■ R3 billion spent on BEE suppliers ■ R0.8 million spent on Local Economic Development (LED) programmes

Key stakeholders and our strategic responses in engaging them (continues on next page).

THE STAKEHOLDER ENGAGEMENT PROCESS (continued)

STAKEHOLDER	HOW WE COMMUNICATE WITH THEM	WHAT MATTERS TO THEM	WHAT CONCERNS THEM	HOW WE RESPOND TO THEIR CONCERNS
 Communities and community leaders	<ul style="list-style-type: none"> Public and personal meetings CSI initiatives Quarterly meetings with kgoshis Community open days Integrated development plan and economic development forums Social and labour plans Grievance and conflict resolution processes Ad hoc communications such as letters and meetings Community trust meetings 	Sustainable socio-economic development Transformation Developing a talent pool Corporate social investment initiatives Pollution, safety and health matters Consultation on proposed new projects and significant changes to existing operations Employment of local labourers	Land claims and cultural heritage Inability to source scarce skills Enterprise development and local procurement	R5 million spent on CSI initiatives Social labour plans and local economic development Community trusts R413 million in mine rehabilitation guarantees Environmental rehabilitation trusts Estimated costs for scheduled and unscheduled mine closure are R458 million and R559 million respectively
 Government and regulatory bodies	<ul style="list-style-type: none"> Meetings Written communications Presentations Audits Business associations 	Statutory and legal compliance Transparent and full disclosures of Group's structures, activities and intention Safety Local economic development Transformation	Safety Non-compliance Default risk	Statutory compliance enforced through the Legal and Compliance Department Regular meetings and presentations to departments and government bodies
 Media	<ul style="list-style-type: none"> Networking and briefing sessions Press releases Telephonic and other interviews CSI/LED project handover invitations Event invitations 	Company news New developments Safety incidents Job advertisements Tenders	Work stoppages Employment in a tough market	Regular face-to-face contact, briefings and networking Written communications to answer queries
 Financial institutions and other lenders	<ul style="list-style-type: none"> Meetings Letters Emails 	Liquidity position Risk management and exposure Gearing ratio Interest cover	Negative cash flows Other debt obligations Ability to service debt	Prudent liquidity risk management, maintaining sufficient cash and marketable securities, managing cash flows and raising adequate borrowing facilities
 Insurers	<ul style="list-style-type: none"> Meetings Site visits Reports 	Adequate risk management Internal controls	Ageing equipment and technology	Rigorous maintenance and regular inspections limit insurance claims
 Special interest groups and peer groups	<ul style="list-style-type: none"> Business body memberships Meetings Industry initiatives Conferences and seminars 	Safety and health Environmental matters Regulatory changes Economic drivers	Environmental management Safety Nationalisation	Member of following forums and associations: <ul style="list-style-type: none"> International Fertiliser Association Fertiliser Society of Southern Africa KZN Growth Coalition Zululand Chamber of Commerce and Industry Richards Bay Clean Air Association Umhlathuze Pipeline Forum Umhlathuze Emergency Planning Forum Olifants River Water Catchment Forum Transnet's Environmental Forum Meeting in accordance with the Environmental Management Plan for Port Operations Kruger National Park Environmental Management Forum

Value added statement



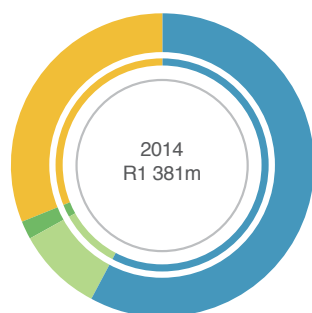
This statement shows the total financial value we created and how it was distributed:

Notes	2014		2013		
	Rm	%	Rm	%	
Revenue	5 086		4 906		
Paid to suppliers for products, materials and services	(3 878)		(3 946)		
Value added from trading operations	1 208	88	960	87	
Income from Investments [^]	18	1	2	0	
Finance income	27	2	34	3	
Other operating income	128	9	108	10	
Total value created	1 381	100	1 104	100	
Wealth distribution:					
Employees*	1	811	59	814	74
Capital providers		122	9	170	15
Dividends to Foskor shareholders		–		35	
Finance cost		122		135	
Government	2	30	2	30	3
Communities (corporate social investment)		2	0	14	1
Reinvested in the Group to maintain and develop operations		416	30	76	7
Depreciation and amortisation		271		222	
Retained profit		150		(88)	
Deferred taxation		(5)		(58)	
		1 381	100	1 104	100
VALUE ADDED RATIOS					
Number of employees		1 842		1 945	
Revenue created per employee (R'000) [#]		2 761.13		2 522.37	
Value created per employee (R'000) [#]		749.73		567.61	
NOTES					
1. Employees					
Salaries, wages, overtime payments, commissions, bonuses and allowances, employer contributions		811		814	
		811		814	
2. Government					
Tax – normal, royalties, dividend withholding		16		17	
Rates and taxes paid to local authorities		6		6	
Skills development levy		8		7	
		30		30	

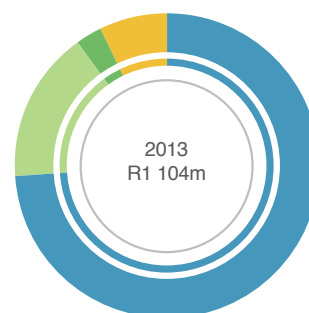
[^] Dividend income.

* Represents the gross amounts paid to employees.

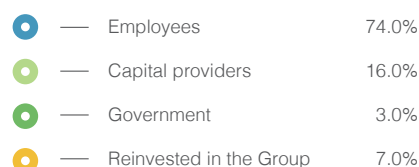
[#] Based on average number of employees.



TOTAL VALUE ADDED



TOTAL VALUE ADDED



OUR STRATEGIC FOCUS AREAS



MATERIALITY

Foskor management thinks consistently about how it manages its operations, and has established a process to determine and annually review the material issues Foskor must manage in order to sustain its ability to create value over the short, medium and long term.

An issue is considered material if it could substantially influence our stakeholders' assessment of Foskor's ability to create value. We determine whether an issue is material through our risk management system and by engaging our stakeholders, and then prioritise these issues in terms of the actual or potential impact they might have on our business operations and ability to achieve our objectives.

RISK MANAGEMENT

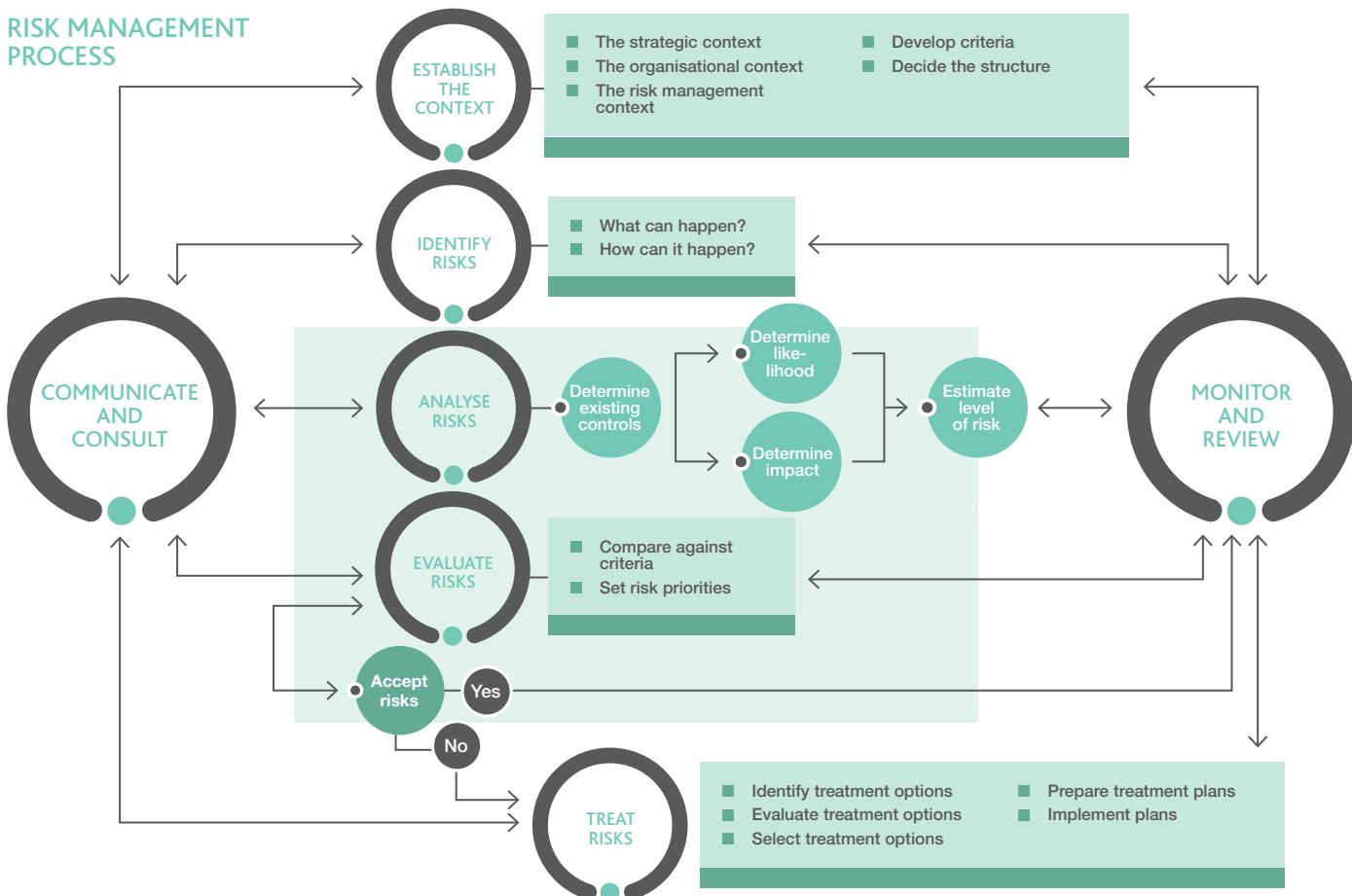
Foskor's risk management strategy aims to provide an early warning system and initiate

measures to avoid or mitigate any potential business losses.

We define risk as any emerging or potential event or situation which could affect our ability to achieve our objectives. The strategies we adopt, the expectations of our stakeholders, the economic and natural environment in which we operate, as well as the current and future legislative and legal requirements we have to comply with, all possess inherent risks, but also potential rewards. Risk management therefore aims to identify opportunities as well as analysing business threats.

Our Enterprise-wide Risk Management (ERM) Framework provides a structured approach to effectively and proactively identify, analyse, evaluate and mitigate such events, providing us with reasonable assurance that our objectives will be met.

RISK MANAGEMENT PROCESS



Our ERM Framework is aligned with ISO 31000, Committee of Sponsoring Organisations (COSO), King III and generally accepted best practice. All Group business units, divisions, subsidiaries and processes are subject to our ERM policies.

We have developed strategic, operational, process and project risk profiles. We assess and update each profile and its possible related actions on a quarterly basis. Divisional and operational risks are reported up to Group level to ensure they are managed in line with the Group's strategic objectives and business strategy.

OUR ERM FRAMEWORK HELPS US ACHIEVE THE FOLLOWING OBJECTIVES:

Aligning risk appetite and strategy	Management considers the risk appetite of both the Group and divisions, as determined by the Board, in evaluating alternatives, setting objectives, and developing mechanisms to manage risks.
Enhancing risk response decisions	A framework is provided for management to identify and select alternative responses to risk.
Reducing operational losses	The framework has enhanced management's ability to identify potential risks, establish appropriate responses by implementing effective controls and reduce associated costs and losses.
Capitalising on opportunities	Regular consideration of a full range of potential events helps management identify and capitalise on opportunities.
Improving allocation of capital	Reliable risk information allows management to assess overall capital needs and enhance capital allocation.
Ensuring compliance with laws and regulations	Regular regulatory forecasting, impact assessments and reviews of applicable laws and regulatory changes reduce compliance risks.

We have secured appropriate property damage, business interruption and liability insurance cover at commercial premiums and terms. Regular reviews of our insurance strategy are fed back into the ERM Framework.

We have made substantial progress in achieving the objectives outlined above and will continue to refine our ERM processes, systems and reporting to ensure risk management can achieve and sustain its desired value as a business enabler. The Board has approved the revised ERM Policy and Framework, Project Risk Management Policy and Framework, and the revised Business Continuity Management (BCM) Policy and Framework during the year under review. Key projects for the forthcoming financial year are to enable business resilience and further entrench the risk management function. The current business continuity management plans will be improved and simulation tests will be executed to provide assurance on the organisation's capability

for an effective response to safeguard the interests of its key stakeholders, reputation, brand and value creating activities.

RISK REVIEW PROCESS

The Board of directors delegates oversight of Foskor's ERM to the Board Audit and Risk Committee. The Executive Committee ensures that our exposure to risk remains within our risk appetite levels and is additionally charged with identifying opportunities we can exploit. A strong link between these committees is maintained to ensure that risk management standards are maintained and processes executed effectively.

Divisional Risk Committees oversee risk management at an operational level and the Internal Audit and Risk Committee at a Group level. In order to ensure consistent and appropriate decision-making, we keep all functional levels of our business informed about our current ERM thinking.

OUR STRATEGIC FOCUS AREAS (continued)

KEY RISKS AND OPPORTUNITIES

A summary of our key strategic risks, as determined through our ERM process, is presented below. A selection of these is discussed in the section that follows.

KEY STRATEGIC RISKS

High potential impact issues	Medium potential impact issues	Low potential impact issues
Global phosphoric acid market volatility	Feasibility of phosphate rock export sales using the Maputo corridor logistics mode	Availability of critical resources for strategic project execution
Liquidity risk	Loss of institutional memory	Attraction and retention of skills
Volatile industrial relations climate	Foreign exchange rate volatility	Reputational damage and poor public image
Plant breakdown and production inefficiencies – Mining and Acid Division		
High input costs		
Non-compliance with environmental, safety and health legislation		
Dependence on Transnet Freight Rail for rail logistics		

In summary, the global phosphate acid market volatility has also impacted on the supply and demand dynamics thus keeping prices subdued and impacting on the Group's liquidity. This has prompted the Group to re-engineer its strategic business model by limiting our exposure and dependencies on key suppliers, customers and markets. It is important that we manage fluctuations in exchange rates and the cost of raw materials and operations intelligently, and develop new revenue streams to ensure diversified products based on our strategic business model. Our ageing acid plant and infrastructure urgently require improvement of its reliability, productivity and environmental compliance. We also have to proactively manage South Africa's volatile industrial relations climate and attract strategic and technical skills to maintain business excellence.

Significant material issues

We have assessed our key risks and opportunities, and identified and prioritised the seven material issues we have to actively manage. The table offers a brief explanation of each material issue, our strategic response

to managing it and the key performance measures by which we monitor our progress. The key performance indicators are currently short-term in nature and form the basis for the three- to five-year Company strategy. For some of the material issues, Foskor still needs to define the medium- and long-term performance targets that management will be benchmarked against.

Material issue 1: Market volatility

Material issue 2: Liquidity

Material issue 3: Plant breakdown and production inefficiency

Material issue 4: Non-compliance with health and safety legislation

Material issue 5: Non-compliance with environmental legislation

Material issue 6: Dependency on Transnet Freight Rail for rail logistics

Material issue 7: Volatile industrial relations climate

OUR STRATEGIC RESPONSE

Material issue: Description	1	Context	Strategic response	Key Performance Indicators	Performance against KPIs*	Future KPIs**	Long-term KPIs***
Market volatility		Foskor is essentially a "price taker" in the global phosphoric acid market and is greatly impacted by the world market. The global phosphoric acid commodity market weakness and volatility impacts on the selling price and profit margins of phosphoric acid. Furthermore, changing government legislation and country specific conditions of key customers impacts negatively on final product demand and supply thus putting further downward pressure on commodity prices. The fluctuation of the selling prices caused volatility in Foskor's earnings year-on-year.	Foskor's strategy is to minimise its dependency on the global phosphoric acid market, products and key customers. There is a determined focus on marketing and sales efforts being directed more towards the local and Southern African market in terms of granular fertiliser products. Further downstream beneficiation projects such as NPK fertiliser blends, magnetite sales and further beneficiation are also earmarked to reduce the dependency on phosphoric acid product sales. Long-term strategic projects are also being investigated to diversify our product range and increase profit margins. Business ventures and alliances with major investors are also being forged to ensure sustained growth and expansion.	<p>Increase percentage of local sales to reduce price and exchange rate fluctuations.</p> <p>Increase sales of blended NPK to capacity of rented facility.</p> <p>NPK facility owned by Foskor to be commissioned in 2015.</p> <p>Magnetite sales to offset significant sales prices reductions in phosphate-related products.</p> <p>Magnetite beneficiation JV project to be commissioned in 2015.</p>	<p>Local sales 2012: 39.6%.</p> <p>Local sales 2013: 48.8%.</p> <p>Local sales 2014: 54.7%.</p> <p>Capacity of hired facility: 36 000 tons.</p> <p>Achieved: 14 800 tons.</p> <p>NPK plant construction in progress.</p> <p>Magnetite sales volumes: Budget: 1 165k tons. Actual: 6 171k tons.</p> <p>Construction in progress.</p>	<p>Local sales 2015: 60%.</p> <p>Targeted NPK sales: 33 000 tons.</p> <p>NPK plant to be commissioned.</p> <p>Targeted magnetite sales: 6.6 million tons unbeneficiated sales.</p> <p>Magnetite beneficiation JV plant to be commissioned.</p>	<p>To be defined</p> <p>To be defined.</p> <p>Capacity of 700 000 tons, and sales of 450 000 tons.</p> <p>Sales of magnetite to be through beneficiation JV.</p> <p>Sales of magnetite beneficiation to average 3 million tons over the 10-year lifespan of the project.</p>

Material issue: Description	2	Context	Strategic response	Key Performance Indicators	Performance against KPIs*	Future KPIs**	Long-term KPIs***
Liquidity		Foskor's existence and future sustained growth and expansion is highly dependent on its ability to generate positive cash flows and ensure the availability of adequate working capital. The nature of the phosphate market and the resultant volatility in earnings requires that the Company has sufficient facilities to be able to sustain operations in the downward cycle.	<p>Bain Consulting was engaged to review Foskor's strategy and financial performance. The outcome of the review was the EBITDA upliftment exercise which included initiatives such as:</p> <ul style="list-style-type: none"> ■ Rightsizing of the business; ■ Review and prioritisation of capital projects; ■ Suspension of the Palabora Copper production stream; and ■ Implementation of austerity cost cutting measures. <p>Foskor's Treasury department also focuses its stringent efforts on monitoring and reviewing the cash flow forecasts, working capital and funding options. One of the major KPIs for 2014 was to increase the funding facilities and maintain the existing ones.</p>	<p>EBITDA upliftment exercise:</p> <ul style="list-style-type: none"> ■ Suspension of Palabora Copper (PC) production stream; ■ Prioritisation of capital projects; ■ Austerity measures (cost cutting); ■ Review of pricing for local market; and ■ Improving plant efficiency and availability. <p>Obtain additional funding facilities.</p> <p>Net debt of R1.8 billion at March 2014.</p>	<p>PC production stream suspension completed.</p> <p>Prioritisation of capital projects in progress. Mining Division saved 7% of opex budget in 2014.</p> <p>Acid Division saved 11% of opex budget in 2014.</p> <p>Obtained an additional facility of R700 million from the IDC and R400 million short-term facilities from the commercial banks.</p> <p>Net debt at March 2014 was R1.95 billion.</p>	<p>PC production stream suspension still effective. Appointment of external independent consultant to prioritise capital projects. Mining and Acid Divisions opex budgets for 2015 are below approved budget for 2014.</p> <p>Obtain long-term funding facilities to reduce reliance on short-term facilities to fund capital projects and planned strategic growth. Net debt at March 2015 target R2 billion.</p>	<p>Review of PC production stream suspension.</p> <p>Maintain cost control. Focus on efficiencies and throughput.</p> <p>Net debt to reduce to R1.0 billion by 2018.</p>

* KPI achieved for year ended March 2014.
 ** Target for financial year ended March 2015.
 *** Target beyond 2016 financial year.

OUR STRATEGIC FOCUS AREAS (continued)

Material issue: Description	3	Context	Strategic response	Key Performance Indicators	Performance against KPIs*	Future KPIs**	Long-term KPIs***
Plant breakdown and production inefficiency		Our business success depends on reliable mining and manufacturing equipment. Plant maintenance has been inadequate over the years and our ageing plant poses significant risks to the achievement of production targets. Production inefficiencies are caused by a number of factors, including downtime due to outdated plant.	Foskor embarked on a major asset replacement programme in the Acid Division in 2013 to be completed in 2016. The programme will replace outdated plant assets and increase availability of plant and efficiency rates. The acceptable efficiency range for a phosphoric acid plant is between 92% and 93%. In the past the average has been approximately 87%. The asset replacement programme is expected to: <ul style="list-style-type: none"> Reduce plant downtime and maintenance costs; Add capacity and increase production volumes; Dispose of waste more efficiently in view of the proposed 2020 environmental emissions legislation; and Ensure the health and safety of our employees and host communities. 	Progress of asset replacement programme. Phosphoric acid efficiency target of 91.01%. Production budget versus actual. Planned output: Rock: 2.6 million tons Phosphoric acid: 600 000 tons Granular fertiliser: 370 000 tons.	Asset replacement programme capital expenditure budget: R320 million. Actual spend: R69.8 million. Phosphoric acid production efficiency target: 91.01%. Actual: 88.05%. Rock: 2.1 million tons. Phosphoric acid: 509 000 tons. Granular fertiliser: 307 000 tons.	Asset replacement programme budget R235 million. Targeted efficiency: 90.94%. Rock: 1.9 million tons. Phosphoric acid: 550 000 tons. Granular fertiliser: 400 000 tons.	Asset replacement programme to be completed in 2016. Rock: 2.1 million tons. Phosphoric acid: 600 000 tons. Granular fertiliser: 450 000 tons.

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Material issue: Description	4	Context	Strategic response	Key Performance Indicators	Performance against KPIs*	Future KPIs**	Long-term KPIs***
Non-compliance with health and safety legislation		Due to the nature of our business, employees are exposed to a variety of hazardous materials and other operational hazards. The health and safety of our employees is a key concern. Non-compliance with health and safety legislation and failure to adhere to occupational health and safety guidelines exposes us to the risk of penalties and having our operating licences revoked or suspended. While minor infringements can be managed in the short term, the cumulative impact of multiple incidents affects staff morale, lowers production levels, increases expenditure and endangers our reputation in local communities, and could lead to boycotts or protracted industrial action.	We have dedicated SHREQ (Safety, Health, Radiation, Environmental and Quality) departments in place, with approved policies and procedures to monitor and control health and safety hazards and ensure compliance. We provide employee and contractor health and safety training and the use of personal protective equipment is mandatory for all employees working at our mines and plants. Regular and frequent audits are performed to ensure adherence to health and safety procedures and legislation. Our asset replacement programme takes compliance to existing and future regulatory requirements into consideration. The new equipment and technology will reduce health and safety-related risks.	Fatalities: 0 LTIFR: <1 Number of DMR work stoppages related to health and safety concerns: 0 Retain: OHSAS 18001 ISO 14001 ISO 9001 AMS 16001	Fatalities: 1 LTIFR: Mining – 0.25 Acid – 0.36 DMR stoppages: 5 Audit scores: 92.3% (Acid) Retained: OHSAS 18001 ISO 14001 ISO 9001 AMS 16001	Fatalities: 0 LTIFR: <1 DMR stoppages: 0 Audit scores: >91% Retain: OHSAS 18001 ISO 14001 ISO 9001 AMS 16001	Fatalities: 0 LTIFR: <1 DMR stoppages: 0 Audit scores: >91% Retain: OHSAS 18001 ISO 14001 ISO 9001 AMS 16001

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Material issue: Description	5	Context	Strategic response	Key Performance Indicators	Performance against KPIs*	Future KPIs**	Long-term KPIs***
Non-compliance with environmental legislation		<p>Both our Mining and Acid Divisions raise environmental concern, and pressure from environmental advocacy groups is likely to increase over the medium to long term. The financial and reputational risk associated with legislative non-compliance is high.</p> <p>To maintain our social license to operate we must minimise our environmental impact, rehabilitate areas affected by our operations, and have in place systems and structures to prevent and remediate environmental incidents.</p> <p>Specifically, we need to actively address the following concerns:</p> <ul style="list-style-type: none"> Storm water and ground water contamination due to inadequate effluent management, spillages and dam overflows; The structural integrity of tailings dams; The disposal of gypsum waste containing minute traces of radioactive materials into the ocean; Atmospheric emission of toxic gases; Soil and ground water rehabilitation; and Pre-empting the impact of climate change. 	<p>We currently comply with various accredited health and safety, environmental and quality management practices.</p> <p>In 2013, we initiated a ground water remediation and effluent management programme at our Acid Division. We have established a rehabilitation trust fund for our Mining Division with appropriate financial guarantees.</p> <p>We recognise the danger of environmental non-compliance and strive to ensure that our workforce, host communities and stakeholders are not detrimentally affected by our operations.</p> <p>Sustainable growth can only be achieved if all statutory requirements regarding health, safety and environmental hazards are met.</p>	<p>Targeted compliance: Number of incidents: 0</p> <p>Retain: ISO 14001 ISO 9001</p>	<p>Mining had eight water-related environmental incidents reported to the Department of Environmental Affairs.</p> <p>The Acid Division had 28 spills, leaks and overflows, but they were all successfully contained.</p> <p>Retained: ISO 14001 ISO 9001</p> <p>R70 million spent on tailings dam upgrade.</p>	<p>Number of incidents: 0</p> <p>Retain: ISO 14001 ISO 9001</p>	<p>Number of incidents: 0</p> <p>Diversification and beneficiation strategy to convert waste materials (magnetite and gypsum) to revenue earning products.</p> <p>Retain: ISO 14001 ISO 9001</p> <p>R90 million capital expenditure for environmental management will be spent over the next three years.</p>

* KPI achieved for year ended March 2014.
 ** Target for financial year ended March 2015.
 *** Target beyond 2016 financial year.

OUR STRATEGIC FOCUS AREAS (continued)

Material issue: Description	6	Context	Strategic response	Key Performance Indicators	Performance against KPIs*	Future KPIs**	Long-term KPIs***
Dependency on Transnet Freight Rail for rail logistics		<p>We are overly reliant on TFR's Phalaborwa-Richards Bay railway line for the transport of our raw materials. The line currently transports 80% of the rock we produce and suffers from capacity constraints, resulting in performance variability and high prices, which in turn affect our prices and product availability. This hampers our ability to expand.</p> <p>We are exposed to the risk of operational disruption and cost increases should TFR suffer derailments, strikes or any other performance reductions.</p>	<p>The Maputo rail corridor has been identified as a viable alternative for the transportation of rock for export. We have focused our efforts mainly on the port of Maputo due to its logistics infrastructure and cost competitiveness to ensure better rock export revenue generation by re-negotiating the contractual terms and conditions. We envisage improved operational efficiencies and turnaround times, with concomitant opportunities for growth.</p> <p>Service level agreements have been signed with the rail and port authorities of Maputo and TFR.</p>	<p>Number of rail wagon-loads delivered per week to Richards Bay.</p> <p>Phosphate rock railed to Richards Bay: 1.8 million tons.</p> <p>Successful operation of the Maputo rail and loading export line.</p> <p>Export sales of rock: 600 000 tons.</p>	<p>Target trains delivered to Richards Bay per week: 11 Actual: 6.6 per week.</p> <p>Phosphate rock railed to Richards Bay: 1.5 million tons.</p> <p>Storage facility construction completed at Maputo port. Closure of Matola storage.</p> <p>Export sales of rock: 190 000 tons.</p>	<p>Target trains delivered to Richards Bay per week: 11</p> <p>Phosphate rock railed to Richards Bay: 1.8 million tons.</p> <p>Export sales of rock: 300 000 tons.</p>	<p>Target trains delivered to Richards Bay per week: 11.</p> <p>Phosphate rock railed to Richards Bay: 1.8 million tons.</p> <p>Export sales of rock through Maputo: 300 000 tons by 2018.</p>

Material issue: Description	7	Context	Strategic response	Key Performance Indicators	Performance against KPIs*	Future KPIs**	Long-term KPIs***
Volatile industrial relations climate		<p>The South African mining sector is particularly prone to industrial action and organised labour protests. The National Union of Mineworkers (NUM) is the single largest trade union in Foskor which represents 997 of our employees in Phalaborwa.</p> <p>The possibility of an overflow of strikes from the platinum mining sector and the after effects on the labour environment since the Marikana massacre are highly concerning and the materialisation of these risks would have a crippling effect on the Company.</p>	<p>We have strengthened our engagement with labour unions and their members through relationship-building sessions, establishing joint industrial relations (IR) forums and appointing IR specialists to ensure we proactively address our common interests. We regularly assess our remuneration and employee benefits against industry benchmarks to ensure we offer competitive wages.</p>	<p>Number of unresolved labour union/joint forum matters.</p> <p>Number of days lost production due to labour unrest</p>	<p>There were no production days lost due to labour strikes in the current financial year.</p> <p>Long-term (three years) wage contract negotiations are ongoing and these provide stability for wage increases.</p>	<p>Future movements, including the move to upper end of the salary scales, will be based on criteria currently being finalised.</p>	<p>If the current operational and economic climate persists, the implementation of the envisaged pay progression will not be possible, and the understanding of the workforce will be sought.</p>

OUR STRATEGY

Foskor's business is a combination of its core phosphates business and the magnetite business. The phosphates business comprises mining operations for rock and the value addition in a form of the intermediate acid and granular fertiliser production. The phosphates business is a commodity business that is cyclical in nature. On the other hand, the magnetite business has high margins and is based on the magnetite that was recovered in the early years of mining.

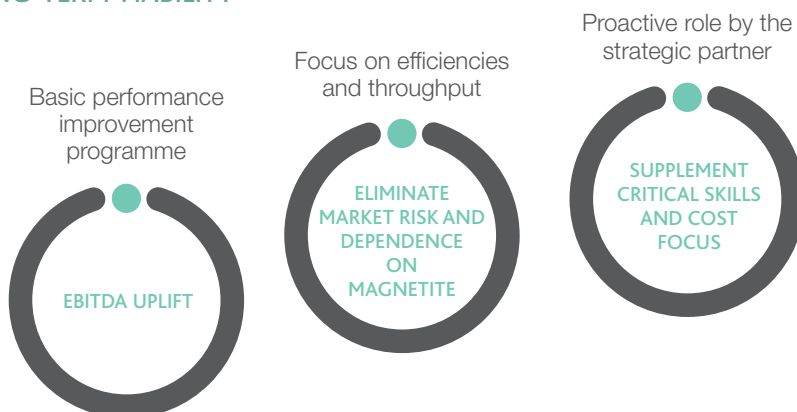
During the second and third quarters of 2014, there was an accelerated decline in the phosphoric acid prices. This started with two key events in India which is the largest market for trade in phosphoric acid, namely 2.5 million tons of unsold DAP inventory and a sharp depreciation in the Indian Rupee. This had a profound impact on the Company's performance.

During the current year, it became evident that a new 'market norm' was developing, with sustained negative price pressure. The external environment is expected to remain challenging given overcapacity in the industry

more so as new capacity is added in the low cost producing regions of the world. Foskor also has a structural cost disadvantage in the global phosphate markets due to its high cost of production at the mine (based on igneous rock), dependence on imports for key raw materials such as ammonia and sulphur, and the logistics disadvantage in terms of access to key markets and the distance between the mine and the acid production facility. The market conditions lead to a restructuring exercise (Bain Performance Improvement programme) that started in 2014 and will continue through 2015.

The Company engaged extensively with all its key stakeholders and also reputable management consultants to finalise its new strategic direction. Strategic projects have been reprioritised for alignment with the new direction. In order to ensure long-term viability, the Company will now focus on the sustainability of its core phosphates business. There will be a renewed thrust on efficiencies and throughput improvement at the Mining and Acid Divisions.

PERFORMANCE BUILD-UP FOR LONG-TERM VIABILITY



PROFITABLE STAND-ALONE PHOSPHATES BUSINESS

Going forward, Foskor will increase the volume of its granulated fertiliser to serve a larger customer base in the local market. The economic viability of the new NPK blending facility for bulk and bagged products will assist in the improvement of downstream beneficiation to reduce the exposure to market volatility. We will also beneficiate magnetite to capture additional value and supplement its income stream from the core phosphates business.

Operational excellence

Operational excellence is paramount for the creation of a stand-alone sustainable phosphates business. This entails an entire range of end-to-end activities spanning from customer requirements, production, logistics and procurement across the Company.

During 2014, Foskor embarked on numerous performance improvement initiatives to uplift its Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). These ranged from productivity initiatives at the Mining and Acid Divisions, restructuring, cost reduction activities in a form of closure of the Matola loading site for rock exports, and working with the various stakeholders to ensure fair pricing in the domestic market.

In spite of having limited resources, significant progress was made on various asset replacement and capital expenditure programmes. These various initiatives will ensure that in the next three to five years the Company is well positioned to consistently produce in excess of 2.4 million tons of phosphate rock, 650 000 tons of phosphoric acid per annum, and 400 000 tons of

granular fertilisers per annum. The Logistics department will provide the necessary support in the form of availability of trains for transportation and supply of rock in line with the production and market demand.

Beneficiation

Foskor is in the process of setting up a 1 million ton magnetite beneficiation plant in Phalaborwa with its joint venture partner General Nice from China. The project, with a 10-year lifespan, will be commissioned in 2015 and is expected to make a significant contribution on account of superior margins gained from increasing the iron content from 52% to 64%. There is confirmed off-take for the product in the Chinese market. The Company will continue to explore similar value creation opportunities in future.

Delivering on our strategy

Our long-term objective is to create a sustainable stand-alone phosphates business which will be able to withstand the various risks as they relate to global commodity prices, currency, business environment and challenges within South Africa and the SADC region, and day-to-day business operations. This will be achieved through a focus on efficiencies and throughput to produce significantly higher volumes at the lowest cost of production with a more intensified and proactive role from our strategic partner Coromandel and the support of all our stakeholders. A profitable core phosphates business and revenue generated from beneficiation of magnetite will help to create the necessary foundation for more product offerings and operations in other geographies, including sub-Saharan Africa.



THE STRATEGIES WE ADOPT, THE EXPECTATIONS OF OUR STAKEHOLDERS, THE ECONOMIC AND NATURAL ENVIRONMENT IN WHICH WE OPERATE, AS WELL AS THE CURRENT AND FUTURE LEGISLATIVE AND LEGAL REQUIREMENTS WE HAVE TO COMPLY WITH, ALL POSSESS INHERENT RISKS, BUT ALSO POTENTIAL REWARDS.



CHAIRMAN'S STATEMENT

GEOFFREY QHENA

THIS REPORT WILL PROVIDE AN UNDERSTANDING OF THE CHALLENGES FACING FOSKOR AND HOW THE COMPANY IS RESPONDING WITH A STRATEGY TO ENSURE LONG-TERM VIABILITY AND SUSTAINABILITY BASED ON REVIVING ITS CORE PHOSPHATES BUSINESS.



The year under review has been interesting in a number of areas. These challenges were largely as a result of external factors; however there were those challenges which were within the control of the Company. The result has been that a new base of the operational environment has been set and it is not anticipated that this will change in the immediate future. These challenges are occurring when there has not been a full recovery from the decline experienced in 2008 and 2009 by the global markets, including commodities.

The external challenges experienced have largely been centred on the demand for our products, the resultant collapse of the selling prices for the major part of the financial year, and the introduction of new capacity were the major contributory factors. In relation to demand, India has been at the forefront, since they are the largest importer of fertiliser in the world and their reduction in demand has been severely felt. The main driver of this fall in demand has been influenced by the reduction of the subsidies to farmers by their governments. The farmers had to find alternatives, reduce the use of fertiliser, or extend the rotation of their crops to minimise the use of fertiliser. This reduction also impacted the prices of fertiliser, thus

GRI 1.1 

impacting the phosphoric acid prices as the major input. The uncertainty of the export approach by the countries with highest capacities does pose major imbalances and this has also resulted in the prices being depressed.

Whilst we have been trying to contend with these factors, some countries in the Middle East, are positioning themselves to be major players by embarking on substantial capacity increase projects which will have the effect of defining a new base. The above mentioned factors have resulted in the profit margins being squeezed thus resulting in a different approach being taken where a cost based approach to pricing is being adopted.

Industry experts are predicting a compounded annual growth rate of 2.5% in the next five to seven years on the demand, thus further exerting pressure on the prices since capacity will be growing at a faster rate than demand.

The decision by the US Federal Reserve Bank to taper its quantitative easing policy, resulted in a stronger US Dollar, thus amongst other factors depreciating the South African Rand, although this has been positive since the Company is a major exporter. The imports in terms of the input raw materials also experienced price increases. The lower production also played a role in the reduced profitability and the CEO will address that in his review.

The reduced profitability was also experienced by other major players in the global industry as they reported losses, we also saw some players embarking on consolidation efforts in the United States of America, in an effort to defend their positions. The losses by Foskor were suffered despite a strong price recovery in the last quarter of the

financial year as the accelerated fall in prices during the majority part of the financial year was already recorded. The industry experts have predicted that the price recovery will not be sustainable in the foreseeable future.

To be able to respond to these challenges, the Board supported management in responding to them by approving the engagement of an international consultancy firm to assist the Company to review its strategy, areas of focus and processes, to be able to respond accordingly, since these factors have had a significant impact to its operations, including cash flow. The CEO will also expand in his review on the implementation and the success envisaged from this process. The performance of the Company was also severely affected by the demise of one of its major customers which consumed significant volumes of the phosphate rock, thus compounding the impact. Due to the severe cash flow strain the Company had to increase its levels of borrowings from the commercial financiers and in addition also approached the majority shareholder to increase their level of support, this support did come with conditions precedent which the majority shareholder requested to enable the Company to access the funds.

Looking into the future, the Board has embraced the responsibility regarding ensuring that the Company continues to be profitable, to ensure that the role it plays of being the key fertiliser producer in Southern Africa is maintained. As a result, the Board will support management in their endeavours to sustain the profitability of the Company.

GOVERNANCE

Risk management has been an area which the Board through the Board Audit and Risk Committee has been paying attention to. The



In addition to the publication of this integrated report, the report can be downloaded from the company's website www.foskor.co.za. This report is available in English only.

CHAIRMAN'S STATEMENT *(continued)*

aim has been to provide early warning signs on major risks and to limit business losses by taking proactive measures to mitigate the impact of potential downside events. Foskor has designed a risk management process to enable the Board and management to monitor and report respectively the level of risk exposure on a continuous basis. The top strategic inherent risks have been identified by the Board and action plans have been prepared to mitigate them.

Foskor's independent internal audit function, Foskor Group Audit Services, has continued to provide independent assurance to the Board Audit and Risk Committee regarding the effective management of the Company's risks and effectiveness of the control environment.

CHANGES TO THE BOARD AND FOSKOR'S EXECUTIVE MANAGEMENT

Ms Tanya Grobbelaar resigned from the Board effective 28 February 2014. We thank her for her valued contribution during the year.

Mr Niranjana Gokhale joined as Vice President Strategy, New Projects, Business Development and R&D on 1 August 2013. Mr Theuns Koekemoer, the Company's CFO, retired in May 2014 after 12 years of service with Foskor, I would like to wish him well on his deserved retirement. Mr Graham Ferns was appointed as CFO effective 1 April 2014.

CONCLUSION

The Board is confident that, given the necessary support by its key stakeholders, Foskor will be able to implement its strategy and create a stand-alone phosphates business with long-term viability. Additional revenue from the planned magnetite beneficiation plant will enable the business to unlock new both organic and inorganic opportunities in its value chain.

I would like to thank my fellow Board members and the executive management team for their continued support during this challenging period.



CEO'S REVIEW

ALFRED PITSE

OUR STRATEGY, IN RESPONSE TO THE CHALLENGES WE FACE, CALLS FOR IMPROVEMENT IN EFFICIENCIES AND THROUGHPUT FOR CREATING OPERATIONAL EXCELLENCE



Introduction

The Chairman's statement has provided a summary of the challenges, opportunities and outlook for Foskor. Our strategy, in response to the challenges we face, calls for improvement in efficiencies and throughput for creating operational excellence. Profits generated from magnetite beneficiation will support these initiatives in the early period and also help create new opportunities in the value chain.

During the second and third quarters of the 2014 financial year, there was an accelerated decline in the phosphoric acid prices. This had a profound impact on the Company's performance. The Company engaged extensively with all its key stakeholders and also reputable management consultants to finalise its new strategic direction. Strategic projects have been reprioritised for alignment with the new direction. In order to ensure long-term viability the Company will now focus on creating a sustainable stand-alone core phosphates business. This will be supported with the profit generated from beneficiation of magnetite to explore new opportunities in the value chain.

I will concentrate this review on our plans and programmes to improve this foundation through cost-cutting measures, efficiency improvements and the optimisation of the existing production capacity.

PERFORMANCE HIGHLIGHTS

In spite of the challenges facing Foskor, revenue increased by 4% to R5.1 billion (2013: R4.9 billion) and EBIT increased by 264% to R118 million (2013: R72 million loss). With regards to operational performance, the Mining Division produced 2 079 000 tons of phosphate rock after dust losses which is 81 000 tons lower than the previous year. Factors impacting on this performance include the Palabora Copper throughput 30% below target, ore supply challenges and low flotation efficiencies.

Phosphoric acid production was 510 000 tons which is 89 000 tons better than the previous year. Granular fertiliser production was 307 000 tons which is 77 000 tons higher than the previous year. Prices continued to decline during the year and the phosphoric acid



average CFR price for the year was \$682 (2013: \$825) and the FOB price of granular fertiliser declined to an average price of \$490 (2013: \$602). The US Dollar average exchange rate increased from R8.54 in 2013 to R10.13 for the year. This helped to mitigate some of the impact of declining market prices.

STRATEGIC INITIATIVES

Management mandated Bain & Company (Bain) to provide a strategic direction report for the company. Bain recommended a R700 million performance improvement program on earnings before tax, interest and depreciation (EBITDA) which has been aggressively implemented by the management. Management also approached numerous financial institutions for additional funding facilities during the year. As a result of these efforts, the Company made a turnaround in its operating performance in the last quarter of the financial year and with some support from the market, Foskor ended the year with a positive earnings of R118 million. The company today has facilities worth R2.5 billion already committed. The Company also has the option to secure additional facilities worth R350 million from one of the commercial banks and R500 million from its majority shareholder, the IDC, in the form of a shareholder and equipment loan.

FOCUS ON EFFICIENCIES AND THROUGHPUT

There will be a renewed thrust on efficiencies and throughput improvement at the Mining and Acid Divisions. Foskor plans to create small improvement teams that will focus on specific improvement objectives. At the Acid Division this pertains to handling and moisture losses, plant efficiency, and optimisation of process parameters with higher levels of process control, reduced losses of phosphoric acid in the effluent, and improved utilisation of the steam turbine generator (TG), and optimisation of conversion ratios for producing phosphoric acid. The plant maintenance activities will be beefed up to ensure that downtime on account of tank availability and concentration units is at a minimum, the tanks have been replaced as part of the asset replacement programme.

At the Mining Division the focus will be on improved availability and utilisation of the equipment, reduced downtime, improved recoveries, minimal stoppages on account of the Department of Mineral Resources and/or mine safety issues, and optimal usage of contractors, maintenance and services, better manpower productivity by implementing hot seat changeover and use of technology as an enabler.

The Logistics department will ensure availability of input materials such as phosphate rock, sulphur and ammonia through improved coordination with suppliers and users to eliminate downtime. The Procurement department will not only assure uninterrupted availability of the input materials but also negotiate it at the lowest rates to improve the margins.

Foskor, with the support of the IDC, is working towards more clarity in terms of the role of its strategic partner Coromandel as it pertains to the Technical Assistance Agreement (TAA) for

supplementing and transferring engineering skills, infusion of funds, and supply agreement for phosphoric acid.

Foskor is actively engaging with the local regulatory authorities to ensure that its products can be sold at a fair price in the domestic market. This will have a significant positive impact on its EBITDA.

The above initiatives will be the main focus for the Company going forward. A viable stand-alone phosphates business will help the Company to mitigate market risks and reduce its dependence on magnetite. It will also accelerate the process of debt reduction and ensure long-term viability.

BENEFICIATION

In our efforts to capture more value from our resources, we have initiated a one million ton a year magnetite beneficiation project. This project is aimed at taking advantage of the growing demand for beneficiated magnetite. The magnetite beneficiation plant will be set up in Phalaborwa with a joint venture partner, General Nice. The project, with a 10-year lifespan, will be commissioned in 2015 and is expected to make a significant contribution on account of superior margins gained from increasing the iron content from 52% to 64%. There is confirmed off-take for the product in the Chinese market.

The Company will continue to explore similar value creation opportunities in the future. We plan to increase the production capacity of granular fertiliser in the next two to three years and consolidate its position in the domestic market. This will also require the creation of additional storage facilities and the creation of a marketing service that gets closer to its customers in terms of their unique product specifications and delivery requirements.

PRUDENT MANAGEMENT OF FINANCES

On account of the sharp decline in prices, the Company cut back on all discretionary expenses very early during the financial year. Spending for capital expenditure programmes was severely curtailed or postponed to conserve cash. Initiatives ranged from restructuring, liquidation of inventories, cancelling some of the long-term strategic projects that were a challenge in terms of the hurdle rates and reduction in expense budgets for each of the operating divisions.

The Company also approached numerous banks, including its main shareholder, the IDC, for additional facilities for continued support of day-to-day business operations, and for creating an additional buffer to be able to withstand the sharp downturn in commodity prices in future. As a result, the Company has created sufficient head room to sustain operations.

ENVIRONMENT, HEALTH AND SAFETY

a. Mining Division

Foskor is fully aware of the ecological sensitivity of the river system and the area surrounding this operation. As an ISO 14001-certified company since 1996, Foskor has sound environmental practices in place and continues to



take steps to prevent incidents harmful to the environment. Our Mining Division has retained both its ISO 9001 Quality Management System and ISO 14001 Environmental Management System certifications. We adhere strictly to the requirements of our approved Environmental Impact Assessment and Environmental Management programme reports.

During the year, eight water-related environmental incidents were reported to the Department of Water and Environmental Affairs and downstream users as required by the legislation. None of these incidents were pollution related. In 2014, R90 million capital expenditure was allocated for environmental management projects which will be spent over the next three years. The funds are used for preventative measures and are monitored by Foskor personnel and external consultants to enable the Company to comply with the conditions of its water use licence and atmospheric emission licence. Major infrastructure upgrades to improve both our operational and environmental performance, such as the R70 million tailings dam upgrade, are paid for from operational budgets.

Over the past decade we have reduced our daily water consumption from 60 to 25 megalitres per day. We adhere strictly to the conditions of the water usage licence issued by the Department of Water Affairs. Awareness programmes are in place to ensure that all employees are aware of the need to use water sparingly.

All water is recycled and we do not discharge any effluent water. Fresh water intake is only used to supplement water supplies available onsite.

At the Mining Division, we operate under an Air Emission Licence issued by the Department of Economic Development, Environment and Tourism. The conditions of the licence are strictly adhered to, and monitoring and measurement of emissions are conducted as required.

A separate environmental rehabilitation fund was established to fund the rehabilitation of the land in the event of either scheduled or unscheduled mine closures. Closure costs are evaluated annually and the latest closure and rehabilitation cost is estimated at R458 million for scheduled closure of the whole mining operation. We have raised R413 million in guarantees to cover closure costs.

The DMR has continued with its un-notified inspections. In the current year the DMR has conducted 21 inspections of which five visits resulted in site specific Section 54 stoppages. One of the stoppages was as a result of the fatality experienced during the year, Ms Kgomoiso Ramoshaba, an employee of Diba-Diba Contractors passed away after a fatal accident at the mine's premises on 14 May 2013. Going forward, Foskor will make every effort to achieve a Zero Harm safety objective and to avoid unscheduled stoppages on account of

Section 54 and Section 55 of the Mine Health and Safety Act.

b. Acid Division

An accredited external Dekra audit is performed annually at the Richards Bay plant. Foskor received the Five Star shield award from Dekra during 2014 for complying with ISO 9001, ISO 14001, OHSAS 18001 and SANS 16001. Monthly awareness campaigns are carried out by the SHREQ department and the active participation by employees and contractors ensures heightened awareness to SHREQ risks. Area risk assessments are carried out by an onsite occupational hygienist, and protective clothing and breathing apparatus are also provided to employees working in areas of greater exposure. Foskor employees are provided with free annual medical examinations to detect, prevent and treat any ailments resulting from occupational health emissions and exposures to the work environment.

We make use of an accredited external service provider to audit and rate our safety, health and environmental performance on an annual basis. In the Richards Bay plant the Lost Time Injury Frequency Rate (LTIFR) for the year fell to 0.36 from 0.59 in 2013. We are confident that the safety programmes and systems we have in place, will further reduce our health and safety risks and reduce our LTIFR to below global industry averages.

Compared to the previous financial year, the grid electricity consumption

CEO'S REVIEW (continued)

increased by 0.41% and our turbine generator produced 114% more electricity than in 2013. Compared to the previous year, the generator produced over twice as much energy, indicating that the turbine was used more consistently in the current financial year. This is our third year of reporting on our carbon footprint. We used the new PAS 2050 carbon footprinting standard to establish a carbon footprint baseline against which to measure future progress. This resulted in more accurate calculations. The carbon footprint monitoring system has been established throughout the Acid Division and more accurate emissions should be obtained going forward. More effective use of the turbine generator has significantly reduced our carbon footprint.

GRI 2.10



The Acid Division will endeavour to re-use and recycle water from within the site and from other industries wherever practically possible. We are in the process of drafting a water reduction and efficiency plan. During the year, we re-assessed the strategies we currently have in place to prevent ground water pollution and pollution of the surrounding environment. The study proposed various mitigation measures as set out in our Ground Water Remediation: Concept Designs Report. The proposed measures have been approved for implementation in the new financial year.

Foskor operates with an air quality permit issued by the Department of Environmental Affairs and has made an application to the Uthungulu District Municipality for its Atmospheric Emissions Licence (AEL). Foskor is currently compliant with its current permit. A total of 28 spills, leaks and overflows were recorded by our internal incident management system during the year. Most of the spills were successfully contained within dedicated bund areas.

HUMAN CAPITAL

Consultation between management and organised labour on the pay progression criterion was put on hold due to the current unfavourable operating conditions. However, one should expect that the trade unions will want to resume the process once the Company's financial situation has stabilised. The climate at both divisions can nevertheless be described as calm and satisfactory.

A knowledge transfer programme has been initiated at Foskor. The programme is envisaged to promote an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all of our business information assets. The Company reviews employees with regard to succession planning for critical roles. A supervisory succession programme is also ready to be implemented for the operating divisions.

CORPORATE SOCIAL INVESTMENT (CSI)

The CSI teams in both Phalaborwa and Richards Bay continue to be part of different initiatives in the communities and where we can make a positive impact. Foskor's CSI mandate is primarily focused on communities within a 50km radius of operational sites, however, depending on the nature of initiatives such as agriculture, environment, social support, stakeholder engagement, education and budget permitting, the broader communities stand to benefit.

The impact of Foskor's CSI is not limited to the monetary value of programmes but measured in terms of the improvement to the quality of life of the recipients and also the long-term spin-offs resulting from Foskor's efforts to promote education, rural development and poverty alleviation.

OUTLOOK

Over the long term, there will be continued secular demand for phosphates. The industry will continue to grow at about 3% per annum. The market fundamentals are expected to improve. However, there will be a need for caution given the global dynamics of the business and events at a macroeconomic level in key markets such as India (impact of monsoon on agricultural production, government policy related to subsidies), Brazil (demand for MAP) and China (export tariffs). Foskor operates in a global market and hence the impact of new capacities in Morocco and Saudi Arabia on the global demand and prices will play an important role in shaping the industry.

At a domestic level, despite the recent voluntary separation exercise and the prevailing wage negotiations, the industrial relations climate at both operations can still be described as stable and satisfactory. Foskor will continue to focus on improving the standalone profitability of its core phosphates business. Also, there will be increased focus on the beneficiation of magnetite for generating additional revenue streams to improve the overall profitability of the business. Improvement in production volumes is expected to continue in the new year for both phosphoric acid and granular fertiliser.

ACKNOWLEDGEMENTS

I am grateful to our executive team and staff for their continued commitment during an unquestionably challenging year by upholding good performance standards to support our vision, mission and values. I extend my gratitude to the Chairperson and the Board of directors for their leadership and wisdom, which have underpinned Foskor's solid governance and strategic direction.





CFO'S REVIEW

THEUNS KOEKEMOER



up 4%
(2013: R4.9 billion)



up 264%
(2013: loss of R72 million)



up 159%
(2013: R150 million)



GRI 2.8

FOSKOR'S PROFITABILITY IS HIGHLY SENSITIVE TO COMMODITY PRICES, EXCHANGE RATE MOVEMENTS, THE COST OF RAW MATERIALS AND PRODUCTION VOLUMES.

These and numerous other factors discussed in this report negatively affected our productivity and financial performance, resulting in below target financial performance for the year under review.

Financial overview

Despite continued tough market conditions, the Company has begun to show positive momentum. The operating profit increased to R118 million from a loss of R72 million in 2013, primarily reflecting the growth in magnetite revenues and the impact of the weakening of the Rand against the US Dollar over the period. This was partly offset by

the operational challenges discussed in the Divisional Operational Review of this report.

Key trends affecting our financial performance this year are summarised below.

COMMODITY PRICES AND EXCHANGE RATE MOVEMENTS

Foskor's earnings are highly sensitive to commodity prices and exchange rate movements. The consequences of commodity price and exchange rate volatility can be laid out as follows:



CFO'S REVIEW (continued)

SENSITIVITY ANALYSIS

A price increase/decrease of	for	will result in an increase/decrease of EBIT of
\$100 per ton	Phosphoric acid	R350 million
\$50 per ton	Granular fertiliser	R210 million
\$50 per ton	Sulphur	R270 million
R1 per US Dollar	Exchange rate	R450 million

The highly volatile trading conditions that were demonstrated by commodity markets and the decline of selling prices during 2013 persisted into the current year. Phosphoric acid prices fell from \$825 per ton in 2013 to \$682, the average price of granular fertiliser decreased from \$602 per ton in 2013 to \$490 while magnetite prices increased slightly from \$7 per ton to \$8 in the current year.

These losses were partly offset by the weakening of the Rand, starting the year at R9.25 and ending it at R10.69 to the USD, a decline of 16%. The weakness in the Rand can be attributed in part to concerns regarding monetary stimulus tapering by the US Federal Reserve and industrial unrest in the mining sector which contributed to negative investor sentiment. The Rand averaged R10.13 to the USD during the year. This is 19% weaker than the average of R8.54 recorded in 2013. The impact of the weakening Rand on earnings was approximately R700 million.

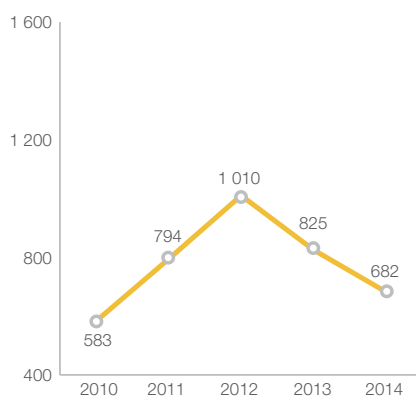
PRODUCTION VOLUMES

Rock production after dust losses of 2 079 000 tons is 81 000 tons lower than the 2 160 000 tons produced in 2013. Factors contributing to the shortfall include Palabora Copper (PC) throughput which was 30% below the targeted tons, ore supply challenges, low flotation efficiencies due to poor water quality resulting from Selati Tailings Dam failure, closure of the D-Bank flotation plant due to structural integrity problems and failure of the Extension 8 ball mill.

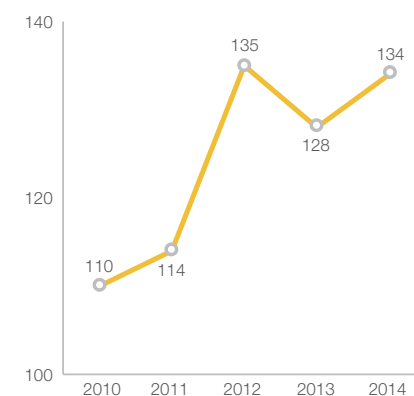
Phosphoric acid production at 510 000 is 89 000 tons higher than the previous year's 421 000 tons. The 21% increase came off a low base as the prior year's production performance was plagued by operational challenges.

The Acid plant in the current year was still plagued by the unavailability of tanks and disruptions due to the age of the existing tanks (30 years). The replacement of the tanks is part of the asset replacement programme. The production volumes were also negatively affected by shortages of rock and raw material supplies. We are confident that we will start benefiting from higher production volumes in 2015.

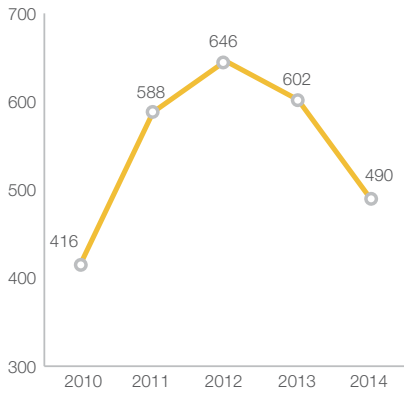
PHOSPHORIC ACID (CFR) SALES PRICE (\$/TON)



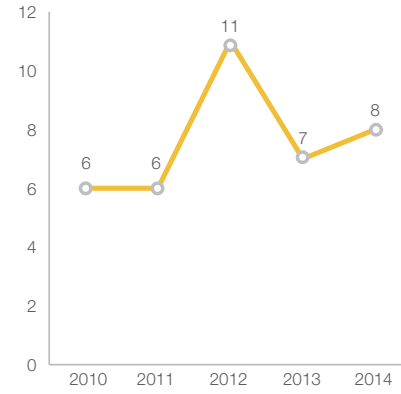
PHOSPHATE ROCK FOR SALES PRICE (\$/TON)



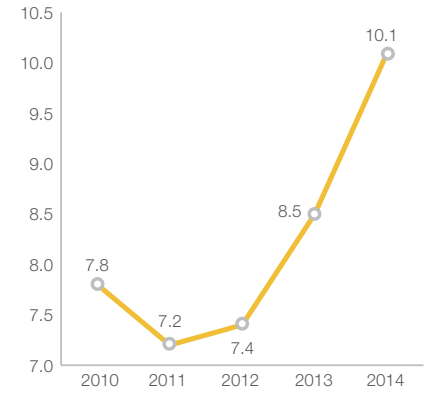
GRANULATION FOR SALES PRICE (\$/TON)



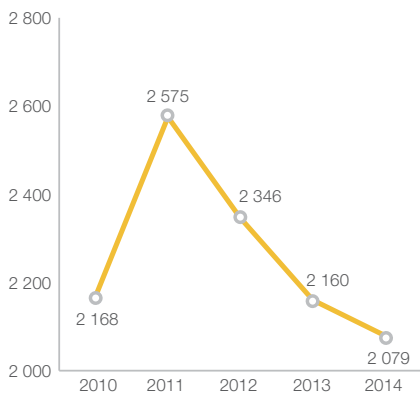
MAGNETITE (FOR) SALES PRICE (\$/TON)



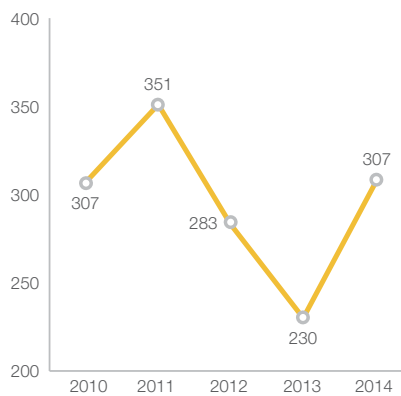
AVERAGE EXCHANGE RATE (ZAR/USD)



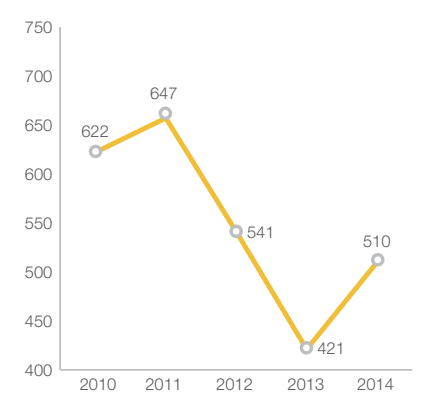
ROCK PRODUCTION VOLUMES (after dust losses) ('000 TONS)



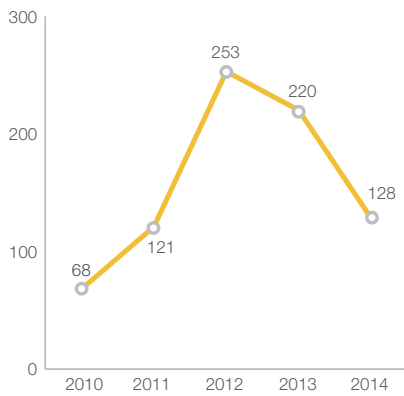
GRANULAR FERTILIZER PRODUCTION VOLUME ('000 TONS)



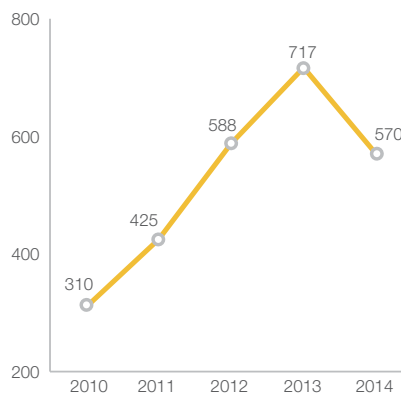
PHOSPHORIC ACID PRODUCTION VOLUMES ('000 TONS)



SULPHUR (CFR) PURCHASE PRICE (\$/TON)



AMMONIA (CFR) PURCHASE PRICE (\$/TON)



Granular fertiliser production volumes came in at 307 000 tons, which is 77 000 tons higher than the prior year (2013 : 230 000). The current year volumes were 17% below target due to the shortage of phosphoric acid, in line with the Group's decision to prioritise the sale of acid. The granular fertiliser production volumes were also negatively impacted by a plant stoppage due to limited storage capacity.

Raw material prices

The average delivered sulphur purchase price fell from \$220 per ton in 2013 to \$128 in the current year, while ammonia prices fell from \$717 per ton to \$570 per ton. This contributed positively towards the cost of production but was offset by the lower absorption rates due to lower than targeted production volumes at the Acid Division.

CFO'S REVIEW (continued)

GROUP STATEMENT OF COMPREHENSIVE INCOME

R million	% change	2014	2013	2012	2011	2010
Revenue	4	5 086	4 906	5 125	4 611	3 465
Cost of sales	2	(3 878)	(3 946)	(3 739)	(3 078)	(2 276)
Gross profit	26	1 208	960	1 386	1 533	1 189
Earnings before interest and tax (EBIT)	264	118	(72)	330	514	(6)
Net finance (expense)/income	5	(96)	(101)	(14)	(3)	28
Share of profit/(loss) from associate	100	–	(14)	3	3	–
Loss on sale of shares in associate	–	–	–	–	(6)	–
Net foreign exchange (loss)/profit	(44)	(56)	(39)	(56)	27	27
(Loss)/Profit before tax	85	(34)	(226)	263	535	49
Income tax expense	91	5	58	(79)	(158)	(107)
(Loss)/Profit for the year	83	(29)	(168)	184	377	(58)
EBITDA	159	389	150	568	725	166

The full set of the annual financial statements is available on the Company's web site: www.foskor.co.za



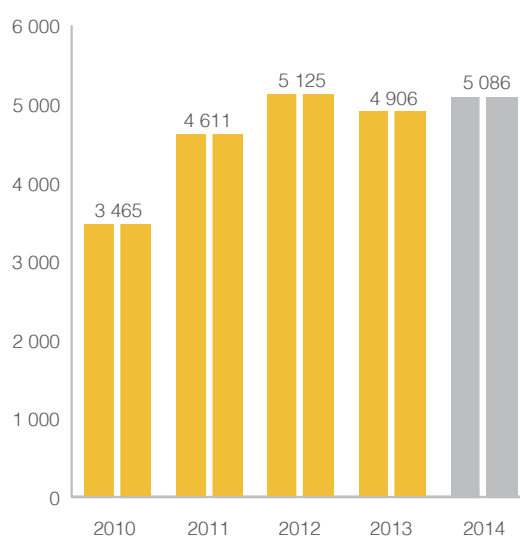
The following review of the Group's financial performance for the year ended March 2014 should be read together with the audited Summarised Annual Financial Statements which appear on pages 50 to 55, and in the notes to the financial statements. The full set of the Annual Financial Statements is available on our website.

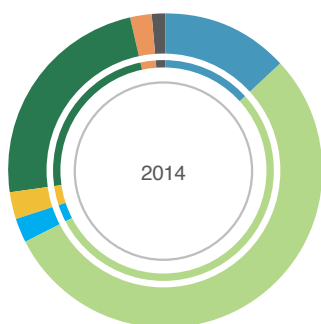


Foskor delivered revenues of R5.1 billion for the year ended March 2014 (2013: R4.9 billion), a 4% increase on the prior year. This improved performance is underpinned by positive exchange rate fluctuations and a R492 million uptick on magnetite sales, which was offset to some degree by unfavourable sales volumes and price variances in other products.

Between 2013 and 2014, the selling price of phosphoric acid and granular fertilisers decreased by 17% and 19% respectively, while the rock prices increased by 5%. Exports accounted for 45% of the Group's revenue in the current year, compared to 51% in 2013.

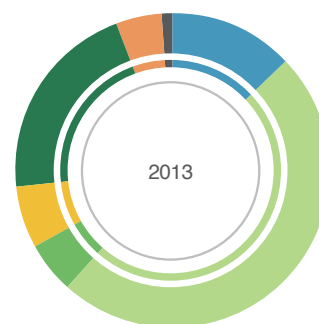
REVENUE (R MILLION)





GEOGRAPHICAL REVENUE SEGMENTATION 2014

● India	13.2%
● South Africa	54.6%
● Europe	2.3%
● Middle East	2.8%
● Far East	23.8%
● Australia	2.2%
● Other	1.1%



GEOGRAPHICAL REVENUE SEGMENTATION 2013

● India	13.0%
● South Africa	48.8%
● Europe	5.4%
● Middle East	6.2%
● Far East	20.9%
● Australia	4.6%
● Other	1.1%

SALES DRIVERS

	% change	2014	2013	2012	2011	2010
Average exchange rate ZAR/USD	19	\$10.13	\$8.54	\$7.37	\$7.16	\$7.84
Rock FOR sales price (\$/ton)	5	134	128	135	114	110
Rock sales volumes ('000 tons)	(16)	1 728	2 180	2 327	2 233	2 243
Phosphoric Acid CFR sales price (\$/ton)	(17)	682	825	1 010	794	583
Phosphoric Acid sales volumes ('000 tons)	16	336	290	402	459	459
Granular fertiliser FOB sales price (\$/ton)	(19)	490	602	646	588	416
Granular fertiliser sales volumes ('000 tons)	26	329	262	275	360	292
Magnetite FOR sales price (\$/ton)	14	8	7	11	6	6
Magnetite sales volumes ('000 tons)	188	6 171	2 140	553	354	211

Operating profit

Operating profit increased by 264% from a R72 million loss in 2013 to R118 million during the year under review. The higher operating profit is mainly due to magnetite revenue growth and positive exchange rate fluctuations, partly offset by higher rock production costs and distribution costs.

At R1 051 per ton, the production cost of rock was 13% higher than the previous year's R930 per ton, mainly due to: a decline in production volumes of 81 000 tons, increase in water cost of 35% due to a decant failure on the Selati tailings and water quality challenges at tailings resulting in consumption of more water, 37% increase in drilling costs due to a significant secondary drilling operation in the South Pit compared to prior year, 9% increase in fuel costs driven by inflation and higher stripping ratio in the mining section and additional pumping at the Selati Dam.

The conversion cost of rock to phosphoric acid decreased by 33% from \$223 per ton to \$149, mainly due to an increase in phosphoric acid production volumes of 89 000 tons and a decrease in operating expenses as the Group incurred non-recurring maintenance expenses in 2013.

The distribution costs increased by 21% to R1 047 billion from last year's R867 million, mainly as a result of higher volumes railed to Richards Bay, increase in inflation and US Dollar-based Maputo contract rates.

A total of R16.2 million mining royalty tax on revenue was paid during the year (2013: R16.9 million).

In order to curtail the rising costs and losses, Foskor embarked on an EBITDA upliftment exercise towards the end of this financial year. The exercise included suspension of the PC production stream, cost cutting initiatives and renegotiation of price-setting practices for local sales.

CFO'S REVIEW (continued)

PRODUCTION AND COST DRIVERS

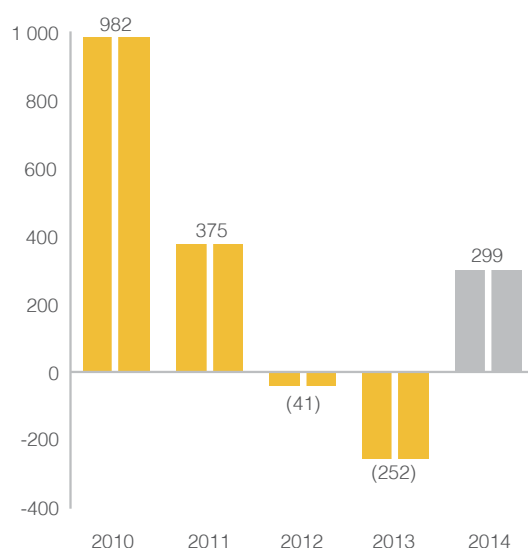
	% change	2014	2013	2012	2011	2010
Sulphur CFR purchase price (\$/ton)	(42)	128	220	253	121	68
Ammonia CFR purchase price (\$/ton)	(21)	570	717	588	425	310
Rock production volumes after dust losses ('000 tons)	(4)	2 079	2 160	2 346	2 575	2 168
Phosphoric Acid production volumes ('000 tons)	21	510	421	541	647	622
Granular fertiliser production volumes ('000 tons)	33	307	230	283	351	307

FOREIGN EXCHANGE RATE

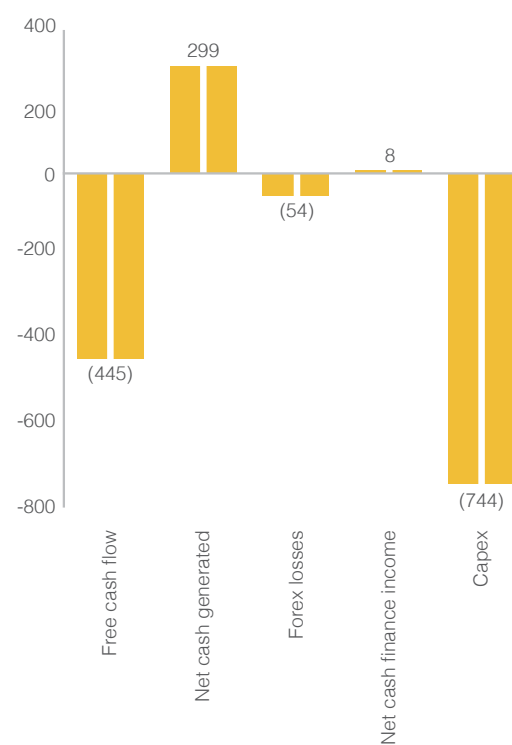
The net loss resulting from foreign exchange rates for the year ended March 2014 was R56 million, compared to R39 million in comparable losses last year. This loss resulted mainly from lower than expected export sales and the weaker Rand, in turn affecting the Company's foreign exchange hedging strategy, with Foskor receiving fewer US Dollars to hedge payments of import commitments and paying more Rands for a single US Dollar.

During the year, the Rand weakened by 16% from R9.25 to the US Dollar in the first half of the year to R10.69 in the second half. This meant that Foskor settled import commitments at more costly exchange rates than initially planned. The weaker Rand also had an impact on option structures concluded during the year, with settlement rates higher than our capped maximum participation rate, forcing us to sell US Dollars at less than the current spot exchange rates.

NET CASH GENERATED FROM OPERATING ACTIVITIES (R MILLION)



CASH FLOW ANALYSIS (R MILLION)



OPERATING ACTIVITIES

EXTRACT FROM THE CASH FLOW STATEMENT

	% change	2014	2013	2012	2011	2010
Net cash generated from operating activities	219	299	(252)	(41)	375	982
Capital expenditure	(19)	744	914	413	596	824
Free cash flows	62	(445)	(1 165)	(513)	(218)	155

Free cash flow amounted to negative R445 million compared to R1.2 billion negative in 2013, while the net cash generated from operating activities amounted to R299 million at March 2014 compared to the prior year of negative R252 million. The free cash flow improved as a result of a reduction in capital expenditure and the significant increase in magnetite sales volumes (cash generated from operations).

Cash on hand increased from R383 million at March 2014 to R513 million whilst Foskor's interest-bearing debt (long and short term) increased from R1.8 billion at March 2013 to R2.5 billion resulting in a net debt of R1.9 billion (2013: R1.4 billion) at year end. The increased debt was used to finance working capital and capital expenditure projects.

GROUP STATEMENT OF FINANCIAL POSITION

R million	% change	2014	2013	2012	2011	2010
Summary Group statement of financial position						
Non-current assets	12	5 074	4 545	3 920	3 677	3 182
Current assets	13	3 452	3 048	2 881	2 101	1 613
Total assets	12	8 526	7 593	6 801	5 778	4 795
Non-current liabilities	16	2 784	2 397	1 563	1 121	816
Current liabilities	38	1 951	1 415	1 180	710	497
Total liabilities	24	4 735	3 812	2 743	1 831	1 313
Equity	-	3 791	3 781	4 058	3 947	3 482

Working capital

The working capital requirements at R1.8 billion remained broadly flat compared to 2013.

WORKING CAPITAL

R million	% change	2014	2013	2012	2011	2010
Inventory	8	1 980	1 839	1 625	1 078	753
Trade and other receivables	16	957	825	839	561	341
Trade and other payables	27	(1 107)	(870)	(1 006)	(603)	(418)
Working capital requirement	2	1 828	1 794	1 458	1 036	676
Cash and cash equivalents	34	513	383	359	404	517
Long-term financing	31	(1 700)	(1 300)	(450)	(107)	-
Short-term financing	52	(764)	(503)	(127)	-	-

CFO'S REVIEW (continued)

Inventory	R'm movement	R'm Closing 2014	R'm Closing 2013
Spares and consumables	(50)	331	381
Rock	388	971	583
Raw material	(73)	380	453
Finished goods	(125)	296	421
Phosphoric Acid	3	298	295
MAP	(107)	40	147
DAP	(31)	-	31
Other	12	(42)	(54)
WIP	-	2	2
Total inventories	141	1 980	1 839

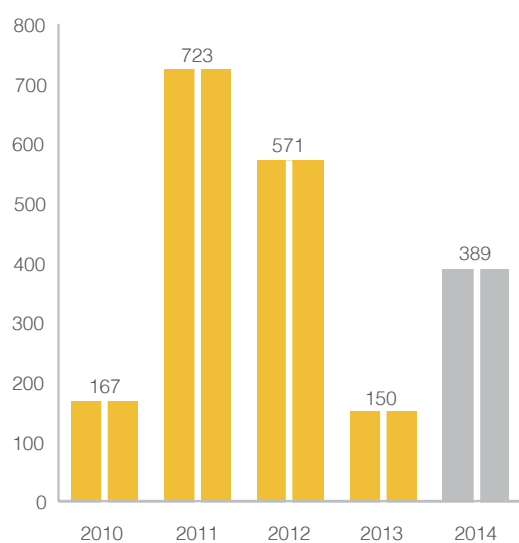
The R141 million net increase in inventory is due to an increase in rock stock on hand of R388 million, partly offset by a reduction in finished goods, raw materials, spares and consumables as outlined above.

The rock stockpile at March 2014 was 1 023 million tons compared to 686 000 tons at March 2013 while granular fertiliser stock levels (MAP/DAP) decreased from 34 000 to 8 000 tons. Phosphoric acid stock levels decreased by 3 000 tons to 41 000 tons (2013: 44 000 tons). The increase in the rock stockpile has led to the suspension of the PC production stream in the short term and lower rock production volumes in 2015, in order to reduce the stock on hand.

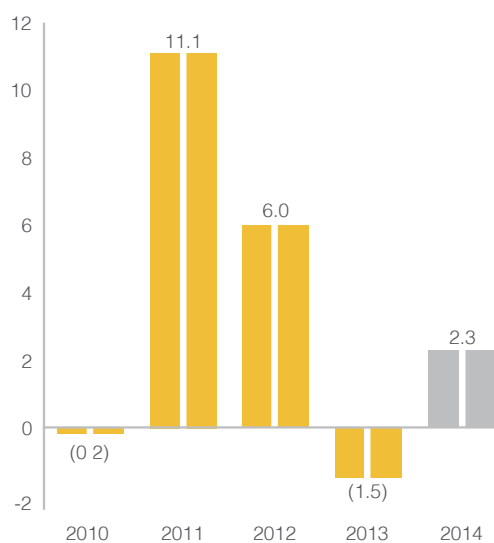
The R132 million increase in trade and other receivables is mainly due to an increase in local debtors. The increase in trade and other payables of R237 million is mainly attributable to an increase in trade payables and accruals for distribution costs.

Our working capital requirements were financed through cash on hand, long- and short-term funding facilities.

EBITDA
(R MILLION)



OPERATING MARGIN
(%)



Funding facilities

Foskor has a long-term funding facility of R1.7 billion, of which R1.2 billion has been utilised, with the Industrial Development Corporation (IDC). This facility is subordinated to the Group's creditors and debt providers and has been utilised to finance capital projects. Repayment will commence in April 2016 with equal instalments payable bi-annually over five years. We also have a R500 million long-term facility and short-term facilities of R800 million available from commercial banks. R670 million of the available short-term facilities has been utilised up to the end of March 2014. We are looking to increase long-term facilities for working capital and fixed asset needs in the short- and medium-term.

DIVIDENDS

There were no dividends declared in the current year. (2013: R3.82 per share, R35 million gross).

MINE CLOSURE COSTS

Scheduled mine closure costs have increased from R408 million at March 2013 to R458 million at March 2014. The liability in the balance sheet has increased to R282 million from R262 million in the previous financial year. Unscheduled mine closure costs amounted to R559 million at year end, compared to R533 million in 2013. The assets in the Environmental Rehabilitation Trust have increased from R120 million to R138 million.

KEY FINANCIAL RATIOS

Profitability

Changes in accounting policies and estimates

In June 2011, the IASB issued revisions to IAS 19: Employee Benefits (IAS 19R). During the current year, Foskor adopted IAS 19R retrospectively in accordance with the transitional provisions set out in the standard. The revised standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits. IAS 19R requires net interest expense/income to be calculated as the product of the net defined benefit liability/asset and the discount rate as determined at the beginning of the year. The effect of this is to remove the previous concept of recognising an expected return on plan assets.

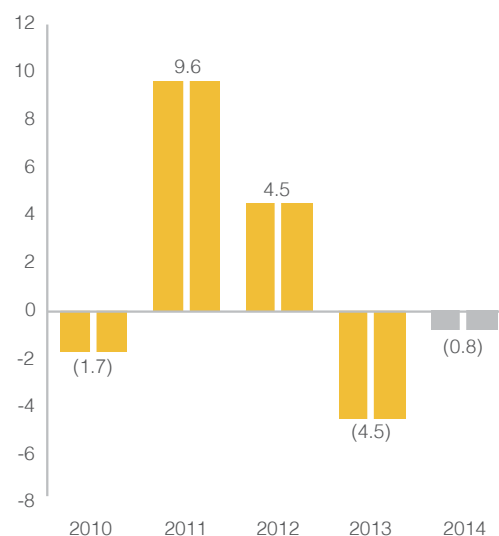
The income statement for the year ended 31 March 2013 has been restated to reflect the adoption of the IAS 19 revised standard. This resulted in staff costs increasing by R4 million and tax decreasing by R1 million due to the recognition of re-measurements in other comprehensive income.

OUTLOOK

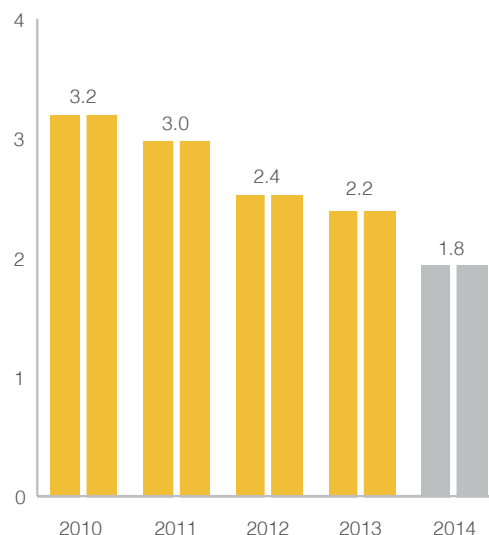
The outlook for Foskor in the medium to long term is positive as a result of an increase in contribution by magnetite sales and the planned construction of the magnetite beneficiation plant to come onstream in 2015. An increase in commodity prices is being forecasted by industry analysts and the upward trend has become evident in quarter one of the new financial year.

It is expected that the need for high capital expenditure will reduce over the next five-year period and the net debt position will also reduce from R2.5 billion to R1 billion in five years' time. The EBITDA upliftment and other operational improvement initiatives will also have a positive impact on earnings in the short- to medium-term.

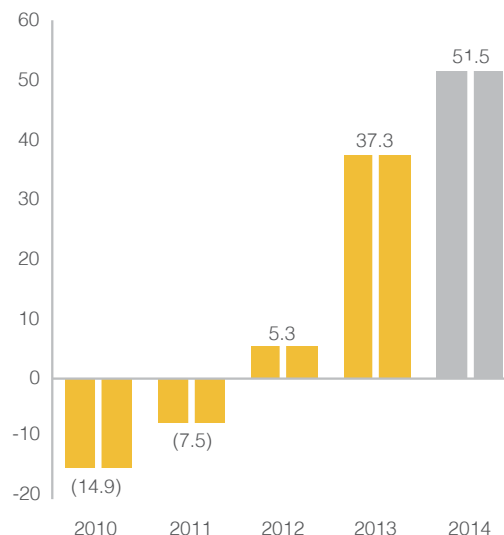
RETURN ON EQUITY (ROE %)



SOLVENCY AND LIQUIDITY CURRENT RATIO (TIMES)



NET DEBT TO EQUITY RATIO (%)



GRI 2.8



The full set of the annual financial statements is available on the Company's web site: www.foskor.co.za



SUMMARY FINANCIAL STATEMENTS

The summarised consolidated financial results have been approved by the Board of directors and were signed on their behalf by the Chairman, Mr MG Qhena and Chief Executive Officer, Mr MA Pitse. This document provides a summary of the information contained in Foskor's Consolidated Annual Financial Statements, which are available on our website. The summarised consolidated financial results are not the Group's statutory accounts and do not contain sufficient information to allow for a complete understanding of the results and state of affairs of the Group as that provided by the full set of Group Consolidated Annual Financial Statements.

BASIS OF PREPARATION

The information in these audited Summarised Consolidated Annual Financial Statements of the Group has been extracted from the Group's audited Annual Financial Statements which have been prepared in accordance with IAS 34: Interim Financial Reporting and the South African Companies Act of 2008, as amended. They do not include all the information required for the full Annual Financial Statements and should be read in conjunction with the Consolidated Annual Financial Statements for the Group as at the year ended 31 March 2014. The financial statements have been prepared under the historical cost convention, except for certain items including the revaluation of available-for-sale investments and financial assets and liabilities at fair value through profit or loss. The summarised consolidated results are prepared on a going concern basis.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the Summarised Consolidated Annual Financial Statements are the same as those applied by the Group in its full set of Consolidated Annual Financial Statements as at and for the year ended 31 March 2014.

KEY ESTIMATES AND AREAS OF JUDGEMENT

The preparation of the summary Consolidated Annual Financial Statements required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these Summary Consolidated Annual Financial Statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that applied to the Consolidated Annual Financial Statements as at and for the year ended 31 March 2014.

The presentation and functional currency of Foskor (Pty) Limited is the South African Rand (R) and all monetary amounts are rounded to the nearest thousand.

Mr G Ferns CA (SA), Chief Financial Officer is responsible for this set of financial results and has supervised the preparation thereof in conjunction with the General Manager: Finance and ICT, Ms M Tonjeni CA (SA).

INDEPENDENT AUDIT BY THE AUDITORS

The Group's 2014 Consolidated Annual Financial Statements and these Summarised Consolidated Annual Financial Statements have been audited by the Group's joint external auditors, PricewaterhouseCoopers Inc and Ngubane & Co. Inc. The individual auditors assigned to perform the audit are Mr TD Shango and Mr HH Mpungose.

AUDIT REPORT OPINION

The unqualified audit report on the full set of Consolidated Annual Financial Statements, as well as the unqualified audit report on this set of Summary Annual Financial Statements, is available at the Company's registered office.

ABRIDGED GROUP STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Notes	GROUP	
		2014 R'000	2013 R'000
ASSETS			
Non-current assets			
Property, plant and equipment		4 736 881	4 252 534
Intangible assets		438	454
Investment in joint venture		25	25
Investment in associate		10 825	10 129
Financial investments		326 294	281 608
		5 074 463	4 544 750
Current assets			
Inventories	1	1 980 130	1 839 401
Trade and other receivables		957 254	825 083
Derivative financial instruments		567	281
Current tax asset		751	97
Cash and cash equivalents	2	513 253	383 174
		3 451 955	3 048 036
Total assets		8 526 418	7 592 786
EQUITY AND LIABILITIES			
Equity attributable to owners			
Ordinary shares		9 158	9 158
Share premium		132 013	132 013
Retained earnings		3 218 132	3 237 959
Share-based payment reserve		303 914	303 914
Other reserves		128 098	97 844
Total equity		3 791 315	3 780 888
Liabilities			
Non-current liabilities			
Finance lease liability		14 331	16 176
Environmental rehabilitation liability		281 724	261 724
Employee share-based payment liability		23 497	55 611
Long-term interest-bearing loans		1 700 000	1 300 000
Retirement benefit obligations		117 832	124 695
Deferred income tax liabilities		646 992	638 586
		2 784 376	2 396 792
Current liabilities			
Trade and other payables		1 107 260	870 473
Short-term interest bearing loans		764 219	503 124
Current tax liability		-	536
Finance lease liability		1 844	1 863
Derivative financial instruments		5 521	77
Provisions		71 883	39 033
		1 950 727	1 415 106
Total liabilities		4 735 103	3 811 898
Total equity and liabilities		8 526 418	7 592 786

ABRIDGED GROUP STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	GROUP	
	2014 R'000	Restated 2013 R'000
Revenue	5 085 956	4 905 855
Cost of sales	(3 878 290)	(3 946 484)
Gross profit	1 207 666	959 371
Distribution costs	(1 046 838)	(867 787)
Administrative expenses	(221 391)	(274 792)
Share-based payment expense	32 114	885
Other operating income	146 023	109 861
Operating profit/(loss)	117 574	(72 462)
Finance income	26 811	33 874
Finance costs	(122 395)	(135 457)
Share of profit/(loss) from associate	508	(13 331)
Net foreign exchange loss	(56 052)	(38 714)
Loss before taxation	(33 554)	(226 090)
Income tax expense	4 752	58 245
Loss for the year	(28 802)	(167 845)
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurements of post-employment benefit obligations	8 787	2 878
Share of other comprehensive income of associate	188	(191)
<i>Items that may be reclassified to profit or loss:</i>		
Available-for-sale investments	30 254	(76 752)
Other comprehensive income/(loss) for the year, net of tax	39 229	(74 065)
Total comprehensive income/(loss) for the year	10 427	(241 910)

ABRIDGED GROUP STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Share-based					Total R'000
	Share capital R'000	Share premium R'000	Retained earnings R'000	payment reserve R'000	Other reserves R'000	
Balance at 31 March 2012	9 158	132 013	3 438 117	303 914	174 596	4 057 798
Comprehensive income						
Loss for the year	-	-	(167 845)	-	-	(167 845)
Other comprehensive income						
Fair value loss	-	-	-	-	(54 493)	(54 493)
Share of other comprehensive income of associate	-	-	(191)	-	-	(191)
Post-employment benefit obligation	-	-	3 997	-	-	3 997
Deferred tax	-	-	(1 119)	-	(22 259)	(23 378)
Total comprehensive income for the period	-	-	(165 158)	-	(76 752)	(241 910)
Dividends paid	-	-	(35 000)	-	-	(35 000)
Balance at 31 March 2013	9 158	132 013	3 237 959	303 914	97 844	3 780 888
Comprehensive income						
Loss for the year	-	-	(28 802)	-	-	(28 802)
Other comprehensive income						
Fair value gain	-	-	-	-	37 190	37 190
Post-employment benefit obligation	-	-	12 204	-	-	12 204
Deferred tax	-	-	(3 417)	-	(6 936)	(10 353)
Share of other comprehensive income of associate	-	-	188	-	-	188
Total comprehensive income for the period	-	-	(19 827)	-	30 254	10 427
Balance at 31 March 2014	9 158	132 013	3 218 132	303 914	128 098	3 791 315

ABRIDGED GROUP STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	GROUP	
	2014 R'000	2013 R'000
Cash flows from operating activities		
Cash generated from operations	345 879	(181 250)
Interest received	14 314	19 971
Interest paid	(6 643)	(117 212)
Realised foreign exchange loss	(53 597)	(32 100)
Taxes (paid)/received	(1 215)	58 202
Net cash generated from operating activities	298 738	(252 389)
Cash flows from investing activities		
Purchase of property, plant and equipment	(744 486)	(914 399)
Purchase of software	(252)	–
Proceeds from sale of property, plant and equipment	–	178
Investments in subsidiary	(12 000)	–
Cash contribution made to environmental rehabilitation trust	(5 060)	(560)
Dividends received	17 698	2 174
Net cash used in investing activities	(744 100)	(912 607)
Cash flows from financing activities		
Repayment of loans from subsidiaries	10 000	–
Repayment of finance lease liability	(1 863)	(1 970)
Proceeds of long-term interest bearing loans	400 000	850 000
Proceeds of short-term interest bearing loans	167 304	376 143
Dividends paid	–	(35 000)
Net cash used in financing activities	575 441	1 189 173
Net increase in cash and cash equivalents	130 079	24 177
Cash and cash equivalents at the beginning of the year	383 174	358 997
Cash and cash equivalents at the end of the year	513 253	383 174

SELECTED EXPLANATORY NOTES TO THE ABRIDGED GROUP CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	GROUP	
	2014 R'000	2013 R'000
1. INVENTORIES		
Spares and consumables stores	330 589	381 261
Phosphate rock	971 259	583 008
Raw materials	380 193	452 517
Finished goods	296 108	420 634
Work in progress	1 981	1 981
Total inventories	1 980 130	1 839 401

The value of inventory write down to net realisable value in the prior year and reversed in the current year R29.8 million (2013: R4.8 million). There was no write down of inventory in the current year.

	GROUP	
	2014 R'000	2013 R'000
2. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	483 682	366 386
Short-term bank deposits	29 571	16 788
Cash and cash equivalents	513 253	383 174
Cash and cash equivalents include the following for the purposes of the statement of cash flows:		
Cash and cash equivalents	513 253	383 174

SUMMARY FINANCIAL STATEMENTS (continued)

	GROUP	
	2014 R'000	2013 R'000
3. COMMITMENTS		
Capital commitments		
Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:		
Property, plant and equipment	329 378	476 505
Total capital commitments	329 378	476 505
Operating lease commitments		
The future minimum lease payments payable under non-cancellable leases are as follows:		
Payable not later than one year	1 792	1 756
Payable later than one year and not later than five years	4 032	597
Total lease commitments	5 824	2 353

4. GROUP SEGMENTAL REPORTING

4.1 Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee considers the business primarily from a product perspective. The products are segmented into phosphate rock and magnetite (Phalaborwa) and phosphoric acid, granular fertiliser and NPK (Richards Bay). Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, trade and other receivables and cash and cash equivalents. Segment liabilities comprise borrowings, trade and other payables, and provisions.

	Phalaborwa		Richards Bay			Total 2014 R'000
	Phosphate rock 2014 R'000	Magnetite 2014 R000	Phosphoric acid 2014 R'000	Granular fertiliser 2014 R'000	NPK 2014 R'000	
	Total segment revenue	2 776 536	881 440	2 122 706	1 759 695	
Inter-segment revenue	(2 515 499)	–	–	–	(22 507)	(2 538 006)
Revenue from external customers ¹	261 037	881 440	2 122 706	1 759 695	57 485	5 082 363
Earnings before interest and tax (EBIT)	451 828	579 484	(883 888)	–	(6 325)	141 099
Depreciation and amortisation	165 881	–	101 634	–	218	267 733
Reportable segment assets	4 573 530	–	3 610 588	–	82 947	8 267 065
Capital expenditure for reportable segment non-current assets	420 694	–	254 284	–	–	674 978
Reportable segment liabilities	1 187 598	–	2 839 824	–	10 685	4 038 107

¹ Revenue from unreported segments amounts to R3.4 million (2013: R0.7 million).

4.2 Reconciliation of reportable segment EBIT to Group profit before tax is provided as follows:

The Executive Committee assesses the performance of the operating segments based on a measure of adjusted earnings before interest and tax (EBIT). Segment EBIT equals segment revenue less segment expenses, which include costs of sales and other operating costs. This measurement basis excludes the effects of allocated corporate expenditure. Interest income and expenditure, as well as foreign exchange gains and losses, are not allocated to segments as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that of the income statement and there were no reconciling items. Sales between operating segments (Rock, Acid and NPK segments) are carried out at arm's length.

	GROUP	
	2014 R'000	2013 R'000
Segmental earnings before interest and tax (EBIT)	141 099	32 375
Net corporate and subsidiaries expenses	(23 017)	(118 168)
Finance income	26 811	33 874
Finance costs	(122 395)	(135 457)
Net foreign exchange losses	(56 052)	(38 714)
Group profit before tax	(33 554)	(226 090)

4.3 Reportable segment assets are reconciled to total Group assets as follows:

The amounts provided to the Executive Committee with respect to the total assets are measured in a manner consistent with that of the financial statements. Derivative financial instruments held by the Group are not considered to be segment assets but rather are managed by the central treasury function.

	GROUP	
	2014 R'000	2013 R'000
Segment assets for reportable segments	8 267 067	7 364 625
Unallocated:		
Derivative financial instruments	567	281
Other assets	258 784	227 880
Total Group assets per the statement of financial position	8 526 418	7 592 786

4.4 Reportable segment liabilities are reconciled to total Group liabilities as follows:

The amounts provided to the Executive Committee with respect to the total liabilities are measured in a manner consistent with that of the financial statements. Deferred tax and derivative financial instruments are not considered to be segment assets but rather are managed by the central treasury function.

	GROUP	
	2014 R'000	2013 R'000
Segment liabilities for reportable segments	4 038 107	3 081 861
Unallocated:		
Deferred tax	646 992	638 586
Corporate and subsidiary liabilities	50 004	91 451
Total Group liabilities per the statement of financial position	4 735 103	3 811 898



MINING DIVISION

THE MINING DIVISION MINES APATITE, A PHOSPHATE-BEARING MINERAL, AT ITS TWO OPEN-CAST MINES AND PRODUCES SUFFICIENT QUANTITIES OF ROCK TO MAINLY FEED THE PHOSPHORIC ACID PLANT AT THE ACID DIVISION IN RICHARDS BAY. WE ALSO SUPPLY LOCAL AND INTERNATIONAL MARKETS WITH SMALLER QUANTITIES OF ROCK.

Recent advances in iron ore smelter technology have increased the demand for magnetite. Although magnetite is no longer present in the pyroxenite ores excavated from the two mines, we have sufficient stockpiled resources to capitalise on the increased demand.

MINING DIVISION HIGHLIGHTS

Key achievements of the year

IMPROVED SAFETY RECORD

- Minor injuries reduced by 25% to 45 (2013: 60).
- Lost Time Injury Frequency Rate (LTIFR) of 0.25 based on 200 000 hours (2013: 0.03).
- Trackless Mobile Machinery incidents reduced by 20% to 71 (2013: 89).

MAINTAINED QUALITY MANAGEMENT

- All ISO certification (14001, 9001 and OHSAS 18001 and SANS 16001) retained.
- No major environmental incidents incurred.

INFRASTRUCTURE IMPROVEMENT PROJECTS PROGRESSING WELL

- D-stream flotation plant replacement project progressing as per plan.
- Drier 9: 700 kilo-ton drying and dispatch project completed.
- One million ton per annum magnetite loading and dispatch expansion project completed.
- Phase 1 of the North Pit mine push back project completed.

Incidents with negative impact

INFRASTRUCTURE FAILURE

- Closure of the D-Bank flotation plant due to deterioration in structural integrity. 23 100 tons of lost production.
- Penstock outlet pipe failure at the Selati Tailings Dam in February 2013, resulting in water shortages and approximately 14 000 tons of lost production.
- Major breakdown on the dry mill gearbox with 16 days downtime and 14 000 tons production loss.
- Major breakdown on the ball mill at the Extension 8 plant resulting in 13 500 tons production loss.

SHEQ

- Fatality (Foskor contract worker) in May 2013.
- Five Department of Mineral Resources (DMR) Section 54 mine stoppages issued (21 DMR audits conducted).

OVER-RELIANCE ON SERVICE SUPPLIER

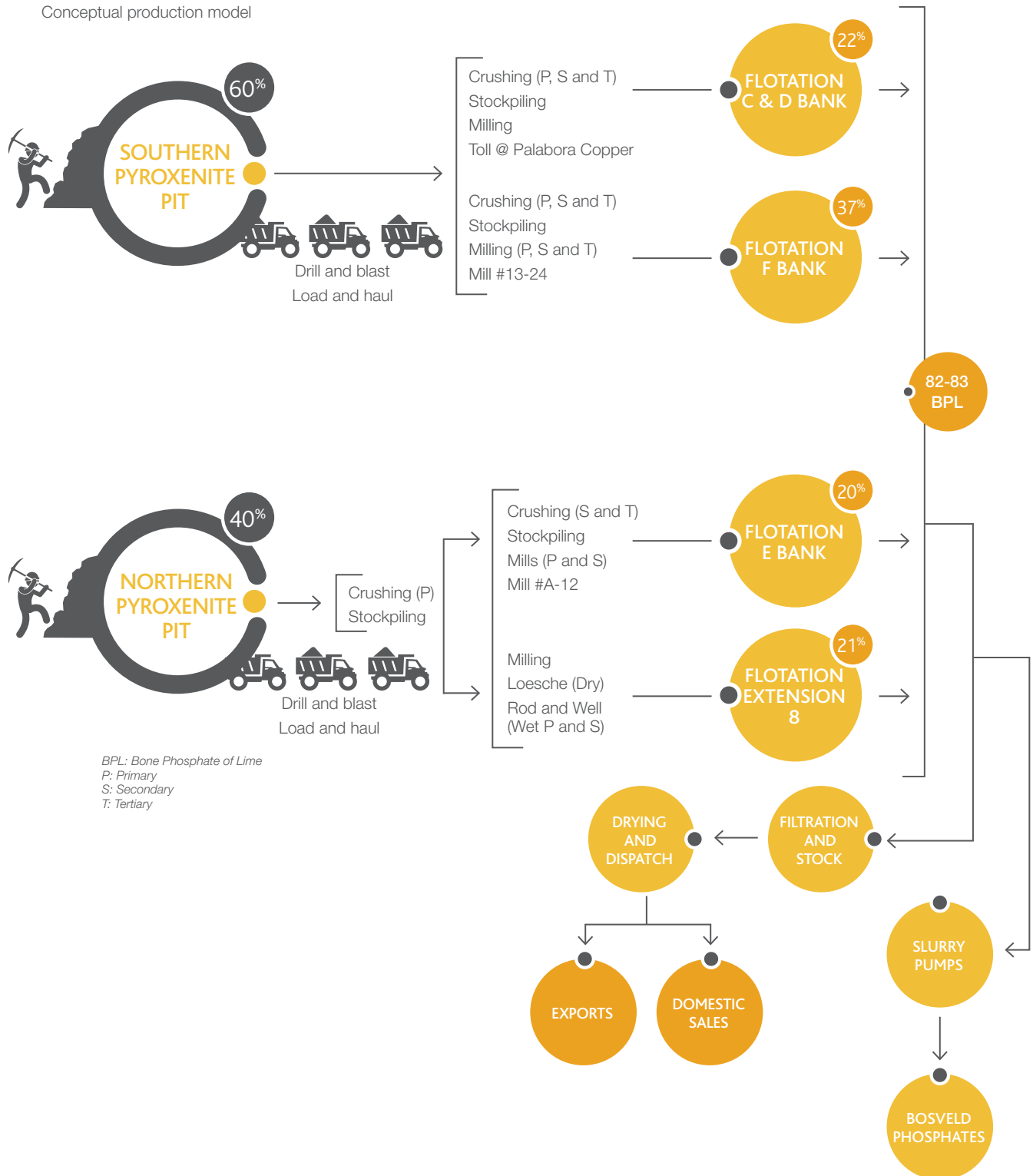
- Equipment failures and plant stoppages at Palabora Copper (Foskor tolling agreement) during the financial year resulting in approximate 122 150 tons of lost production.

ADVERSE WEATHER CONDITIONS

- Abnormally high rainfall in January to March 2014 flooding the lower benches of both mines and resulting in approximately 20 000 tons of lost production.

Production and infrastructure efficiency
MINING PRODUCTION MODEL

Conceptual production model



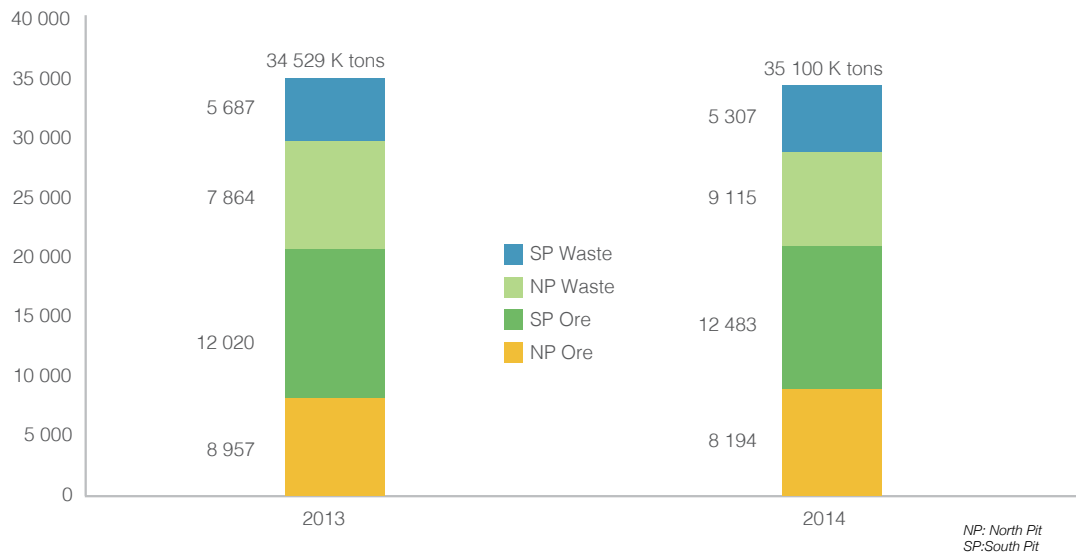
Mining performance

The Mining Division mined a total of 35.1 million tons of material in 2014 (2013: 34.5 million tons, inclusive of dyke removal project in South Pit Mine), resulting in 20.7 million tons of ore and 14.4 million tons of waste. The processing facility handled 18.7 million tons of ore, 4.3% lower than 2013. Run of Mine (ROM) feed grades decreased to 6.8% P₂O₅ (2013: 6.9%). Mine development work is ongoing to ensure consistent feed grades in the region of 7% P₂O₅ content going forward.

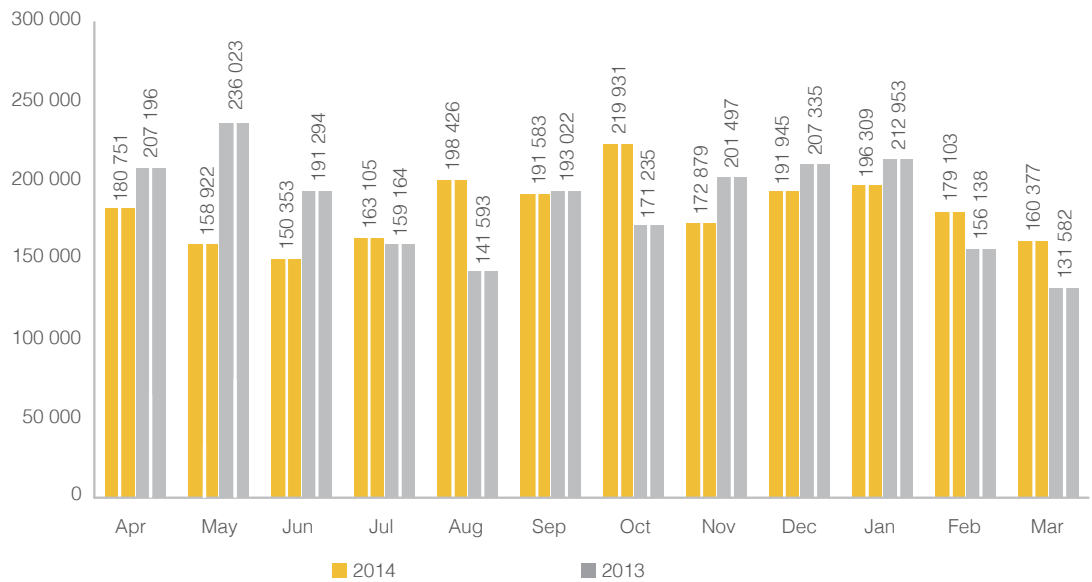
Overall plant efficiency improved by 3%, to 62.2% (2013: 60.4%). Total production for 2014 was 2% lower than 2013 at 2.1 million tons (2013: 2.2 million tons).

MINING DIVISION (continued)

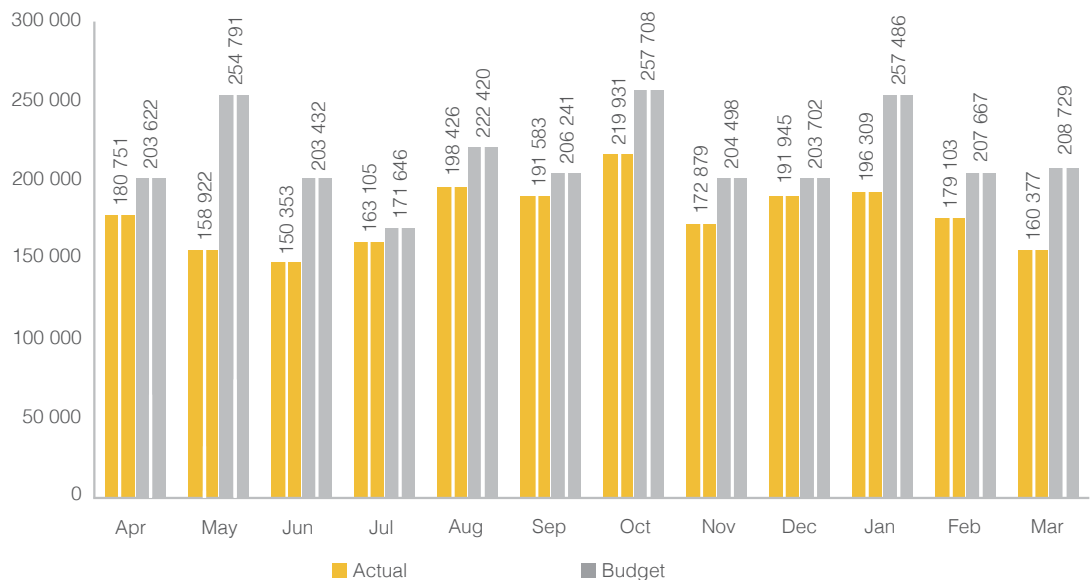
PERFORMANCE PER MINE
(Tones mined)



PHOSPHATE ROCK PRODUCTION – YEAR-ON-YEAR
(Tons)



PHOSPHATE ROCK PRODUCTION – BUDGET VS ACTUAL
(Tons)



Product distribution

The Division dispatched 1.84 million tons of rock concentrate to the Acid Division, export and local customers (2013: 1.77 million tons). This is an increase of 4% compared to the 2013 dispatches. This is, however, 26% lower than the 2014 target of 2.5 million tons. The decline from target was as a result of logistical constraints on the Phalaborwa-Richards Bay rail line and lower phosphate rock exports. Total product railed to the Acid Division was 1 593 709 tons (2013: 1.34 million tons) compared to the 2014 target of 1 821 140 tons. Phosphate railed to Maputo harbour for export was 188 384 tons compared to a target of 600 000 tons. Dispatched product to other local customers were 59 638 tons compared to a target of 130 000 tons.

The Mining Division also distributed 3.34 million tons of magnetite compared to a target of 1.16 million tons. This represents an increase of 186% higher than the target. The significant increase in dispatched magnetite tons was due to a higher demand in China and as a result of the expansion of our magnetite rail siding and loading infrastructure.

Addressing production challenges

To improve on our performance, we are actively addressing the production challenges we faced during the year:

Palabora Copper toll crushing and milling throughput was 42.6% lower than 2013 and 70% below the target of 4 million tons.	As part of the 2015 business strategy it was decided to suspend production through this processing stream.
Failure of Extension 8 ball mill resulting in approximately 13 500 tons of lost production.	Additional software interlocks have been installed to serve as backup fail safe interlock to prevent similar damage on the mill.
Structural failure of the Selati Tailings Dam penstock outlet pipe (13 950 tons production loss).	A temporary bypass system was successfully commissioned and the design of a new penstock is in progress. A new penstock will be constructed within the next 24 months.
High rainfall impacting mining activities due to flooded lower level benches.	The water pumping system in the North Pit has now been upgraded to reduce the impact of higher than normal rainfall.
DMR mine Section 54 stoppages and other breakdowns results in production loss with no installed catch up capacity.	As part of the 2015 business strategy two projects at Mining have been identified and are being implemented to mitigate stoppages i.e. improved hauling efficiencies by installing load cells on haul trucks and implementing a hot seat shift change over.
Closure of the D-Bank flotation plant due to structural integrity problems (50-year old plant).	The new DSF Project that will replace this redundant plant will be completed by December 2014 and the risk will be fully eliminated.

Continuous improvement initiatives

During the 2014 strategic planning session the following five strategic improvement projects have been identified for the Mining Division and will be realised in the 2015 financial year:

- Hot seat shift change over – This will result in increased production time for mining equipment and circa one million tons of additional ore supply to the crushers per year;
- Reduction in energy consumption – The new DSF flotation plant has been designed to be an energy efficient plant and benefits of this will be realised after commissioning in quarter four of the next financial year;
- Improve mine hauling efficiencies – All haul trucks will be equipped with load cells that will maximise utilisation of hauling capacities;
- Improve fragmentation of rock blasted – Blasting efficiency studies and benchmarking are currently being done to improve fragmentation during the blasting activity. The identified initiatives will be implemented by the third quarter; and
- Reduction in operating expenses – Focused cost optimisation and reduction in operational costs throughout the cost structures.

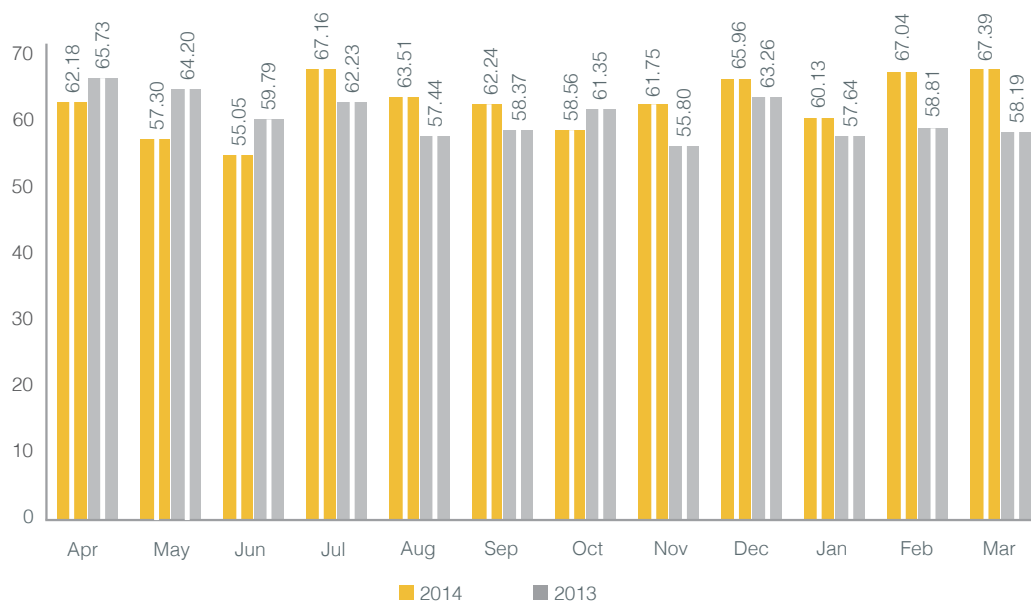
Foskor is further committed to reduce its carbon footprint and various projects have been initiated i.e. installation of day-night switches throughout the plant, installation of solar heating systems for all new offices and procurement of only energy efficient electric motors.

Mine and mineral content quality

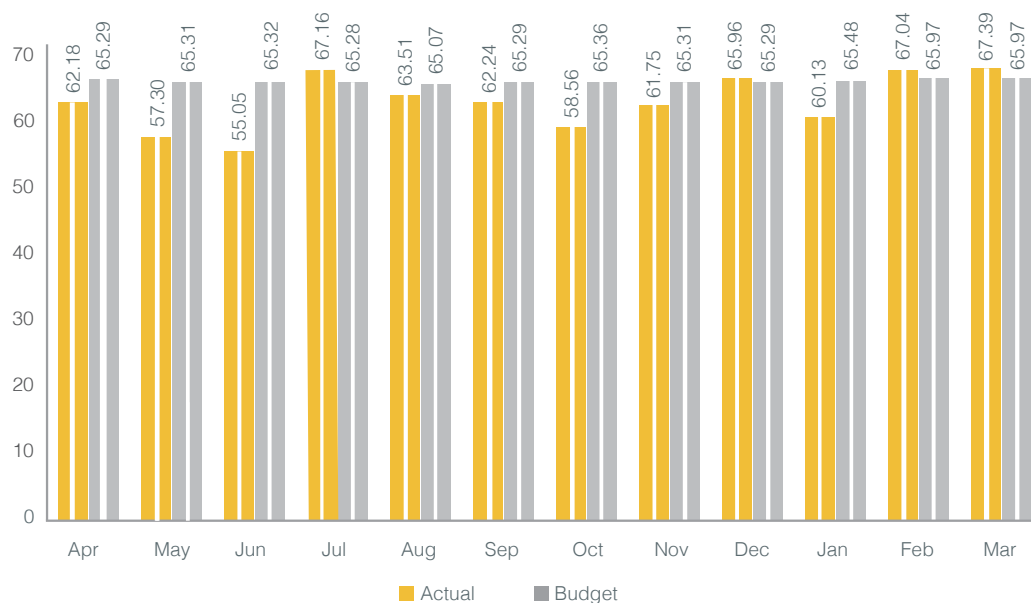
Total weighed phosphate rock recovery for the year was 62.2%, compared to 60.4% in 2013. This is expected to improve further over the next two years as the development in both South and North Pit Mines progresses. This is as a result of mining through the weathered zones into the exposed ore body.

MINING DIVISION (continued)

TOTAL P₂O₅ RECOVERY YEAR-ON-YEAR (%)



TOTAL P₂O₅ RECOVERY ACTUAL VS BUDGET (%)



The combined stripping ratio (the amount of waste material required to be handled in order to extract ore) for the two mines was 0.88 (2013: 0.74). High short- to medium-term stripping ratios of around 1.1 in our North Pit Mine is stretching the utilisation of the current loading and hauling fleet.

Our North Pit push back project is unlocking new reserves. The project, approved by the Board in March 2011, is opening up new phosphoric acid-bearing resources, reducing the overall stripping ratios and extending the life of the mine by 30 years. The project is on schedule and ore samples have already been processed.

Overall stripping ratios are expected to increase over the next two years before they can stabilise and then only reduce to levels of 0.8. The increase in stripping ratios is as a result of further mine development to ensure mining cut off grades are maintained in the future and extension of mine life.

Per stream performance

PRODUCTION* PERFORMANCE PER STREAM

Stream	Product grade % P ₂ O ₅	2012 tons	2013 tons	2014 tons	Targeted tons	% of target met
F-Bank concentrate	37.00%	1 017 334	862 482	947 932	993 211	95.44
E-Bank concentrate	36.28%	532 377	475 023	427 999	530 965	80.60
Extension 8 concentrate	37.54%	411 904	518 193	531 347	591 357	89.85
PMC/PC concentrate	36.56%	423 460	344 969	241 663	465 433	51.92
Total Palfos B production		2 385 075	2 200 667	2 148 941	2 580 966	83.26
Palfos R		11 401	8 367	14 743	20 982	70.26
Total production	36.97%	2 396 477	2 209 035	2 163 684	2 601 948	83.15

* Calculated weighted production per stream.

The 2.1% decline in production since 2013 can be attributed to lower ROM throughput due to increased DMR Section 54 stoppages and lower PC throughput. Deviation from the 2014 target is shown in the table above. The F-Stream and Extension 8 stream year-on-year performance improved due to better plant reliability, higher recovery rates and above target feed grades. The E-Stream and PC-Stream performance were negatively impacted as a result of poor throughput at the PC plant and the closure of the D-Bank processing facility.

As a single event the PC-Stream under performance had the biggest impact on production. This can be attributed to failures of PC's processing plant and Eskom load shedding through PC. PC plant reliability and unscheduled downtime have continued during 2014 with a 30% reduction in production compared to the previous year.

Mine resources and ore reserves

Both Foskor and the Palabora Copper (PC) mine within the Phalaborwa Igneous Complex comprise 14 distinct rock types, each with a specific mineral composition. Foskor operates two open pit phosphate rock mines, while PC operates a copper and a vermiculite mine.

The complex is a vertical volcanic pipe, roughly kidney-shaped and measuring between 1.5 and 3.5 kilometres in width and 6.5 kilometres in length. Extensive drilling since 1950 has allowed geologists to develop an accurate three-dimensional geological model of the complex. It consists of three joined lobes – namely the North Pyroxenite, Loolekop and South Pyroxenite areas. High concentrations

of apatite mineralisation (expressed as a percentage of phosphoric acid) are present in the foskorite and pyroxenite rock types found across the three lobes. The foskorite and carbonatite rock types found in the Loolekop lobe contain copper and magnetite.

Our mineral resources and reserves are classified according to the South African Mineral Resource Committee (SAMREC) Code. Present-day calculations suggest that mined ore must contain at least 5.5% phosphate to be economically viable. Material with between 4% and 5.5% P₂O₅ is classified as marginal. This position has been changed and cut-off grade has been reduced to 5% P₂O₅.

In 2008, Snowden Mining Industry Consulting audited our resource estimates for the South Pyroxenite deposit and, based on our current geological and resource models, we estimate that the following minerals reserves exist as at 31 March 2014 (the 2008 model is currently being reviewed by Snowden and reserve and resource estimates will be updated).

- 236.7 million tons in the North Pyroxenite deposit (2013: 407 million tons)
- 1 198.7 million tons in the South Pyroxenite deposit (2013: 962 million tons)

Changes from 2013 are mainly due to changes in the cut-off grade from 5.5% to 5% that would increase the reserves and a reduction in the North Pit from reserve to resource classification as advised by the consultants.

Phosphate-rich tailings have been deposited in the PC active tailings dam since the late 1970s. Foskor owns the rights to the apatite in the tailings, even though the dam is located on PC land. A feasibility study conducted in 2003 by Foskor, Snowden Mining Industry Consultants and Rio Tinto Technical Services suggested that reclaiming the tailings was not economically viable.

PC also, from time to time, transports high phosphate rock content tailings from their opencast vermiculite mining area to a stockpile close to Foskor's East Crusher. Since 2006, Foskor has been reclaiming these phosphate tailings from this stockpile on an opportunity basis to supplement ROM from the open pits.

Snowden Consulting was appointed to act as competent person in the validation of the original geological report compiled in 2009. An independent validation is carried out every three years and it is currently being done based on current mining data. An unabridged geological mine resources and ore reserves report is available on request.

MINING DIVISION (continued)

Proven and probable mineral reserves and mineral resources, as at 31 March 2014:

MINERAL RESERVES AS AT 31 MARCH 2014

Geological area	Reserves category	Reserves million tons	% P ₂ O ₅
North Pyroxenite Pit	Proven	236.7	7.15
	Probable	20.0	6.91
South Pyroxenite Pit	Proven	1 198.7	6.79
	Probable	137.8	6.47

MINERAL RESOURCES AS AT 31 MARCH 2014

Geological area	Resources category	Resources million tons	% P ₂ O ₅
North Pyroxenite Pit	Measured	817.2	7.14
	Indicated	690.9	6.94
	Inferred	742.1	6.52
South Pyroxenite Pit	Measured	2625.6	6.46
	Indicated	1317.1	6.15
	Inferred	1713.6	6.11
PC Active Tailings Dam	Measured	238.3	6.70
	Indicated	48.8	6.60
	Inferred	9.9	6.40

Mining rights

Foskor has been issued all the required mining rights and converted all old order rights as required. Only one new right is still under review by the DMR. This does, however, not impact the mining operation in the short- to medium-term.

LP30/5/1/2/2/09 MR	New Mining Right to mine the South Pyroxenite mine	Granted September 2009
LP30/5/1/2/2/03 MR	New Mining Right to mine the North Pyroxenite extension	Granted September 2009
LP30/5/1/2/2/22 MR	New Mining Right for the Stripping Area	Granted September 2009
LP30/5/1/2/2/124 CMR	Old Order Used Right Converted to mine the North Pyroxenite mine	Granted January 2013
LP30/5/1/2/2/125 CMR	Old Order Used Right Converted to utilise all existing stockpiles	Granted January 2013
LP30/5/2/2/126 MR	New Mining Right to mine the north-west corner of the North Pyroxenite mine	Under review

On the recommendation of the DMR, we withdrew application LP30/5/2/2/126 MR and instead resubmitted an application (LP30/5/1/2/2/124 CMR) amended to include the rights to mine the north-west corner of the North Pyroxenite lobe. In terms of section 102 of the Mineral and Petroleum Resources Development Act (MPRDA), we also amended and resubmitted some of the other above-mentioned applications to include additional mineral deposits. All these submissions are under review by the DMR and we are confident that they will be approved in due course.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

Health and safety



MINING DIVISION SAFETY RECORD

	2010	2011	2012	2013	2014	Target
Fatalities	0	1	0	0	1	0
Lost time injuries	8	6	7	1	8	0
Lost Time Injury Frequency Rate (LTIFR)	0.33	0.22	0.27	0.03	0.25	0
Occupational diseases (hearing loss)	3	8	6	0	13	0
Man hours without any lost time injury (million)		5.3	5.2	6.0	0.6	6
Number of Section 54 notices issued by the DMR	1	2	1	0	5	0

The mine's safety record for 2014 was dampened by the unfortunate death of Ms Kgomotso Ramoshaba, an employee of Diba-Diba Contractors after a fatal accident that took place on 14 May 2013 on the Foskor Mine premises. The Mining Division also recorded eight lost time injuries although none resulted in long absenteeism or permanent or partial disability.

All the relevant safety committees have been consulted to identify root causes for the increase in these LTIs. It was noted that most of these were as a result of loss in concentration since PPE was worn in all cases and employees were trained and experienced. Consultation sessions were also held with management and organised labour after which an awareness campaign was launched. This campaign, under the slogan "VISIBLE SAFETY LEADERSHIP", will be carried forward in 2015.

Leading safety indicators have subsequently improved during 2014 and mine injuries have reduced by 25% compared to 2013. TMM (vehicle related incidents) has also reduced by 20% compared to 2013. The Mining Division's "Life Saviours Behaviour" campaign launched in 2012 has also contributed to the reduction in the number of incidents related to high-risk work. Only one of the eight LTIs recorded was related to high-risk work while the others were minor non-life threatening incidents.

The DMR has conducted 21 inspections in 2014 of which five visits resulted in site specific Section 54 stoppages. One of these was as a result of the fatality. Our strategy remains to build sound relationships with the DMR rather than be seen as continuously confronting the DMR. Foskor has seen the least Section 54s issued compared to its peers.

Section 54 notices refer to any orders, instructions and suspensions in terms of the Mine Health and Safety Act to stop mining operations or portions of a mine where an inspector has reason to believe that there may be potential danger to the health and safety of any person at the mine. No Section 54 notices were issued to Foskor during the year.

The Mining Division is a founding member of the Limpopo Occupational Health and Safety Tripartite Forum for opencast mines, of which the current chair is held by Foskor's VP: Mining.

Consultation with organised labour with regard to safety and health is ongoing through the agreed Safety Committee structures.

No major security breaches were reported in 2014. A few cases of copper theft were reported and suspects apprehended but focused patrols and interventions have led to a reduction in copper theft compared to 2013.

SHREQ (safety, health, radiation, environment and quality) training is a key pillar in educating stakeholders. The Mine Qualifications Authority health and safety training is mandatory for all employees and covers induction training, basic health and safety awareness, fire fighting, first-aid, compulsory codes of practice training, and health and safety representative training. Employees are also encouraged to enrol for external health and safety courses.

The occupational health of our employees remains a high priority and therefore the focus of our annual medical surveillance is monitoring the health of employees for occupational health diseases. As a founding member of the Limpopo Occupational Health and Safety Tripartite Forum for opencast mines, the division works with the DMR inspectorate, organised labour and peer organisations to reduce occupational health and safety hazards at our operations and in the mining sector generally. Various initiatives have been implemented to reduce dust and noise levels at the Mine and a new hearing conservation programme has been rolled out.

The divisional goal remains Zero Harm to employees, contractors and visitors, and our tactics and strategies are aligned to achieve this.

ENVIRONMENTAL MANAGEMENT

Biodiversity and environmental management

Foskor's mining operation borders the Kruger National Park, South Africa's oldest wildlife conservancy and one of the world's largest. It is home to 75% of all the bird species and 72% of all mammals species found in South Africa and arguably the country's most prominent safari destination. The Ga-Selati River also passes through the mining property.

Foskor is fully aware of the ecological sensitivity of the river system and the surrounding area. As an ISO 14001 certified company since 1996, Foskor has sound environmental practices in place

and continues to take steps to prevent incidents harmful to the environment. In 2005 an agreement between Foskor and PC to jointly monitor the state of the river's biological health came into force.

Our Mining Division has retained both its ISO 9001 Quality and ISO 14001 Environmental certifications. Our environmental management system is externally audited on an annual basis and any findings raised are addressed immediately. All proposed projects are scrutinised to determine if they require a statutory Environmental Impact Assessment. We adhere strictly to the requirements of our approved Environmental Impact Assessment and Environmental Management programme reports.

During the year, eight water-related environmental incidents were reported to the DEA as per the water use licence conditions. None of these were related to pollution.

During 2014, R90 million capital expenditure was budgeted for environmental/compliance-related projects. This will be spent over the next three years.



GRI EN23, EN28, EN30

MINING DIVISION (continued)

We are actively involved, as a founding member, in the following environmental management committees:

Committee	Purpose	Sponsor	Meeting intervals
Inter-company Water and Waste Management Meeting	Discusses water and waste management with the Department of Water Affairs and other major companies.	Department of Water Affairs	Quarterly
Phalaborwa Environmental Committee	Discusses air, water and waste management with the Department of Environmental Affairs and Tourism and other major companies.	Department of Environmental Affairs and Tourism	Six-monthly
Alien Plant Committee	Discusses the management of alien plants in the area.	Foskor and Palabora Copper	Quarterly
Environmental Community Forum	Discusses basic environmental issues with the community.	Foskor and Palabora Copper	Six-monthly

Energy usage and greenhouse gas emissions

GRI EN3, EN4, EN16, EN17



ENERGY CONSUMPTION AND GREENHOUSE GAS EQUIVALENT EMISSIONS PER SOURCE

Source	Scope	Annual consumption	Monthly average consumption	Annual consumption GJ	kg of CO ₂ -e	% of total
Coal	Scope 1	19 461 tons	1 648 tons	514 898	56 075	0.0
Diesel	Scope 1	17 545 265 litres	1 529 535 litres	669 123	46 880 947	10.1
Petrol	Scope 1	138 873 litres	9 890 litres	3 919	322 462	0.1
Electricity	Scope 2	401 995 329 kwh	33 770 kwh	1 458 878	414 055 189	89.3
Water		16 425 litres			2 348 775	0.5
Total					463 663 448	

Scope 1 = Direct energy consumption.
Scope 2 = Indirect energy consumption.

Before dispatching rock to end users, it is first dried in coal-fired driers. Coal usage therefore fluctuates according to production levels.

Fresh water usage

The Ba-Phalaborwa local municipality supplies all potable water used at our mining operation and Lepelle Northern water supplies all raw water used. Over the past decade we have reduced our daily consumption from 60 megalitres to an average of 25 megalitres per day.

GRI EN8



FRESH WATER CONSUMPTION (M³)

Primary source	Water type	2010 m ³	2011 m ³	2012 m ³	2013 m ³	2014 m ³
Municipal water	Potable water	427 961	312 000	324 000	685 000	208 588
Lepelle water	Industrial water	12 842 400	12 254 000	9 731 000	9 271 000	8 889 168
Total		13 270 361	12 566 000	10 055 000	9 956 000	9 097 756

We adhere strictly to the conditions of the water usage licence issued by the DWA. Awareness programmes are in place to ensure that all employees are aware of the need to use water sparingly.

All water is recycled and we do not discharge any effluent water. Fresh water intake is only used to supplement water supplies available onsite.

Water seepage is an unavoidable aspect of open-cast mining. In order to regulate the impact of our mining activities on underground water, a Deep Seepage Water Recovery Project was initiated in 2008. Phase one of the project was completed in 2012 and seepage from the mining operation now flows into nine deep trenches dug between the tailings dams and the Ga-Selati River from where it is pumped out to prevent contamination. Water flow is actively monitored to assess the extent, and the course of action going forward will depend on the volumes registered. Initial calculations estimate that the whole project will cost approximately R57 million, of which R15 million has been spent to date. Studies to determine the effectiveness of deep seepage water recovery is ongoing and, if satisfactory results are observed, it will be expanded.

A further project to prevent seepage from smaller intermediate dams has

been initiated as per water use licence conditions and a R30-million budget has been provided for this project. The design has been completed and construction will start during the 2015 financial year.

Effluent

Water levels in all tailings dams are within safe operating margins and the freeboard on the dams themselves are more than adequate to satisfy mandatory codes. Piezo meter readings are well within specification and no seepage is apparent at toe levels. Outer walls are in a good condition and the dam status, as measured by industry standards, remained satisfactory throughout the year.

The failure of the Selati Tailings Dam decant pipe in February 2013 has been mitigated and a new interim pumping system was installed to control dam levels. The damaged decant system outlet pipe was successfully sealed off with temporary

filter drain system. This has been further strengthened. The permanent sealing of the outlet pipe will commence in the second quarter of 2014. The replacement of the current temporary pumping system with a permanent penstock/decant system will be completed by the end of 2015.

The main environmental rehabilitation focus for the year was the Southern Tailings Dam where the construction of the last section of the lift and access road saw a total of 6.3 hectares rehabilitated. A total of 1.7 hectares of environmental rehabilitation was finished at the Selati Dam during the last quarter of the financial year.

Waste management

A waste management programme is in operation and regular waste awareness sessions are held throughout the year with the emphasis on the reduction or elimination of waste and separation at source.



Waste type	Disposal method	Month average tons	Annual tons
General refuse and waste	Registered landfill onsite	32	378
Uncontaminated steel	Scrap sales	99	1 197
Radiation-contaminated steel	Stockpiled onsite	62	746
Hazardous material	Registered Enviroserv landfill	12	150

Air quality

We operate under an Air Emission Licence issued by the DEA. The conditions of the licence are strictly adhered to and monitoring and measurement of emissions is conducted as required.

The dust monitoring programme consists of various types of monitoring stations, each with its own allowable dust emission limit – refer to table below with the type of station, allowable limit as described in the Air Quality Act and typical results obtained for the year:

Type of station	Reason for stations	Allowable limit mg/m ² /day	Typical results mg/m ² /day
Background stations	To monitor background stations where the Company has no influence	300	144
Residential receptor stations	To monitor residential areas to determine the impact of the Company	600	277
Industrial receptor stations	To monitor surrounding industrial sites to determine the impact of the Company	1 200	871
Source monitoring stations	To monitor the impact at the source of dust generation	2 400	2 300

Mine rehabilitation

A separate environmental rehabilitation fund was established to rehabilitate land in the event of either scheduled or unscheduled mine closures. Closure costs are evaluated annually and a full rehabilitation cost study is undertaken every three years. The latest closure and rehabilitation cost is estimated at R458 million for scheduled closure and R559 million for the unscheduled closure of the whole mining operation. Closer cost is provided for in two ways, i.e. a rehabilitation trust fund that is grown to provide for scheduled closure and bank guarantees that will supplement the trust fund in the unlikely event of unscheduled closure. Rehabilitation cost provision is made in line with the requirements of the MPRDA Act, Section 41.



ACID DIVISION

THE ACID DIVISION HAS THREE PRODUCTION PLANTS, NAMELY SULPHURIC ACID, PHOSPHORIC ACID AND GRANULAR FERTILISER. SULPHURIC ACID IS COMBINED WITH THE ROCK CONCENTRATE FROM THE MINING DIVISION TO PRODUCE PHOSPHORIC ACID. THE PHOSPHORIC ACID IS EITHER EXPORTED IN ITS ACID FORM, SOLD LOCALLY, OR USED IN THE PRODUCTION OF GRANULAR FERTILISER. GRANULAR FERTILISER IS MAINLY SOLD LOCALLY.

ACID DIVISION HIGHLIGHTS

Key achievements of the year

SAFETY

- No fatality in the current financial year (2013: 1).
- Lost time injuries reduced by 50% to 4 (2013: 8).

MAINTAINED QUALITY MANAGEMENT

- Mission-directed work-team programme gaining traction.
- All ISO certifications (14001, 9001, OHSAS 18001 and SANS 16001) retained.

ASSET REPLACEMENT PROGRAMME PROJECT PROGRESSING WELL

- Two weak phosphoric acid tanks were rebuilt and one strong phosphoric acid tank completed.
- One sulphuric acid tank completed.

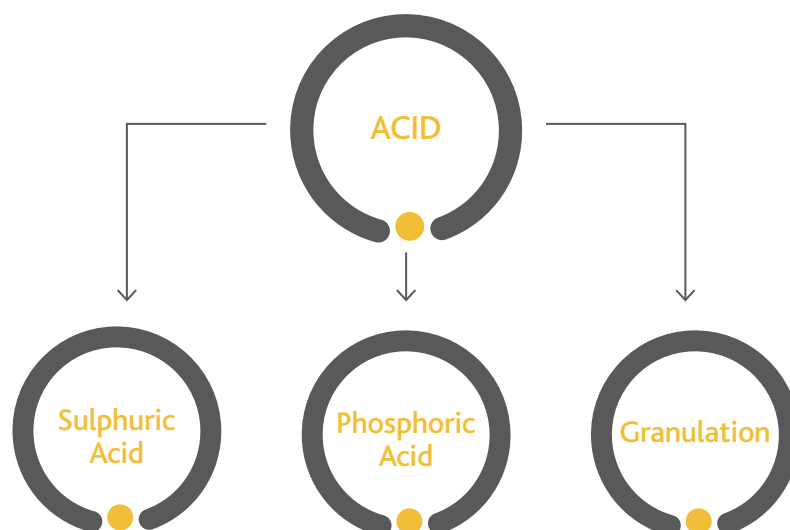
All of the above tanks were originally built in 1976 and were due for replacement.

Incidents with negative impact

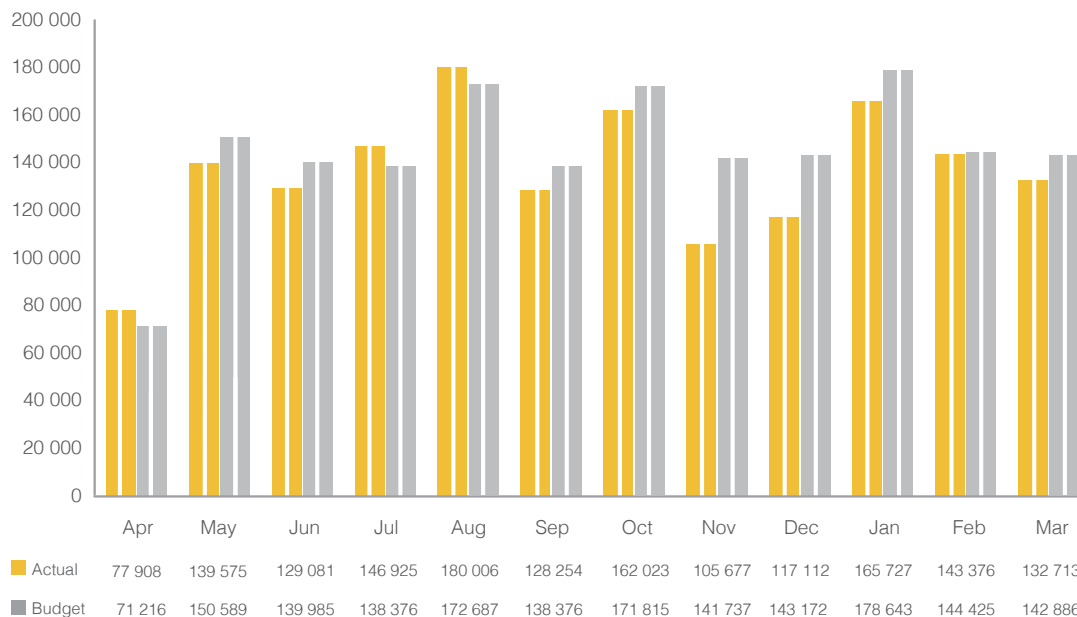
THE FOLLOWING FACTORS AFFECTED PRODUCTION:

- The lack of availability of acid tanks.
- Shortage of sulphur due to challenges in Middle East supplier's plant.
- Shortage of phosphate rock due to Transnet Freight Rail challenges.
- Power failures.
- Dense effluent pipeline failure due to Umhlathuze challenges.

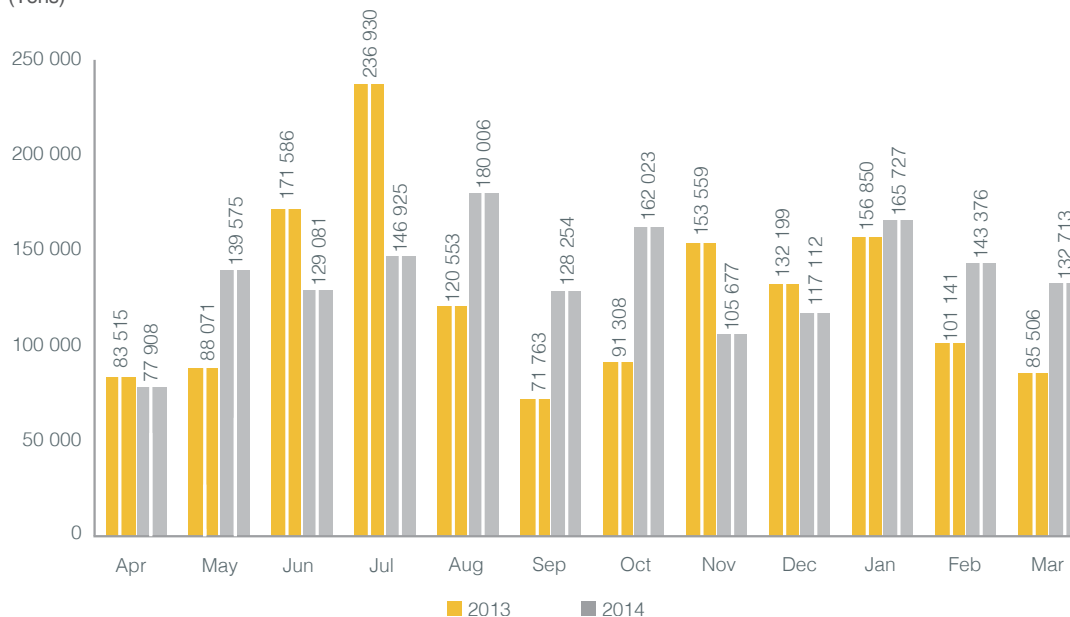
OPERATIONAL STRUCTURE



SULPHURIC ACID PRODUCTION – ACTUAL VS BUDGET (Tons)



SULPHURIC ACID PRODUCTION – YEAR-ON-YEAR (Tons)



PRODUCTION

Production volumes and acid plant efficiency

Phosphoric acid production of 509 516 tons for the year was below our target of 600 000; an 85% achievement of target. (In 2013 the plant produced 421 171 tons of phosphoric acid.) The main reasons for underachievement can be classified as both internal (factors within the plant control) and external (factors outside the plant control). The internal factors, which are largely due to acid tanks unavailability, contributed about 6% of total loss while the external factors, which are largely due to sulphur shortages, phosphate rock shortages due to TFR, power and dense pipeline failures,

contributed about 9% of total production loss. The Acid Division therefore only achieved and overall efficiency on phosphoric acid production of 88.05% compared to target of 91.01% due to the numerous stoppages.

SULPHURIC ACID PLANTS

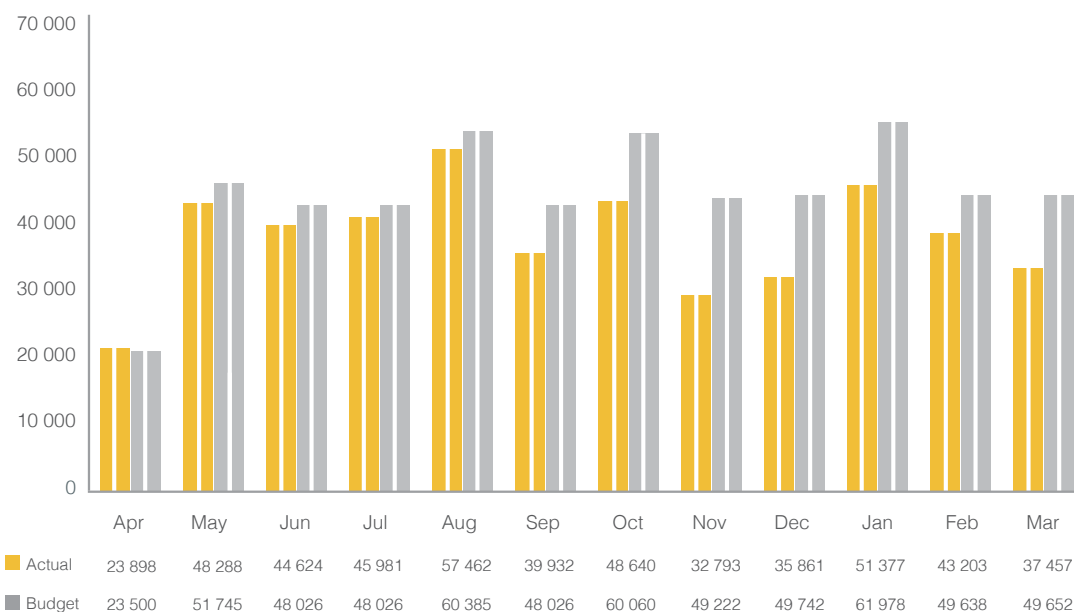
The sulphuric acid plants produced 94% of their target (1 628 378 tons against the target of 1 733 906 tons) for the period ended 31 March 2014. In 2013 the production volumes were 1 321 395 tons, the production was lower in the

previous year because the phosphoric acid production requirements were significantly lower (421 171 tons).

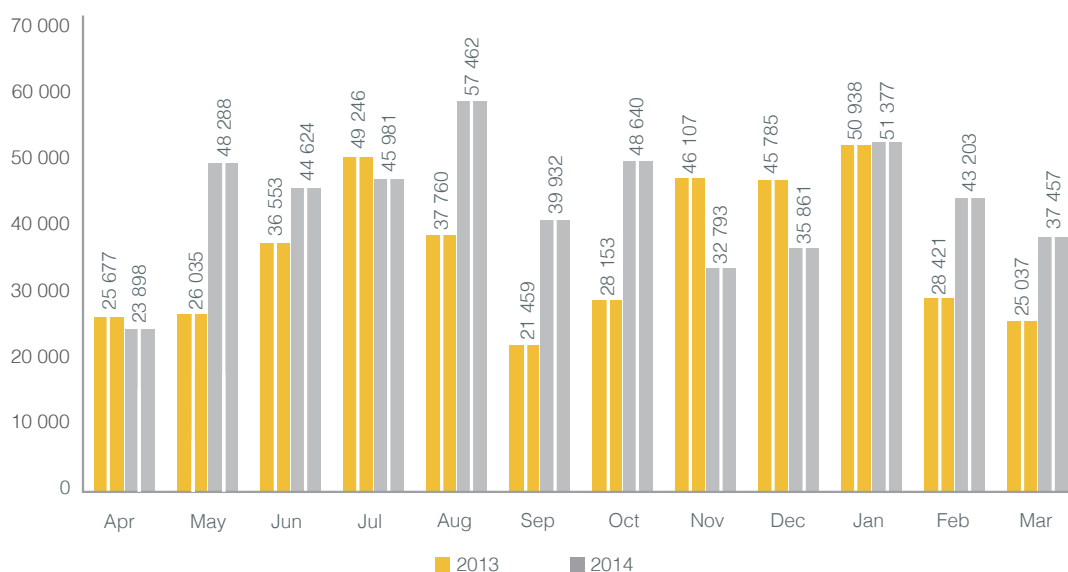
The plants were generally limited by the low sulphuric acid and steam requirements of the phosphoric acid plant. The key risks at the sulphuric acid plant include the original converters and their common stack, which will need to be replaced shortly, posing the question as to whether to maintain or simply replace these plants in the near future. One clean sulphur storage plant is planned for replacement in 2014.

ACID DIVISION (continued)

PHOSPHORIC ACID PRODUCTION – ACTUAL VS BUDGET (Tons)



PHOSPHORIC ACID PRODUCTION – YEAR-ON-YEAR (Tons)



PHOSPHORIC ACID PLANT

The phosphoric acid plant produced 509 516 tons against a target of 600 000 tons, this represents 85% of the target. In 2013 the plant produced 421 171 tons of phosphoric acid, the low production was also due to tank availability issues.

The negative impact on phosphoric acid production due to internal downtime as at the end of March 2014 is 36 128 tons of P_2O_5 . This represents about 6% of the total 2014 budget. The main reasons for internal downtime are:

- Tanks availability – In this financial year, critical tanks have been on major maintenance or replacement as part of the asset replacement programme. This resulted in reduced throughput as the plant had to stop due to high weak acid stocks. The impact of negative cash flow resulted in slowing down on some of the projects. This resulted in the late completion of the critical tanks. We have also witnessed an increase in downtime at the old concentration units during the financial year. These units were built in 1976 and they are also due for replacement. The downtime is mainly due to vacuum leaks as a result of damages in evaporator domes, this in turn reduced throughput.

The negative impact on production due to external downtime as at the end of March 2014 is 54 357 tons of P₂O₅. This represents about 9% of the total 2014 budget. The main reasons for external downtime are:

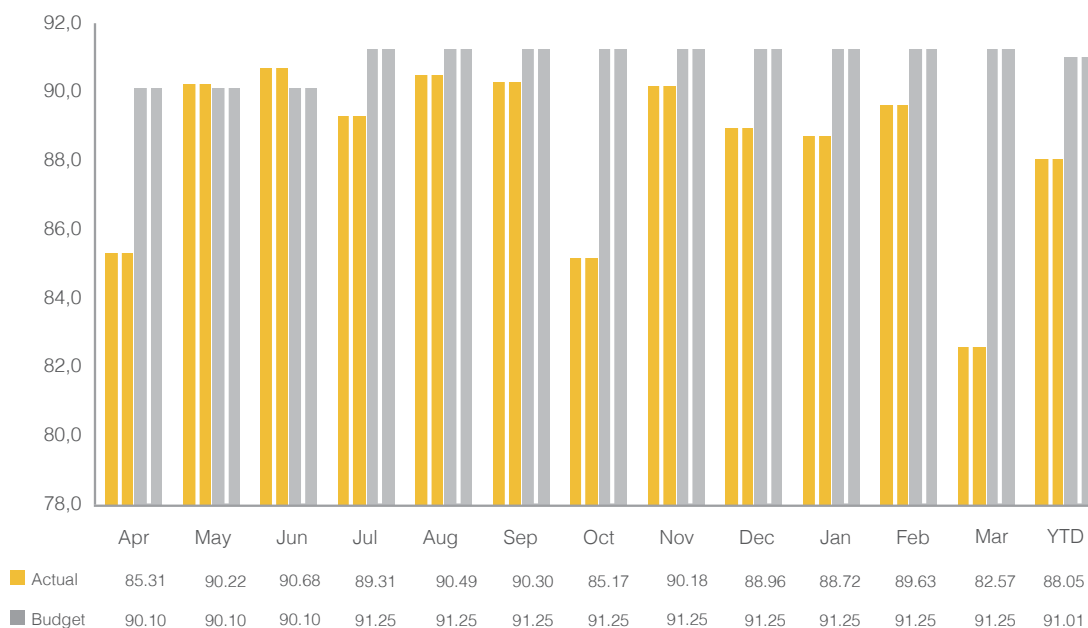
- Sulphur availability – During the months of July and October the plant suffered major production losses due to non-availability of sulphur raw material. This was due to a delay in Canadian shipping and delays in ships due to severe breakdowns experienced in the Middle East plants;
- Rock shortage – The plant also experienced some loss of production as a result of shortage of phosphate rock from Phalaborwa due to a Transnet Freight Rail extended shutdown;
- Umhlathuze Water – Numerous plant stoppages have been experienced due to continuous failure of the dense effluent phase line outside Foskor's battery limit. This is due to old underground pipes built in 1976 that are due for replacement, and the plant is starting to experience continuous failures. Currently talks between Foskor and Umhlathuze are underway for pipe replacement and reallocation; and
- Power supply – The municipality is currently facing a major challenge on old electrical cables and various assets that need replacement. This has resulted in intermittent power interruptions for all industries that receive electrical feed from the municipality rather than direct from Eskom. This has resulted in severe stoppages which affected both volumes and efficiencies.

Efficiency

The production efficiency rate for the year was 88.05% (2013: 87.35%) and has been affected mainly by the frequent stopping and starting of the plant, due to the factors mentioned above, as well as tanks non-availability. The target average efficiency rate for the year was 91.01% (2013: 89.27%).

GRANULATION PLANT

P₂O₅ – EFFICIENCY (%)



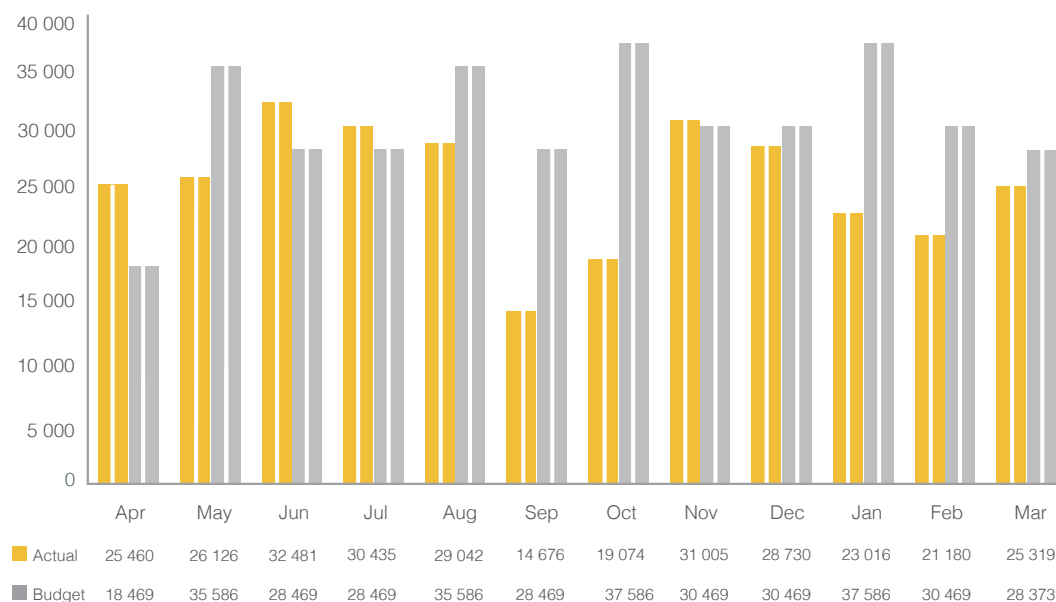
The granulation plant achieved 306 544 tons production against a budget of 370 000. This represents 83% of total target. In 2013 the granulation plant produced 229 513 tons as the market demand was muted in the previous year.

The main factors that hampered production were:

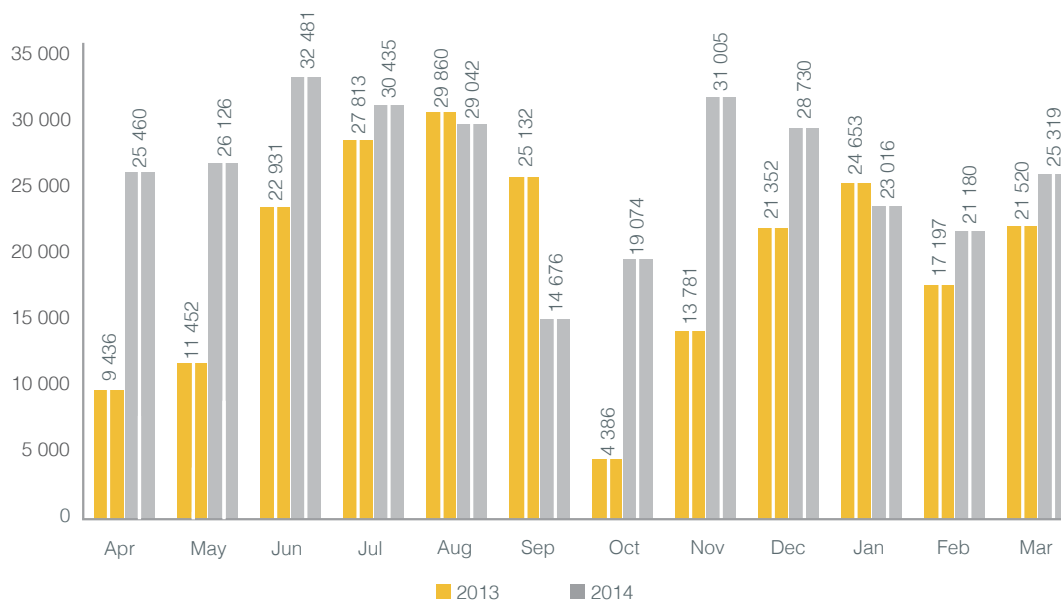
- Availability of phosphoric acid – This was a result of low production of phosphoric acid due to factors mentioned above; thus requiring a need to prioritise acid sales; and
- Limited storage capacity – Due to lack of off-take in the earlier quarter as a result of delay in planting season, the plant had to be stopped due to limited storage space.

ACID DIVISION (continued)

GRANULATION PRODUCTION – ACTUAL VS BUDGET



GRANULATION PRODUCTION – YEAR-ON-YEAR



ASSET REPLACEMENT PROGRAMME

Much of the Acid Division's plant and machinery was installed in 1976 and most of it had to be either refurbished or replaced. The completion of these projects will increase plant availability and lead to improved production efficiency. The cash flow forecast for capital projects is planned at circa R300 million per annum for the next three years. The main focus is on asset replacement programme projects and details are stated below:

Asset replacement items	Description	Planned timeline	
1	Install a new belt filter at our old phosphoric acid plant	The two pan filters utilised by our old phosphoric acid plant require regular maintenance and suffer from frequent breakdowns and long replacement lead times. In 2002, we built a new phosphoric acid plant that makes use of three more reliable and technologically advanced Gaudfrin belt filters. We plan to install a fourth Gaudfrin belt filter to serve as a backup filter to both old and new acid plants. In the short term, the belt filter will primarily compensate for any pan filter shortfalls. We expect that the new belt filter will improve our performance and fit in seamlessly with our belt filter maintenance programme.	The bulk of the belt filter equipment has arrived onsite and construction work is in progress. The completion of the belt filter project was delayed due to the cash flow crisis in the Company which resulted in most capital expenditure projects being halted. It is anticipated that the belt filter will be commissioned by March 2015.
2	Install a fourth concentrator unit in the new phosphoric acid plant	The new acid plant utilises three concentrator units concurrently. A similar concentrator unit for backup purposes is required to stabilise the operation of both the sulphuric and phosphoric acid plants by using the available acid storage capacity optimally, and reducing steam losses and plant downtime.	Detailed engineering for the new concentrator unit has started. The project was slowed down due to the cash flow crisis. It is anticipated that the commissioning of this project will be in March 2016.
3	Replace both pan filters in the old phosphoric acid plant	As discussed above, the old acid plant utilises two pan filters which have passed their useful lifespan and are due for replacement. A major overhaul of one filter was performed in April-May 2012, while a partial replacement of the other was performed in October-November 2012. In the light of the work already undertaken, we intend to complete the pan filter replacement work.	The balance of replacement work on pan filter 2 and a complete replacement of pan filter 1 are scheduled for 2017.
4	Install an additional acid clarifier	Our existing infrastructure consists of two acid clarifiers: a 1 800m ³ clarifier in our old plant and a 3 500m ³ clarifier in our new plant. We recently revised our acid plant configuration to process both weak and strong grade phosphoric acid. Due to the reconfiguration, we need to improve our clarifier capacity.	The process configuration and clarifier position is being finalised before construction starts. Commissioning is planned for December 2015.
5	Replace the main stack and converters for both sulphuric acid plants	Sulphuric acid plants A and B share one common stack. The stack and the catalytic converters at both plants are past their useful lifespan and due for replacement. The replacements will also enable Foskor to meet the planned new environmental legislation for stack emissions from sulphuric acid plants.	A French supplier, Technip, is carrying out a feasibility study. The necessary replacements or modifications will be done in phases and completed before 2020.
6	Build a new reactor for the old phosphoric acid plant	The concrete reactor in the old acid plant has been in operation for 38 years and has required repairs twice. The advanced age of the reactor poses a major health, safety and environmental risk, and it must be replaced.	Construction is planned for 2014 to 2016.
7	Replace the majority of acid storage tanks	The majority of our acid storage tanks for sulphuric and phosphoric acid are over 30 years old and have been repaired numerous times. All the old tanks are earmarked for phased replacement.	Four tanks were replaced in 2014 and a further four tanks are planned for either rebuilding or refurbishing in 2015.

SAFETY, HEALTH, RADIATION, ENVIRONMENT AND QUALITY (SHREQ)

New SHREQ targets were introduced at the start of 2013. We established these targets from a comprehensive review of the SHREQ systems in place at that time, and our intimate knowledge of the risks associated with our operations. We believe that these targets clearly reflect Foskor's core 'Zero Harm' values, and by delivering measurable outcomes in vital areas of our operations, help us to remain focused and to continuously improve our SHREQ performance.

We make use of an accredited external service provider to audit and rate our safety, health and environmental performance on an annual basis. These assessments include our compliance with all SHREQ-related legislation and certification regimes. The latest SHREQ performance audit rated us at 92.3%, 1.3% percentage points above our target of 91%.

Progress against targets is reported to senior management and various committees. Both internal and external auditors assess performance and the effectiveness of controls, and their findings are presented at our bi-annual management review meetings. We believe the challenges posed by these SHREQ targets will encourage innovative thinking and collaboration within the Acid Division, and that our SHREQ performance measures will provide a transparent and accurate account of our achievements and areas of concern, and enable us to provide credible reports to our stakeholders.

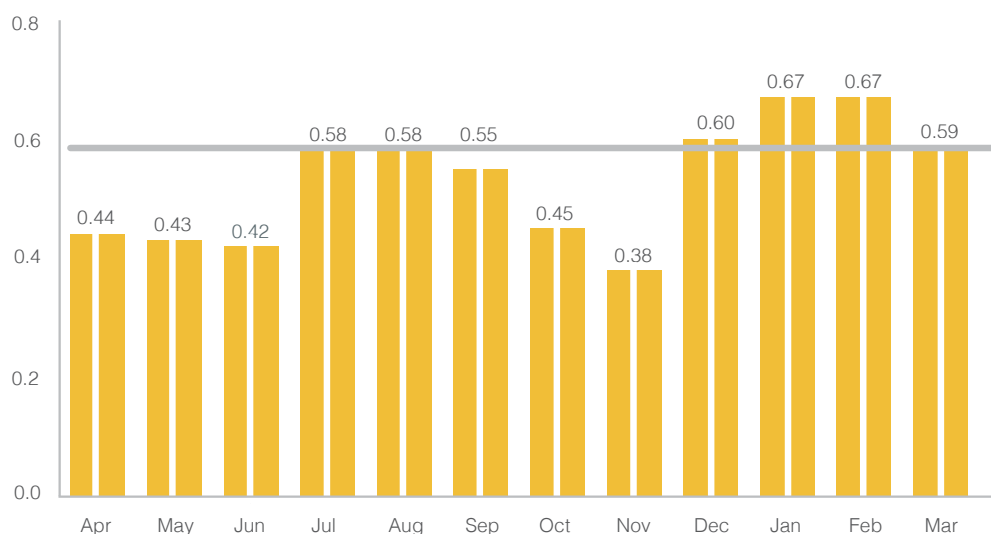
We have embarked on awareness campaigns in order to make safety, health, environment, quality and radiation our top priority, with the vision of a 'ZERO HARM WORKING ENVIRONMENT'.

Occupational health and safety

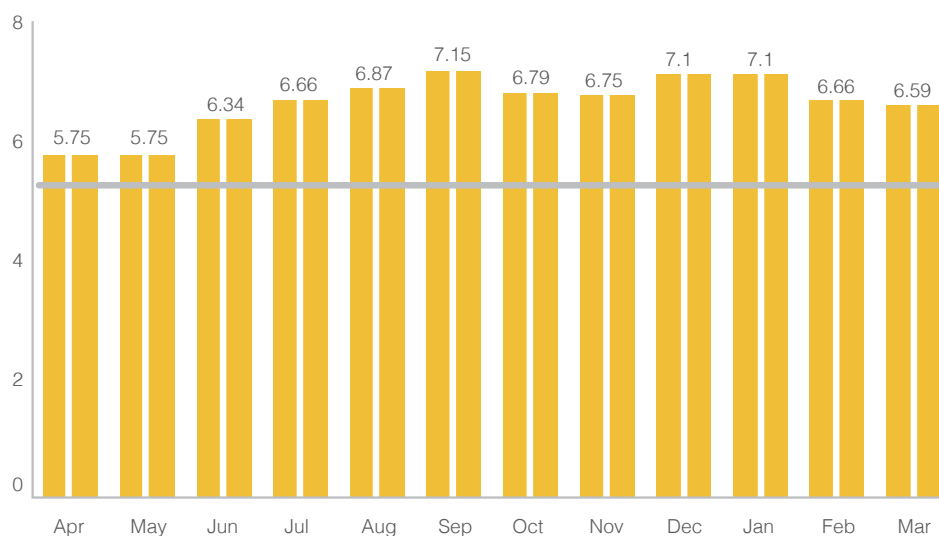
The health and safety of our employees is a Group wide concern and key to our Acid Division's success. We have implemented various systems, processes and controls to safeguard our employees and ensure they have long and productive working lives. Our objectives are to maintain a zero fatality track record and an Injury Frequency Rate of below one a year.

ACID DIVISION (continued)

LOST TIME INJURY FREQUENCY RATE (%)



TOTAL INJURY FREQUENCY RATE (%)



ACID DIVISION SAFETY RECORD

	2012	2013	2014	Target
Fatalities	0	1	0	0
Lost time injuries	5	8	4	0
Lost Time Injury Frequency Rate (LTIFR)	0.45	0.59	0.36	below 1
Total Injury Frequency Rate (TIFR)	5.26	6.59	5.42	5.6
Occupational diseases (reported to COID)	4	5	5	-

Our annual LTIFR of 0.36 was within our target range of less than 1, and compared to last year's LTIFR of 0.59, signals a positive decrease in the number of injuries.

We have also reviewed and updated our Codes of Practice-related work permits and clearance certificates. In particular, we provided clarity about responsibility for controls relating to them, and bolstered awareness of risks associated with clearances.

The knowledge and competence of our personnel plays a key role in maintaining and improving our SHREQ performance. We sent all personnel on general SHREQ management refresher training courses which were completed in April 2013.

There were no fatalities in this division during the year and the total number of lost time injuries dropped by more than 40% from the last financial year. The OHSAS 18001 certification has been retained and continues to be the foundation of our health and safety system.

Occupational health risks

Foskor is a registered Major Hazardous Installation and our employees are exposed to the following occupational health risks:

- Noise;
- Various dusts resulting from the handling, transportation and stockpiling of sulphur, rock and granular fertilisers;
- Fumes and gases including, but not limited to: sulphur dioxide, ammonia, sulphur trioxide, fluorides and welding fumes; and
- Thermal (heat) stress.

Excessive exposure to these hazardous substances may lead to health problems

and impaired fitness for work. Various engineering control systems, such as dust and gas extraction units, have been put into place to reduce the risk of exposure at source. It is also mandatory for all employees and contractors to wear their full Personal Protective Equipment (PPE) and carry escape respirators inside the plant. Additionally, it is mandatory for all employees and contractors working at the granulation plant to wear dust masks that are FFP3-rated and able to filter out at least 99.95% of all airborne particles.

A Baseline Risk Assessment of employee exposure to the various biological, chemical and physical stressors is currently being conducted in order to establish updated and accurate risk profiles. This is being done both qualitatively and quantitatively. On completion, employees will be grouped into homogeneous exposure groups and their exposure to various stressors in their activity areas will be monitored on a continuous basis. This will be done by using the South African Mines Occupational Hygiene programme as a guideline.

Static and personal monitoring of airborne contaminants, specifically at the Phosphoric Acid Plant, are currently being undertaken to determine a possible correlation between airborne contaminant constituents (as

well as concentration) and a decrease in employee respiratory function.

The Occupational Hygienist and Occupational Medical Practitioner conduct walk-through surveys on a weekly basis within specific areas of the plant in order to qualitatively identify potential health risks within the area, and to determine the extent of the risks (if any) and action required to reduce the risk.

External service providers will be conducting bi-annual occupational hygiene surveys as required by the OHS Act 85 of 1993. The surveys will highlight areas for improvement and we will take steps in response to improve the findings and also concerns raised by our employees.

All Occupational Hygiene codes of practice are also currently under review.

All Occupational Hygiene monitoring equipment on site is captured on an inventory together with its functional capability, calibration records, employee training records etc. Additional equipment is also being sourced in order to accurately and effectively monitor occupational stressors.

ENVIRONMENTAL MANAGEMENT

Energy usage and greenhouse gas emissions



GRI EN3, EN4, EN16, EN17

ENERGY CONSUMPTION AND GREENHOUSE GAS EQUIVALENT EMISSIONS PER SOURCE

Source	Scope	Monthly		Conversion factor	kg of CO ₂ -e	% of total
		Annual consumption	average consumption			
Diesel (L)	Scope 1	585 243	49 604	2.67	1 589 299	1
Sasol gas (GJ)	Scope 1	83 173	6 931	50.1	4 166 967	3
Travel (km)	Scope 1	229 763	19 146	0.36	82 714	0
Grid electricity (kWh)	Scope 2	91 727 931	7 643 993	1.03	94 479 759	80
Water (kl)	Scope 1	7 357 306	613 108	1.78	13 096 004	11
General waste (kg)	Scope 3	890 390	74 199	2.94	2 617 747	2
Recycled waste (kg)	Scope 3	1 001 540	83 712	1.84	1 848 354	2
Total					117 798 130	100

Scope 1 = Direct energy consumption.
 Scope 2 = Indirect energy consumption.
 Scope 3 = Other indirect emissions not included in scope 2.



GRI EN18

The Umhlatuze Municipality supplies up to a maximum of 27 MVA of electricity to the Acid Division. The division also utilises a 32 MVA steam turbine generator to augment the municipal supply. A monthly average of 12 773 795 kWh of grid electricity was used, while the turbine generated a total of 7 848 033 kWh of electricity at a monthly average of 713 457 kWh.

Compared to the previous financial year, the grid electricity consumption increased by 0.41% and our generator produced 114% more electricity. Compared to the previous year, the generator produced more than twice as much energy, indicating that the turbine was used more consistently in the current financial year.

This is our third year of reporting on carbon footprint. We used the new PAS 2050 carbon footprint standard to establish a carbon footprint baseline against which to measure future progress. This resulted in more accurate calculations. The carbon footprint monitoring system has been established throughout the division and more accurate emissions should be obtained going forward.

ACID DIVISION (continued)

The ever-rising cost of, and demand for, energy in South Africa requires that we look at innovative initiatives to improve our energy efficiency. We are in the process of drafting an energy efficiency plan for approval in the first quarter of the next financial year. More effective use of the turbine generator has significantly reduced our carbon footprint. Reducing energy loss due to leaking steam lines also needs to be addressed.

Fresh water usage

Our operations are heavily reliant on water. As both societal and industrial demand for water grows and access becomes increasingly competitive, we expect water prices to increase and regulatory requirements to become more stringent.



It is therefore important that we consider proactively the risks associated with the availability of water, in terms of both quality and quantity, and respond by using water responsibly and reducing our impact on local water resources.

FRESH WATER CONSUMPTION (m³)

Primary source	Water type	2010	2011	2012	2013	2014
Municipal water	Potable water	5 244 818	3 430 730	2 008 329	2 972 112	3 196 644
Municipal water	Clarified water	4 152 170	5 412 847	4 126 739	3 490 816	4 160 662
Total		9 396 988	8 843 577	6 138 068	6 462 928	7 357 306

We obtain all our water from the Umhlathuze Municipality in two grades: potable water and clarified water. We are contractually bound to consume 393.8 kilolitres of potable water per month. Approximately 10 megalitres of water are used throughout the plant per day.

Recycled water usage

A storm water dam situated on the south-east boundary of the site collects the majority of storm water run-off from the site. The water is reused in our two phosphoric acid plants. A monthly average of 845kl of water was recycled in the current financial year.

Foskor also has an agreement with a neighbouring business, BHP Billiton Hillside, to recycle their storm water as a replacement for our own municipal raw water uptake. Over the last financial year an average of 70 709kl of water per month was used from this source.

The Acid Division will endeavour to re-use and recycle water from within the site and from other industries wherever practically possible. We are in the process of drafting a water reduction and efficiency plan for approval in the first quarter of the next financial year.

Effluent and ground water remediation

During the year, we reassessed the strategies we currently have in place to prevent ground water pollution and pollution of the surrounding

environment. The study proposed various mitigation measures as set out in our Ground Water Remediation: Concept Designs Report. The proposed measures have been approved for implementation in the new financial year (2015). The hydraulic barrier for the interception of groundwater was completed in June 2013, however, pump connections and drain points still need to be installed and a contractor has been appointed to execute the outstanding work. The upgrade and relining of our water retention dams has been postponed due to austerity measures. The upgrade of the dams will upgrade our ability to manage floods from a 1:20 to a 1:50-year flood event, and contain water run-off from our site to avoid environmental contamination.

Air quality

Foskor operates with an air quality permit issued by the DEA and has made an application to the Uthungulu District Municipality for its Atmospheric Emissions Licence (AEL). Foskor is currently compliant with its current permit. The phosphoric acid plant and the granulation plant are 100% compliant against emissions limits as stipulated in the AEL. The sulphuric acid plant is 99.9% compliant, compared to a legal limit of 99.0%.

Our asset replacement programme takes into account the new air emissions legislation that requires us to reduce our sulphur dioxide gas emissions to 134 ppm (350 mg/Nm³)

per plant by March 2020. Fluoride and ammonia are also required to reduce to 5 mg/m³ by 2020.



Spills and other incidents

A total of 28 spills, leaks and overflows were recorded by our internal incident management system during the year. Most of the spills were successfully contained within dedicated bund areas.

A reportable spill occurred at Richards Bay Harbour, berth 609 in October 2013 during phosphoric acid loading. The DEA was contacted (local and national) at the time and the authorities inspected the area where the spill occurred. Acid in the export line is stripped after each loading, the only reasonable explanation for the acid remaining in the line is that there was pressure build-up in the line as a result of the non-use of the pipe since 2009 as that was when the berth was last used. A vacuum breaker has now been added at berth 609 as a preventative measure. Alternating export lines will also prevent such incidents.

The DEA's Compliance Inspectorate conducted an audit of our facility in March 2013. Subsequently Foskor received a Notice of Intent to issue a directive in terms of the National Environmental Management Act – section 31L and 28(4). The notice was received in March 2013 and a formal

response was submitted to the DEA after which a follow-up audit was conducted by the Department and consequently all the issues were closed and the directive withdrawn. We remain committed to our goal of zero incidents requiring notification.

Waste management



We have policies and procedures in place to handle and treat the waste we generate.

Our waste is divided into two broad categories: hazardous and general. The volume of waste generated per waste stream is controlled and recorded, and the tables below lay out the hazardous and general waste that has been disposed of at registered landfill sites during the year.

Hazardous waste

Waste type	Tons
Sulphur ash	7 405.06
Asbestos	52.30
Contaminated sand	687.78
Oil-contaminated waste	54.82
Filter cake	4 085.92
Equipment scaling	45.56
Sand-blasting grit	264.35
Rock/sulphur contaminants	314.96
Solids from tanks	45.56
Refractory bricks	263.80
Catalyst	40.10
Total	13 260.21

The volume of hazardous waste removed over the financial year was 19.56% lower than the previous year which means that the 2% hazardous waste reduction target was met.

Our biggest waste stream is sulphur ash and recycling alternatives are being investigated. A full assessment is expected in the 2015 financial year.

To maintain a safe working environment while acid storage tanks are being cleaned, Foskor obtained permission from the Department of Water Affairs (DWA) to store gypsum in our old gypsum dam. A total of 8 133 tons of gypsum was removed in 2014 and stored in the old gypsum dam. We plan to recycle all the gypsum from the dam by 2035. Foskor, DWEA and the local authority are in discussions regarding the rehabilitation of the Gypsum dam area. The value of the cost to rehabilitate the area could not be reliably determined at

reporting date as discussions were still in progress.

Various other environmental improvements made during the past year include:

- The roofing of the used oil storage facility;
- The purchase, installation and commissioning of high-pressure cleaning machinery;
- The roofing of a portion of the salvage yard;
- Cost reduction in terms of disposal rates negotiated; and
- The successful dismantling and removal of large amounts of replaced equipment.

General waste

Waste type	Tons
Building rubble	501.17
General waste	414.19
Pallets	24.24
Clean sand	7.66
Bags	2.56
Total	949.82

We have a licensed temporary waste storage facility onsite and an independent external auditor conducts bi-annual audits of the facility for compliance against Section 49(1) of the National Environmental Management Act. However, with the amendments sent to the DWEA, the audit is only required to be conducted annually. The audit for 2014 has been conducted on 6 March 2013 and the formal report has been sent to the National DEA as per the licence requirements.

Recyclable waste

Increased focus has recently been placed on the recycling of various categories of waste, and has been very successful. Waste recycling makes good economic sense, but more importantly it relieves the environment of the burden of landfill disposal.

RADIATION

Worker safety assessment

Radiological surveys were conducted at the plant surface areas during 2012 and 2013. The Worker Safety Assessment (WSA) reports on the results of the survey. The purpose of the WSA is to identify and estimate the potential internal and external radiation exposure to the workers in these surface areas. The WSA is required in

terms of the requirements of Section 1.2 of COR-27. It includes estimates of the average, maximum and 90th percentile effective radiation doses to workers. The surveys were conducted at the plant during normal plant operation, during shutdown and maintenance activities.

The scope of the assessment was focusing on the phosphoric acid plant and the waste salvage yard area. The radiation feed to the plant is the phosphate rock mined primarily at Phalaborwa and transported to Richards Bay.

This report demonstrates that the normal operations of Foskor do not present any significant radiation hazards to its workers.

Despite the low level of the hazard, experienced radiation protection personnel will be used together with appropriate equipment and facilities, and in accordance with the established radiation protection programme, to ensure that good radiation protection practices are followed during all activities.

From the safety assessment perspective, only the decontamination bay and the red scrap yard will be classified as Supervised Areas. All the other areas will be classified as Non-controlled Areas except the phosphoric acid plant that will be classified as Supervised during maintenance activities.

The Radiation Public Safety Assessment was conducted in May 2013 and the report was submitted to the National Nuclear Regulator for review.

Recyclable waste

Waste type	Tons
Ferrous and non-ferrous metals	922.954
Heat exchanger	12.56
Hessian bags	3.22
Cardboard	1.28
Plastic bottles	1.17
HL 1	1.24
E-Waste	12.62
Conveyer belts	18.82
Cardboard drums	1.98
Carbon tubes	21.12
Black bricks	37.92
HDPE pipes	26.50
White paper	1.57
Cans	0.08
Wood pallets	2.68
Total	1 064.71




OUR PEOPLE

Total employees	2010	2011	2012	2013	2014	% change
Foskor Group (including contractors)	1 811	1 944	2 130	2 101	1 997	(4.95)

Employees per division	2010	2011	2012	2013	2014	Location split
Phalaborwa and Midrand	1 154	1 264	1 387	1 427	1 357	67.9
Richards Bay	657	680	743	675	640	32.1

Employees per contract type	2010	2011	2012	2013	2014	% change
Permanent	1 753	1 803	1 857	1 945	1 842	(5.29)
Contract	58	141	273	156	155	(0.64)

Employees per gender	2010	2011	2012	2013	2014	% change
Male	1 581	1 658	1 806	1 766	1 675	(5.15)
Female	230	286	324	335	322	(3.88)

GRI 2.8, LA1 

Employees per level	2010	2011	2012	2013	2014	% change	% of total change
Top management	16	14	15	13	13	-	-
Senior management	31	31	36	29	29	-	-
Middle management	129	147	152	164	139	(25)	24.04
Skilled	536	575	594	607	583	(24)	23.08
Semi-skilled	671	683	706	747	722	(25)	24.04
Unskilled	370	353	354	385	356	(29)	27.88
Contractors	58	141	273	156	155	(1)	0.96
Foskor Group	1 811	1 944	2 130	2 101	1 997	(104)	100

Recruitment

Foskor hired 81 new permanent employees during the year, and our permanent employee complement reduced by 5.29% to 1 842 (2013: 4.74% increase). All skill levels, except the top and senior management levels, reduced in numbers.

The size of our senior and top management team remained at 42 this year, while our overall female representation of 16.12% reduced by 3.88% (2013: increased by 3.40%). Contractors reduced to 155 (2013: 156), representing 7.76% of our total workforce.

We continue to experience skills shortages in disciplines such as mining, electrical, mechanical, chemical, instrumentation, metallurgy, geology and health and safety. The remoteness of the Mining Division and fierce competition within the mining industry and in the Richards Bay area further compound the problem, with retention of critical skills remaining a challenge. The average tenure of most Engineers is two years and this has an impact on productivity and continuity.

The average age of our entire workforce reduced to 41 (2013: 45), which leaves 24 years on average working life until retirement. Average annual staff turnover is 10.2% (2013: 5.8%) of which retirees make up 6.08%. A system whereby some of the retirees are appointed as mentors and coaches for the Engineers in our training programme is in place. The recent restructuring exercise (voluntary separation) contributed almost 3.2% to the staff turnover percentage of 10.2%.

Permanent employees recruited	2010	2011	2012	2013	2014
Foskor Group	136	185	204	178	81



Recruitment per division	2010	2011	2012	2013	2014
Phalaborwa and Midrand	95	129	159	140	44
Richards Bay	41	56	45	38	37

Recruitment per gender	2010	2011	2012	2013	2014
Male	106	137	165	133	56
Female	30	48	39	45	25

OUR PEOPLE (continued)

GRI LA2 

Recruitment by age	2010	2011	2012	2013	2014
<30	85	111	131	123	31
31 – 40	37	52	58	39	38
41 – 50	9	17	9	14	4
51 – 60	5	4	6	1	7
>61	0	1	0	1	1

Employee turnover (%)	2010	2011	2012	2013	2014
Foskor Group	7.0	6.2	6.6	5.8	10.2

Turnover per division (%)	2010	2011	2012	2013	2014
Phalaborwa and Midrand	6.4	7.2	6.3	5.0	9.6
Richards Bay	8.2	4.2	7.1	7.6	11.4

Turnover per gender (%)	2010	2011	2012	2013	2014
Male	6.6	6.8	6.8	5.5	9.8
Female	10.0	2.4	5.4	7.3	12.0

Turnover by age (%)	2010	2011	2012	2013	2014
<30	6.8	3.8	4.6	4.4	6.1
31 – 40	5.3	4.4	4.6	6.2	9.6
41 – 50	4.3	4.6	5.8	5.7	9.3
51 – 60	5.9	5.2	5.9	4.1	8.5
>61	96.4	96.8	75.7	29.8	59.0

Talent management and succession planning

Foskor realises the importance of managing its talent from recruitment and employment through to retirement. Our succession plans take into account our strategic objectives and project requirements, as well as our corporate culture and values.

We have reviewed and identified key roles and individuals vital to the smooth functioning of our business and the implementation of key projects. Plans are in place to address our skills shortages. We have signed a skills transfer agreement with Coromandel, our strategic partner and Indian shareholder, which gives us access to the expert knowledge necessary to implement projects and to do on-the-job training for our employees.

Training and development

Knowledge and skills development remain vital to the health of our organisation. Training initiatives bolster employee retention and we view them as a vitally important investment. Training is one of the key ways we maintain and improve our intellectual capital, and the quality of an organisation's training affects its value.

Training

Foskor's training is an organisational effort aimed at helping employees acquire the basic skills required for the efficient execution of the functions for which they are hired.

Development

Development comprises activities undertaken to enable our employees and graduates to perform additional duties and assume positions of importance in the organisation.

We have various training and development programmes in place, each targeting different segments of our workforce and tailored to develop the skills we require. We spent a total of R12.5 million on training and development initiatives in 2014 (R13.2 million in 2013). E-Learning forms an integral part of our training programmes. The Mining Division has world-class training simulators, with its own suite of machines and a training area allowing training across the full spectrum of mining activities. The Acid Division acquired plant operation simulator software to assist in training plant operators at the phosphoric acid plant.

In order to address the shortage of skills, especially critical skills, we provide bursaries, learnerships, internships and other technical training opportunities. Across our two divisions we have ten trainee interns and provided 99 learnerships during the year; eight of the trainee interns were recruited after successfully completing their learnerships. The amount spent on learnerships amounted to R6.1 million (R61 616 per learner).

Our bursary programme offers deserving candidates the opportunity to study engineering at a university or a university of technology. Bursaries are usually awarded to the dependants of employees and external candidates, but due to austerity measures, no new bursaries were awarded during 2014. However, we still continue funding the old bursars. We currently have 23 bursars at the Mining Division and 15 at the Acid Division. This brings the total number of bursars for both operations to 38. We spent a total amount of R2.5 million on bursaries.

Our three-year graduate development programme aims to develop a strong technical foundation and blends academic theory and practical exposure. Every participant has a mentor who supervises their formal training and work exposure. A total of 19 graduates are currently participating in this programme, eight at the Acid Division and 11 at the Mining Division (of which three are MQA-funded graduates).

For unskilled and semi-skilled Foskor employees, the Adult Basic Education Training (ABET) programme is the cornerstone of learning and development reflecting the Company's commitment to lifetime learning. Foskor invested R645 699 in the programme in 2014 (2013: R1.02 million), which offers eligible employees free tuition and learning materials. The ABET programme benefited 54 employees in the current year, and 98 over the last three years.

The Mining Division is currently running a Government Certificate of Competency (GCC) training class for engineers as part of our employee development and Human Resources Strategy. The class consists of five engineering candidates. The GCC syllabus, as required by the Department of Higher Education and Training, requires these candidates to do practical exposure on selected items which must be signed off by a registered engineer, allowing them to be given examination admittance.

Industrial relations

Foskor fully subscribes to the principles of industrial democracy and employee participation. Our employees are free to make use of trade union representation on all matters which affect their conditions of employment. We have five trade unions representing a total of 1 713 employees which constitutes 93% of our permanent employees. The National Union of Mineworkers (NUM), which is based at the Mining Division, represents the majority (54%) of our employees in the Group. The Chemical Energy Paper Printing Wood and Allied Workers Union (CEPPWAWU), which is based at the Acid Division, is the second largest trade union with a share of 19% employees. The following tables illustrate labour representation at our operations.

LABOUR UNION REPRESENTATION

	2010	2011	2012	2013	2014
Unionised labour	1 498	1 554	1 688	1 795	1 713
Total employees	1 753	1 803	1 857	1 945	1 842
% unionised labour	85	86	91	92	93

Labour union	Acid Division	Mining Division
NUM	–	997
CEPPWAWU	348	–
UASA	78	–
Solidarity	68	146
UCIMESHAWU	6	–
Agency shop/non-unionised employees in bargaining unit	18	52
Total employees	518	1 195



Voluntary separation

The unfortunate element during the financial year under review was the restructuring exercise, which was triggered by the Company's financial difficulties. However, consultation meetings between management and organised labour were held successfully under the facilitation of the Council for Conciliation, Mediation and Arbitration (CCMA). During the consultation process, the parties agreed to focus on voluntary severance packages (VSP) in order to avoid forced retrenchment. The process was so successful that only three employees had to go through forced retrenchment. In total 123 employees were affected. Not all employees' services were terminated as some were moved to alternate positions and 105 of the 123 left the Company.

General industrial relations climate

The South African labour relations landscape has seen significant changes since the Marikana massacre in August 2012. Most workplaces are characterised by unprecedented demands for wage increases which are way above prevailing inflationary rates. This trend continued into 2014, particularly in the platinum mining sector where Association of Mineworkers and Construction Union (AMCU) members were on strike for five months from January to June 2014.

From a labour relations perspective, Foskor is not immune to this kind of situation that is prevailing in the platinum mines and other sectors (such as manufacturing). And as the three-year wage agreements come to an end on 31 March 2014, plans are afoot to ensure a peaceful negotiation process that will see the conclusion of yet another mutually driven substantive conditions of employment agreement. Both NUM and CEPPWAWU submitted proposals for wage increment and other conditions of employment for 2014 and 2015. The negotiations have since been successfully concluded in a peaceful manner.

Dispute resolution

In terms of the South African Labour Relations Act, employees have the right to appeal any disciplinary action taken against them by the Company. Employees wishing to appeal can lodge a complaint with the CCMA for resolution. Employees may also refer a dispute for resolution to the National Bargaining Council for Chemical Industry (NBCCI).

During the year, 22 CCMA cases were reported, all of them, except one, related to individuals. The one collective dispute came from CEPPWAWU in terms of which the union sought to challenge the interpretation and application of the recognition agreement entered into with the Company. Thirteen of the cases were settled at the conciliation stage. Eight cases were awarded in favour of the Company and one case was in favour of the complainant. The latter case related to a dismissal for misconduct and is currently pending in the Labour Court.

Most claims were either dismissed by the CCMA or withdrawn by the complainants, reflecting a lack of knowledge amongst trade union representatives. Foskor's Industrial Relations department has been, and will continue, to arrange CCMA and other IR training for trade union representatives in order to reduce the number of complaints which are inappropriately lodged with the CCMA.



TRANSFORMATION

In its effort to redress the socio-economic imbalances in South Africa, the government requires organisations to comply with its transformation legislation. Foskor has to adhere to the Broad-Based Black Economic Empowerment (B-BBEE) Act and the Mining Charter as per the Minerals and Petroleum Resources Development Act (MPRDA).

We are committed to ensuring that Foskor, its employees and the wider South African community reap positive long-term rewards from our transformation activities. In 2011, we started a Group-wide transformation initiative to monitor our transformative activities against the latest regulatory requirements, identify areas for improvement and devise strategies to rectify our shortcomings. We continue to work towards improving our B-BBEE status and meeting, and where possible exceeding, the Mining Charter's targets.

We have learned to move away from compliance but to make transformation a way of life to ensure that we create a lifelong living legacy for both our employees and communities. The transformation programme at Foskor promises to deliver through consultations with all critical stakeholders. Our transformation has also been witnessed through broad-based BEE empowerment ownership deal that had a positive impact on employees, local communities and all previously disadvantaged business community, which includes women. There will also be programmes that are aimed at increasing women participation in different management roles.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

A summary of our Level 4 Contributor Scorecard is presented below. Our BEE verification certificate which expires in August 2014, is available on request and from the Foskor website.

It must, however, be noted that the amended codes have reduced the scorecard elements from seven to five by combining preferential procurement and enterprise development into one element. Employment equity and management control have also been merged into one element. The new scorecard elements will have a total score of 105.



Element	Maximum score old scorecard	Foskor score	Maximum score new scorecard
Ownership	20	12.59	25
Management control	10	10.25	15
Employment equity	15	8.82	–
Skills development	15	4.98	20
Preferential procurement	20	16.24	–
Enterprise development	15	13.76	40
Socio-economic development	5	5.00	5
	100	71.64	105

TRANSFORMATION *(continued)*

MINING CHARTER

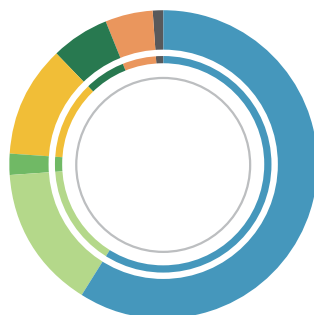
Our mining activities in Phalaborwa put us under the Mining Charter's obligations to foster the social well-being of the communities surrounding our operations. In essence, the Charter aims to facilitate the improvement of the meaningful participation of Historically Disadvantaged South Africans (HDSAs) in mining community development projects, and improve the housing and general living conditions of mine workers. The Mining Charter is a viable instrument developed specifically to effect transformation in the mining industry with specific targets to ensure that development is monitored by the Department of Mineral Resources (DMR).

In 2009, we conducted a full review and benchmarking exercise, and submitted our first five-year Social and Labour Plan (SLP). We have since successfully concluded our first five-year cycle, attaining full compliance throughout. The development of a new second five-year cycle SLP has been completed and presented to the Department of Mineral Resources. The proposed SLP has been approved by the DMR in principle and all critical stakeholders, including the majority union NUM and Ba-Phalaborwa Municipality, were part of the delegation that presented the document.

PROGRESS AGAINST OUR TRANSFORMATION GOALS

This section discusses our performance against six transformation benchmarks through which we plan to improve our B-BBEE rating and meet the targets set by the Mining Charter.

OWNERSHIP



SHAREHOLDING IN FOSKOR

	— IDC	59.0%
	— Manyoro Consortium	15.0%
	— CFL (Mauritius) Limited	11.82%
	— Coromandel International Ltd	2.18%
	— Kopano Foskor Employees Trust	6.0%
	— Ba-Phalaborwa and Umhlathuze Community Trust	5.0%
	— Sun International FZE	1.0%



MANYORO CONSORTIUM

	— AIH Investment Consortium (Pty) Ltd	5.5%
	— Azara Foskor (Pty) Ltd	5.5%
	— DEC Investment Holdings (Pty) Ltd	5.5%
	— Makana Energy Consortium (Pty) Ltd	19.3%
	— Mgwali Investments (Pty) Ltd	5.3%
	— Morning Tide Investments 390 (Pty) Ltd	7.7%
	— Palama Phosphate Investment Company (Pty) Ltd	12.1%
	— Phalimpopo Investments (Pty) Ltd	5.5%
	— Podwala Investments (Pty) Ltd	5.5%
	— RSA Capital (Pty) Ltd	14.1%
	— S B Resources (Pty) Ltd	5.5%
	— Umanyolo Investment Holdings (Pty) Ltd	8.5%

Foskor's B-BBEE shareholders own 26% of the Company. The B-BBEE deal was concluded in September 2010 and will expire in March 2018. Our B-BBEE shareholders are as follows:

The Manyoro Consortium is a strategic black business consortium made up of strategic partners, new entrants and broad-based groups. Our B-BBEE shareholding is administered through three special purpose vehicles (SPVs) which are not consolidated into our financial statements.

The employee and local community share schemes are held in trusts. The shares will be accessible and available for sale from March 2018 for the Communities and from 2016 for employees. The Communities and the Manyoro Consortium will receive dividends and the selling of shares is restricted until 2018.

Dividends depend on the Company's performance and are paid to the BEE shareholders when they are declared by the Foskor Board; normally once a year. Dividends were not paid in the past year due to the Company's cash flow challenges.

We do not intend to alter our current ownership structure significantly in the near future.

Skills development

Foskor has pledged to invest 5% of its annual payroll in skills development in order to address skills shortages and build capacity within local communities.

Initiatives range from on-the-job training, scholarships, learnerships, accredited external learning opportunities and support for tertiary studies. We also partner with organisations such as ARC Grain Crop Institute, Homestead Food Gardens and the Tractor project to provide community-based skills development in areas from beadwork to brick-laying. ABET is a crucial component of our development support, while we partner with the Mining Qualifications Authority (MQA) to tailor programmes for our female employees in particular.

In 2014, we invested R12.5 million (2013: R13.2 million) in skills development programmes, offering 13 full engineering internships and surpassed our target of 689 by supporting skills development for a total of 1 017 employees.

In partnership with other local businesses, we hosted career days in the Ba-Phalaborwa and KwaZulu-Natal regions aimed at making local parents and learners more aware of the career opportunities available locally, and helping them make informed choices. 445 training programmes are registered with the South African Skills Education Training Authority (SETA).



Management control and diversity

Occupational levels	Actual head count	Disadvantaged		Advantaged		Race and gender composition							
		Total %	Total %	Total %	Total %	AF	AM	CF	CM	IF	IM	WF	WM
Top management	13	10	77	3	23	2	7	0	1	0	0	0	3
Senior management	29	21	72	8	28	2	11	0	3	0	4	1	8
Professional and middle management	139	96	69	43	31	16	56	1	2	2	11	8	43
Skilled	583	458	79	125	21	73	315	2	1	10	24	33	125
Semi-skilled	722	698	97	24	3	79	606	1	0	1	6	5	24
Unskilled	356	355	100	1	0	55	300	0	0	0	0	0	1
Total	1 842	1 638	89	204	11	227	1 295	4	7	13	45	47	204

AF = African female. AM = African male. CF = Coloured female CM = Coloured male IF = Indian female. IM = Indian male WF = White female WM = White male.

To satisfy the B-BBEE scorecard, we need to improve the number of black people in managerial positions.

In July 2009, Foskor founded an Employment Equity Committee tasked with improving the representation of HDSAs in the Company, especially black women and the disabled at management level. We have created recruitment procedures specifically for employment equity candidates, should suitable candidates not be found through normal channels.

TRANSFORMATION (continued)

As part of succession planning, we fast-track HDSAs by identifying suitable candidates and preparing them to take up key roles within the organisation.

This process is formalised through the succession planning programmes that we have put in place to ensure that our current employees are developed with an intention of retaining their skills in the organisation.

The Mining Charter requires that, by 2014, 40% of management must be HDSA-compliant and woman must represent 10% of the workforce. By 31 March 2014, female employment equity stood at 17.7% of women in management, whilst those directly involved in technical and mining activities stood at 10%. The overall total of women employed in Foskor stands at 15.8% with HDSA management participation at 70.2%. We currently have eight black directors on our board, of whom one is female. Our biggest challenge is meeting our supervisory, middle and senior management targets.

To ensure effective implementation, the Employment Equity Committee evaluates and monitors progress continuously and reports to both the Foskor Board and the Department of Labour.

Local procurement and supplier development

PROCUREMENT SPEND

R billion	2013	2014
BEE procurement spend	2.81	3.00
Non-BEE procurement spend	0.85	0.44
Total procurement spend	3.66	3.44

PROCUREMENT SPEND BREAKDOWN

Mining Division (%)	2012	2013	2014
Limpopo (local)	65	63	63
National	34	37	37
International	1	0	0

Acid Division (%)	2012	2013	2014
KwaZulu-Natal (local)	75	86	87
National	13	3	7
International	12	11	6

MINING DIVISION LOCAL PROCUREMENT SPEND AGAINST MINING CHARTER TARGETS

Description (%)	2012	2013	2014	Target
Local procurement of capital goods	22	25	35	40
Local procurement of services	30	31	41	70
Local procurement of consumables	35	47	44	50

Cost, quality, delivery time, BEE compliance and locality are considered when selecting potential suppliers. Our objective throughout is to build an efficient and robust supply chain using local suppliers, and contribute positively to the communities in which we operate.

The Mining Division's percentage spend per province was: Limpopo, 63% was spent on local businesses within the province, 30% was spent in the Gauteng province and 7% was spent in the KwaZulu-Natal province.

The Acid Division is situated in the province of KwaZulu-Natal and 87% was spent on local businesses within the province, 12% was spent in the Gauteng province, 1% was spent in the Mpumalanga province.

All purchases and tenders follow the guidelines in the Group Procurement Policy and agreed adjudication matrix. The Mining Division follows the protocol of the DMR requirements as well as the Group procurement policy and procedures.

Our total procurement spend for the year amounted to R3.4 billion, of which R3 billion (87%) was BEE spend. We continue to procure the bulk of the products and services we need locally. We have also improved against Mining Charter targets for our Mining operation, but it remains challenging to secure local service providers with the required skills. As a result, we continue to underperform in this area, but expect to improve upon this figure in the next reporting period following a R220 million contract for fuels and lubricants to BP Masana Petroleum; a 26% black female-owned business.

We help SMME and local BEE suppliers address problems with access to finance, business networks and business administration skills. The following initiatives were conducted during the year.

- We provided early payment terms to all local community-based suppliers to improve their cashflow;
- We set up local product agents to market local suppliers;
- We have partnered with Standard Bank and the Limpopo Development Corporation (Limdev) to provide financial

guidance and assistance to local community-based suppliers; and

- We supported the South African Supplier Development Council (SASDC) by using its certified suppliers where possible.

Socio-economic development

We invest in communities within 50 kilometres of our Mining and Acid operations. Our Corporate Social Investment (CSI) and Local Economic Development (LED) departments manage education and skills development, housing and infrastructure upgrades, and healthcare and social welfare. We conduct rigorous community needs assessments, and put in place monitoring and control systems to safeguard the integrity of initiatives, and ensure they continue to meet the needs of our local communities.

We provide housing allowances for qualifying employees and communal living facilities at Namakgale for those who choose to live in these well-maintained facilities.

Beneficiation

At the launch of the fifth iteration of South Africa's Industrial Policy Action Plan in 2013, the Minister of Trade and Industry, Mr Rob Davies, stated that South Africa's remaining mineral resources are valued at \$2.5 trillion, making South Africa the most mineral-rich country in the world.

We are in a favourable position to extract raw material and deliver a range of value-added products to both local and international markets. Diversifying our product range is a strategic business imperative and we have identified a number of viable new products which we plan to bring to market over the next few years.



COMMUNITIES

Introduction

Corporate Social Investment (CSI) forms a key part of Foskor's operating strategy. As a corporate citizen, Foskor is committed to helping bring about meaningful transformation to South African society and building sustainable opportunities in its host communities. We always ensure that we have a special responsibility to uplift and bring prosperity to our host communities, and we also believe that the most encouraging way in which Foskor can contribute to the communities is by employing local people. Foskor views CSI as a mechanism for applying its resources to social issues that are barriers to wealth creation.

The impact of our CSI initiatives should be directly attributed to the social stability that we have with our communities around our operations.

We have managed to secure a R3 million procurement agreement with local communities for the provision of labour hire services for the Mining Division.

Foskor's involvement in community development is guided by the Mining Charter, its own Social and Labour Plan (SLP) and its corporate citizenship principles. In the five years ended August 2013, Foskor has invested R25.6 million in community development projects around its operations in Phalaborwa and Richards Bay. A further R35 million will be spent in the communities in the second five-year cycle as part of SLP funding.

Overview

In the past financial year, Foskor has invested approximately R5 million in CSI initiatives, spread across the following six categories.

- Education
- Skills development
- Healthcare
- Rural development
- Environmental awareness
- Donations

Foskor engages with local communities, government, NGOs and its own employees in choosing the initiatives it supports. Listening closely to stakeholders improves project design and outcomes, and often forms the basis for the future collaboration and partnerships.

Effective controls have been implemented to safeguard the integrity of CSI initiatives and monitor the effectiveness of investments.

Corporate social investments initiatives

Foskor is committed to its communities and has made significant contributions to social development in Richards Bay and Phalaborwa.

Education

The Dinaledi programme is a Department of Basic Education initiative aimed at increasing the number of Grade 12 maths and science passes, and encouraging matriculants to pursue studies in technical disciplines such as engineering.

In 2008, Foskor selected Hudson and Sebalamakgolo High Schools in Phalaborwa, and Khula and Dover High Schools in Richards Bay for focused support.

Some of our other education-focused programmes are detailed below.

Mobile libraries Phalaborwa and Richards Bay	To help tackle illiteracy in our host communities and encourage a love of reading, Foskor has bought and stocked ten mobile libraries for local schools. The mobile libraries focus on early childhood development and foundation phase, and are deployed by the Department of Education to particularly disadvantaged schools in the area.
Foskor Primary Phalaborwa	Foskor Primary has 617 learners, 90% of whom are the children of Foskor employees. Some of the investment has been used for upkeep and maintenance, and to build additional classrooms to ease overcrowding, but the main purpose of the investment is to promote quality teaching, especially in maths and science. Foskor Primary is a feeder school for Sebalamakgolo High, one of the Dinaledi schools discussed above.
PROTEC project Phalaborwa	Since 2005, Foskor has partnered with Palaborwa Copper in funding the Technological Careers PROTEC programme, which gives learners from Grade 10 and up work experience with companies and industries in the Phalaborwa region over a three-year period. This presents learners with the opportunity to access bursaries from companies, if they meet the criteria.
Foskor Media Centre Phalaborwa	The Foskor Media Centre in Namakgale operates from the Foskor Community Centre. The centre provides principals, teachers and students with access to administrative services and learning resources, with the aim of enhancing the quality of education in the 55 schools around the Ba-Phalaborwa area which make use of the facility.
Back to School Richards Bay	In partnership with the Department of Education in uThungulu District, Foskor ran a Back-to-School campaign which identified forty orphaned learners at Mgitshwa High, and provided them with full school uniforms. A total of 1 000 school uniforms were provided.

Skills development

Skills development helps communities help themselves. Some of the skills development partnerships that Foskor has engaged in are:

More sustainable crop production has become imperative for arable farming communities in Limpopo and Mpumalanga. In partnership with the ARC Grain Crop Institute, Foskor has provided small-scale farmers around Phalaborwa with seed and mechanisation for the farming of maize, cowpeas and groundnuts.

Most of the communities around our operations are involved in agriculture and have an urgent need to improve the efficiency of their working methods. In Phalaborwa, agricultural implements and three tractors have been delivered to the community to help it utilise land more effectively. Progress Milling is helping the community manage these resources.

Phalaborwa and Richards Bay

In Richards Bay and Phalaborwa, Foskor approached tribal authorities who selected a total of 70 widows, widowers and orphans for training in traditional beadwork design and manufacture. Some of the participants also took courses in crocheting, reviving a tradition which had almost died out in the area. These disadvantaged rural adults are now empowered with a portable skill and produce belts, necklaces and bracelets among other things.

Healthcare

Foskor has partnered with South African National Eye Care to provide equipment for the cataract unit at Eshowe Hospital, which serves poor communities in Uthungulu District.

Foskor invests both financially and materially in the upliftment of communities within its areas of operation. This investment is channelled through two special purpose trusts; the Foskor Umhlathuze Community Development Trust and the Ba-Phalaborwa Community Development Trust.

Widows and orphans are particularly vulnerable and the Acid Division has established its own Social Responsibility Trust to house widows, widowers and orphans in the area. The trust has built three houses and supplied them with basic furniture.

Rural development

Local Economic Development (LED) programmes structure contributions to the historically disadvantaged communities surrounding our operations from which we source much of our labour. Foskor has made funds available for implementing some of the local economic development projects that are part of the Ba-Phalaborwa municipality's Integrated Development Plan (IDP).

In order to receive funding, projects must build capacity in communities. Foskor ensures accountability and impact by maintaining contact with project beneficiaries, and monitors adherence to objectives on an ongoing basis.

A summary of Foskor's LED projects is as follows:

- In support of the Phalaborwa municipality's township rejuvenation project, Foskor identified a group of entrepreneurs to form a cooperative to run and manage a facility supplying paving bricks to the municipality. These were used to pave streets in the Namakgale and Lulekani townships, improving accessibility and significantly reducing atmospheric dust pollution.
- Some tarred streets in the town of Phalaborwa were also in urgent need of rehabilitation. The work was undertaken with the aim of alleviating poverty through the provision of temporary work for the unemployed in the community.

- The Lulekani sports precinct is critical to building community spirit through participation in sporting activities and events, and Foskor eagerly took part in the upgrading of the Lulekani stadium.

Environmental awareness

In partnership with the Phalaborwa Foundation, South African research facility SEAON and the Kruger National Park, our Mining Division facilitates an annual wetlands clean up. Learners from Phalaborwa communities take part in a learning experience which creates awareness of the ecological value of wetlands.

A landfill site in Lulekani, now closed, has been fully rehabilitated and construction of a play area for local children is underway.

Donations

Five percent of the Company's total CSI budget is set aside for unplanned *ad hoc* donations. Foskor is a part of a community, and believes in its people and its potential. Financial support focuses on strengthening the community, and beneficiaries must meet general CSI policy criteria.

Foskor employees and their immediate families can also benefit from a once-off donation of R4 500 aimed at motivating staff to strive for excellence. The award is funded from the *ad hoc* donations budget and is given in recognition of exceptional achievement in sport and the arts, exceptional academic results and civic accomplishments, particular acts of service in the workplace and so on.

Conclusion

Corporate social investment is our way of supporting sustainable projects that are in line with the Company's core values. Through the creation of opportunities, the learning of skills and general support, corporate social investment allows us to help people and communities become active participants in a much stronger economy. All our CSI initiatives are monitored and communicated to relevant stakeholders, and all projects undertaken operate in an ethical and financially sound manner.

**FOSKOR IS COMMITTED TO HELPING BRING
ABOUT MEANINGFUL TRANSFORMATION
TO SOUTH AFRICAN SOCIETY AND BUILDING
SUSTAINABLE OPPORTUNITIES**



CORPORATE GOVERNANCE

FOSKOR'S BOARD OF DIRECTORS IS RESPONSIBLE TO ITS SHAREHOLDERS FOR THE PERFORMANCE OF THE COMPANY.

THE BOARD

Foskor's Board of directors is responsible to its shareholders for the performance of the Company. Its role includes the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals and capital expenditure, and overseeing the Group's systems of internal control, governance and risk management.

The Board takes overall responsibility for Foskor's success. Its role is to exercise leadership and sound judgement in directing the Group to achieve sustainable growth and to act in the best interests of stakeholders.

In line with the recommendations of King III, the roles of the Chairman and Chief Executive Officer are separate. The Chairman is responsible for leading the Board and the Chief Executive Officer for the operational management of the Group. Furthermore, Foskor has a unitary Board structure comprising:

- Five independent non-executive directors;
- Five non-executive directors; and
- One executive director.

The Board considers sound corporate governance to be pivotal to delivering sustainable growth in the interests of all the Group's stakeholders. Governance structures and processes are regularly reviewed and updated to accommodate internal developments and to reflect best practice.

The Board selects and appoints the Company Secretary and recognises the pivotal role played by this person in entrenching good corporate governance. All directors have unlimited access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are adequately followed. The directors can, at any time, obtain independent professional advice at the Company's expense.

The Board retains full and effective control over the Company by monitoring the executives in their implementation of Board policies and strategies, as well as by setting targets and measuring the Company's performance on an annual basis. The Board is also responsible for ensuring compliance with all relevant laws, regulations and codes.

Detailed curricula vitae of the Board members and Executive Committee members can be found online on the Foskor website.



For a full table of compliance with King III, refer to the Foskor website.

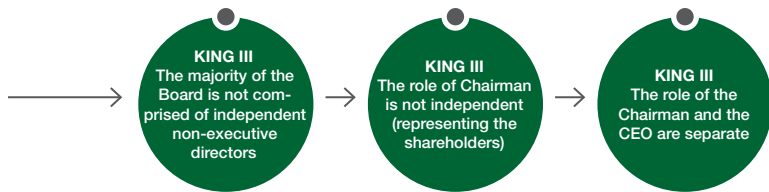




NON-EXECUTIVE DIRECTORS
 MG Qhena (^100%)
 JR Barton (Independent) (^100%)
 T Grobbelaar* (^89%)
 RJ Gaveni (^90%)
 B Magara (Independent) (^30%)
 F Madavo (Independent) (^70%)
 NG Nika (Independent) (^80%)
 SP Ngwenya (^80%)
 DS Phaho (Independent) (^90%)
 G van Wyk (^90%)
 A Vellayan (^40%)

CHAIRMAN
 MG Qhena (Non-executive Director)
CHIEF EXECUTIVE OFFICER
 MA Pitse (Executive Director)

EXECUTIVE DIRECTOR
 Chief Executive Officer:
 MA Pitse (^100%)



BOARD AUDIT AND RISK COMMITTEE
 NG Nika (Chairman) (^100%)
 T Grobbelaar* (^80%)
 G van Wyk (^100%)

BOARD HUMAN CAPITAL AND SOCIAL AND ETHICS COMMITTEE
 G van Wyk (Chairman) (^100%)
 MG Qhena (^100%)
 MA Pitse (^100%)
 RJ Gaveni (^100%)
 A Vellayan (^75%)

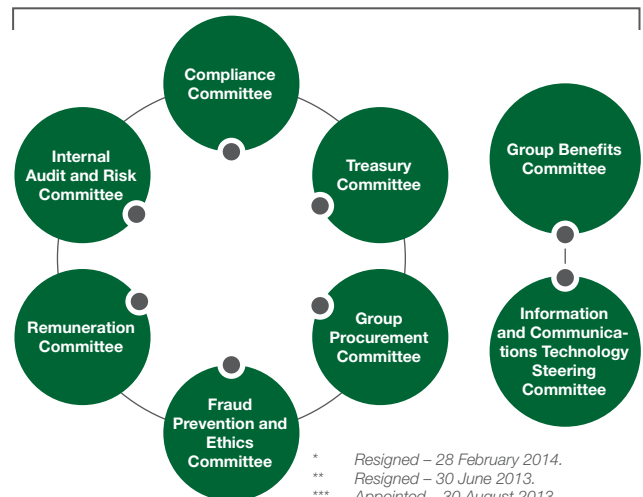
BOARD TECHNICAL COMMITTEE
 DS Phaho (Chairman) (^100%)
 MA Pitse (^100%)
 JR Barton (^100%)
 B Magara (Independent) (^25%)
 F Madavo (Independent) (^100%)
 SP Ngwenya (^75%)

EXECUTIVE COMMITTEE
 MA Pitse (Chairman)
 KM Cele
 NM Gokhale***
 TJ Koekemoer****
 XS Luthuli
 J Morotoba
 PM Mosweu**
 N Nkomzwayo
 SS Sibisi



LAWS/REGULATIONS/ CODES

- Companies Act, 2008 (C)
- King Report on Corporate Governance (King III) (MC)
- Competition Act, 1988 (C)
- Employment Equity Act, 1998 (C)
- Labour Relations Act, 1995 (C)
- Mine Health and Safety Act, 1996 (C)
- Occupational Health and Safety Act, 1993 (C)
- Mineral and Petroleum Resources Act, 1993 (C)
- National Environmental Management Act, 1998 (C)
- National Environmental Management Act: Air Quality Act, 2004 (C)
- National Environment Management Act: Waste Act, 2008 (C)
- National Nuclear Regulator Act, 1999 (C)



POLICIES AND GUIDELINES

- Board and Committees Charter
- Terms of reference
- Delegation of Authority
- Code of Ethics
- Board-approved Policies

* Resigned – 28 February 2014.
 ** Resigned – 30 June 2013.
 *** Appointed – 30 August 2013.
 **** Retired – 31 December 2013.
 ^ Meeting Attendance Record (as a percentage).
 C – Compliant.
 MC – Materially compliant.

The Board has adopted a comprehensive delegation matrix aimed at clarifying the various limits of authority in place within Foskor. The collective responsibility of management vests in the Chief Executive Officer, Mr Alfred Pitse. Mr Pitse provides regular reports to the Board on progress towards the Group's objectives.

New directors are informed of their duties and responsibilities through an induction process and have access to key management personnel from whom they can obtain information on Foskor's operations. Visits to operational businesses are encouraged and some meetings in the annual Board programme are held at the operational divisions.

Foskor's management reports to the Board on its implementation of the King Code of Corporate Governance Principles for South Africa (King III). Foskor has applied most of the practices recommended by King III. Those that are not yet applied are elaborated on in our detailed governance compliance report, available online.

BOARD COMMITTEES

The Board Committees assist the Board in executing its duties and exercising its powers. The Board delegates to each committee the authority required to enable it to fulfil its functions through formal Board-approved terms of reference. The Board does not discharge its responsibility by delegating its authority to the Board Committees.

The Board has established the following sub-committees to assist in the discharge of its duties.

- The Board Audit and Risk Committee
- The Board Human Capital and Social and Ethics Committee
- The Board Technical Committee

For the sake of transparency and full disclosure, the Chairman of each Board Committee reports formally to the Board at each Board meeting on all matters within its duties and responsibilities, including recommendations made by the Committee.

Board Audit and Risk Committee

The Board Audit and Risk Committee assists the Board in carrying out its responsibilities to stakeholders in respect of the Company's accounting, auditing, internal control and reporting practices. The Board Audit and Risk Committee consists of one independent non-executive director and one non-executive director. The Chief Executive Officer, Group Internal Audit Manager and representatives from the external auditors, executives and management attend the meetings of the Committee by invitation.

The Committee is authorised by the Board to examine any internal audit report and financial information it wishes to, and can instruct the management of Foskor, the internal auditors or the external auditors to conduct any investigation it considers necessary. Both the internal and external auditors have unrestricted access to the Committee, which meets at least once every quarter. The Board Audit and Risk Committee operates in accordance with a formal Board Audit and Risk Committee Charter.

Board Human Capital and Social and Ethics Committee

This Committee oversees the human capital, social and ethical aspects of company operations.

Human capital oversight

The Committee considers, before submission to the Board, the general remuneration policy and proposed adjustments to the policy. The Committee is also responsible for the approval of the executive remuneration packages and incentives as delegated to the Committee by the Board of directors, and for determining the remuneration package and incentives of the CEO. The Committee also considers the composition of the staff complement, staff transformation and succession planning.

The Committee reviews the human capital policies of the Company and any other matters related to human capital management referred to it by the Board of directors. The Committee reports regularly to the Board of directors.

Social and Ethics oversight

The Committee monitors compliance with Foskor's Code of Ethics, employment equity legislation, and any of the Company's activities relating to the following:

- Social and economic development, including the Company's standing in terms of the goals and purposes of the Employment Equity Act, the Broad-Based Black Economic Empowerment Act and others;
- Good corporate citizenship, including the Company's promotion of equality, prevention of unfair discrimination and reduction of corruption;
- The environment, health and public safety, including the impact of the Company's activities and of its products and services;
- Consumer relationships, including the Company's advertising, public relations, and compliance with consumer protection laws; and
- Labour and employment, including the Company's employment relationships, and its contribution to the educational development of its employees.

The Committee reports to shareholders at the Company's Annual General Meeting on the matters within its mandate.

Board Technical Committee

The Board Technical Committee advises the Board on technical, safety, health and environmental issues as well as the risks relating to the Group's production processes and projects. The Committee has no executive management responsibility but provides guidance and support to help management maintain the Company's sustainability and success.

FOSKOR'S OPERATIONAL STRUCTURE

Foskor's staff fall broadly into two main categories: Operational staff (bargaining category employees) and Managerial (middle, senior and top management).

Occupational levels	Actual head count	Disadvantaged		Advantaged		Race and gender composition							
		Total %	Total %	Total %	Total %	AF	AM	CF	CM	IF	IM	WF	WM
Top management	13	10	77	3	23	2	7	0	1	0	0	0	3
Senior management	29	21	72	8	28	2	11	0	3	0	4	1	8
Professional and middle management	139	96	69	43	31	16	56	1	2	2	11	8	43
Skilled	583	458	79	125	21	73	315	2	1	10	24	33	125
Semi-skilled	722	698	97	24	3	79	606	1	0	1	6	5	24
Unskilled	356	355	100	1	0	55	300	0	0	0	0	0	1
Total	1 842	1 638	89	204	11	227	1 295	4	7	13	45	47	204

AF = African female. AM = African male. CF = Coloured female CM = Coloured male IF = Indian female. IM = Indian male WF = White female WM = White male.

Effective succession planning, including mentorships and training, guarantees smooth transition when staff are promoted or move on. The Board Human Capital and Social and Ethics Committee receives annual submissions on possible replacements for the Executive Management and Chief Executive Officer who are on three-year contracts. A contract can be rolled over as often as is required, subject to the retirement age of 65.

CORPORATE GOVERNANCE (continued)

Internal Audit

In accordance with the International Standards for the Professional Practice of Internal Auditing, it is the policy of Foskor to maintain a centralised independent internal auditing function, called Foskor Group Audit Services (FGAS).

The role of the FGAS is to assist the Board Audit and Risk Committee and management personnel at all levels in the effective exercise of their responsibilities through the provision of analyses, appraisals, recommendations, advice and information.

The FGAS is therefore responsible for providing independent assurance to the Board Audit and Risk Committee regarding the effective management of any risk which may have an impact on the Company's business objectives.

The Board Audit and Risk Committee establishes the FGAS and defines its

responsibilities. The Group Internal Audit Manager reports administratively to the Chief Executive Officer, and functionally to the Chairperson of the Board Audit and Risk Committee.

LEGAL AND COMPLIANCE

There are currently no major court cases against Foskor.

GRI 4.4 

MECHANISMS FOR COMMUNICATION TO THE HIGHEST GOVERNANCE BODY

Shareholders are represented on the Board and have an opportunity to provide recommendations and direction at the Annual General Meeting.

Employees are encouraged to raise issues of concern and interest via the formal and informal structures in place, including the Human Capital department, line management and union structures.



REMUNERATION

FOSKOR OFFERS FAIR AND COMPETITIVE REMUNERATION PACKAGES

In order to attract and retain qualified personnel, Foskor offers fair and competitive remuneration packages. Its remuneration structure provides a job grading system and a salary range for each grade. The remuneration structure is consistent with the Company's economic requirements and commensurate with those of the communities in which it operates.

The Company strives to obtain the highest possible degree of employee performance, morale and loyalty through:

- Administering remuneration fairly and equitably;
- Ensuring internal equity and consistency within and between all departments of the Company;
- Providing an effective means of controlling payroll costs;
- Providing a standard method of establishing and applying remuneration package rates;
- Facilitating the employment, classification and promotion of employees; and
- Ensuring that Foskor's remuneration policy is competitive both nationally and globally.

These goals are achieved by:

- Establishing remuneration package ranges which reflect the value of the various occupations to the Company;
- Establishing and maintaining justifiable differentials between job levels;
- Ensuring that pay rates and benefits are equal to those offered by other employers providing similar employment; and
- Adjusting remuneration package ranges when warranted by changing economic and competitive factors.

REMUNERATION (continued)

EMPLOYEE BENEFITS

Foskor aims to attract and maintain a healthy workforce, and to provide affordable and effective healthcare and death and disability benefits to all employees and their dependants.

Medical care is provided by well-recognised medical aid providers. Employees have freedom of choice in the level of healthcare taken up, and the Company pays a portion of their contribution.

Insurance is provided by an insurance company and covers death, permanent and temporary disability and the death of the spouse or partner of the employee. Funeral cover for employees and their dependants and mortgage protection can also be accessed.



Permanent employees must be members of the Company's retirement fund, which is registered with the Financial Services Board and the South African Revenue Service. The defined benefit fund was closed in 1995, with a total liability as at 31 March 2014 of R118 million. Personnel employed after 1995 are members of the defined contribution fund. The Company contributes to the fund on behalf of the employees every month and individuals can select the level of their own contributions.

Temporary and part-time employees do not qualify for benefits provided to full-time employees such as medical aid, retirement funds, death, permanent or temporary disability insurance covers.

STRUCTURE OF REMUNERATION ACROSS ALL LEVELS

Foskor is committed to following best practice human resource and remuneration principles and practices. The Company has implemented a total guaranteed package approach for management staff and a cost-to-company approach for other levels of staff. These structures rest on three fundamental pillars: internal equity, structuring flexibility and external market competitiveness. These in turn contain and define the total cost of employment, empower employees to structure competitive packages and ensure remuneration that is both equitable and defensible.

Remuneration comprises the following elements:

Remuneration elements		Management category employees				Bargaining category employees
		Executive management	General management	Senior management	Middle management	
Guaranteed remuneration	Notional cost of employment	Annual total guaranteed package				Annual cost to company package
	Guaranteed allowances	Not applicable				<ul style="list-style-type: none"> Housing Transport
	Benefits	<ul style="list-style-type: none"> Employer retirement fund contributions Employer medical aid contributions Employer contributions to Group life and disability insurance 				
Variable remuneration	Circumstantial remuneration	<ul style="list-style-type: none"> Job-specific Skills scarcity Legal appointments 				
	Short-term incentives	Performance-based				
		<ul style="list-style-type: none"> Company Divisional Individual 	<ul style="list-style-type: none"> Company Divisional Individual 	<ul style="list-style-type: none"> Company Divisional Individual 	<ul style="list-style-type: none"> Company Divisional Individual 	<ul style="list-style-type: none"> Divisional
	Long-term incentives	Performance-based				
		<ul style="list-style-type: none"> Company Individual 	<ul style="list-style-type: none"> Company Individual 	<ul style="list-style-type: none"> Company Individual 	Not applicable	Not applicable

Guaranteed remuneration

Employees in management are remunerated on a total guaranteed package. This takes into account individual performance, external competitiveness, internal equity and affordability. Included in the package are all Company contributions to retirement funds, medical aid and group life and disability insurance. Individuals can structure packages to their own needs.

Employees in the bargaining unit are remunerated on a cost-to-company package. All Company contributions to retirement funds and group life and disability insurance are included in the package. Individuals can structure packages to their own needs.

Guaranteed allowances

All bargaining unit employees are paid monthly housing and transport allowances, irrespective of their position. The monetary amount of the transport allowance depends on the distance from the employee's residence to the workplace.

Benefits

Both the employer and employee contribute to the employee's medical aid scheme. Contributions to the Foskor Pension Fund and Chemical Industries National Pension Fund (CINPF) are made by both the employer and employee. Contributions to the Foskor Pension Fund are only made by the employer, though the employee may decide on the level of contribution. Contributions to the group life and disability insurance are made by the employer.

Variable remuneration

Circumstantial remuneration

Circumstantial remuneration consists of allowances and emoluments specific to an individual's job, plus any arising from skills scarcity. Additional to this are emoluments rewarding specific skills or qualification deemed necessary for employment in a legal capacity.

Short-term incentives

Short-term incentives for managers are payable annually after the financial year-end audit has been finalised. Incentives are calculated on Company, divisional and individual performance.

The short-term incentive scheme for staff in the bargaining unit comprise two components:

a quarterly component which is payable every quarter based on the preceding quarter's performance and an annual component calculated on the preceding financial year's production, cost and safety targets.

Long-term incentives

A long-term incentive scheme was implemented in 2008 to attract, retain and motivate senior, general, executive and director level management personnel who, in the opinion of the Board of directors, are able to influence the performance of the Company in alignment with management's interests and those of the Company's shareholders.

The criteria for long-term incentives include, for example, the achievement of particular Return on Capital Employed (ROCE) targets, product diversification measures. In terms of human capital, criteria include employee well-being, talent management and culture.

Employee Share Ownership Plan (ESOP)

All Foskor employees (including executive management) are entitled to receive units in the Employee Share Ownership Plan Trust (ESOP) which holds 6% of Foskor's share capital through a special purpose vehicle. The initial allocation of the units was made in June 2011 to employees who had been employed with the Company on 1 April 2009, and a second allocation was made to employees engaged after 1 April 2009 but still in service on 30 June 2011. The allocated number of units per employee is based on their total cost to the Company, and allocations are done annually up to 2013.

The units from the initial allocation (employees present at 1 April 2009) will vest over a period of three years from 1 April 2012 to 1 April 2014. The subsequent allocation of units will vest over a period of three years from the third anniversary of the allocation date.

Non-executive directors' remuneration

Non-executive Directors' remuneration is approved by the shareholders annually at the annual general meeting, and is based on attendance of directors at Board and committee meetings. Executive directors are not paid directors' fees. Directors' fees for IDC representatives accrue to the IDC and not to the directors individually, and the fees for Mr Ngwenya accrue to the Manyoro Consortium.

REMUNERATION (continued)

The following table details the fees paid to non-executive directors:

Director	Appointed with effect from	Resigned with effect from	Directors' fees 2014 (R)	Directors' fees 2013 (R)
MG Qhena (Chairman)*			427 300	417 980
A Vellayan			50 800	124 800
JM Modise*		31 October 2012	–	145 980
G van Wyk*			255 600	252 620
SS Ngoma*		31 October 2012	–	48 360
DS Phaho			230 000	183 980
F Madavo			120 800	86 580
B Magara	7 February 2013		57 200	36 000
RJ Gaveni*	7 February 2013		203 200	36 000
T Grobbelaar*	7 February 2013	28 February 2014	203 200	36 000
P Ngwenya**	24 March 2011		190 400	162 580
J Barton	3 February 2012		214 900	132 980
N Nika	3 February 2012		235 100	147 980
Total			2 188 500	1 811 840

*IDC representative.

** Manyoro Consortium representative.

Executive management remuneration

Executive remuneration comprises a basic salary, contributions to medical aid, pension and risk benefits, expense allowances and a performance bonus made up of short-term and long-term incentive scheme payments. These components have been described in detail in the section above on guaranteed and variable remuneration.

Executive management remuneration is made up as follows:

Rands	Basic salary	Sign on bonus	Performance bonuses* Long-term	Contributions to medical aid pension life insurance and UIF	Expenses allowances/ leave encashment/ other	Total
12 months ended 31 March 2014						
MA Pitse**	3 256 528	–	601 996	620 191	671 009	5 149 724
TJ Koekemoer ^{1,7}	1 440 958	–	3 038 191	358 487	427 632	5 265 268
TJ Koekemoer ²	601 540	–	–	8 689	2 198	612 427
KM Cele	2 045 537	–	355 933	304 619	404 680	3 110 769
XS Luthuli	2 228 879	–	358 340	284 907	428 871	3 300 997
MJ Morotoba	2 658 799	–	5 183	40 486	413 734	3 118 202
MP Mosweu ^{3,8}	1 837 776	–	2 859 009	97 209	53 642	4 847 636
SMS Sibisi	2 101 639	–	364 670	395 858	418 756	3 280 923
NV Nkomzwayo	2 037 574	–	218 678	247 761	539 730	3 043 743
A Myatt ⁴	1 443 750	–	–	56 696	44 070	1 544 516
SR Golmari ⁵	1 308 175	–	–	38 003	348 445	1 694 623
NM Gokhale ⁶	1 247 877	–	–	10 806	330 558	1 589 241
Total	22 209 032	–	7 802 000	2 463 712	4 083 325	36 558 069

^{1.} Retired 31 December 2013.

^{2.} Appointed on monthly contract from 1 January 2014.

^{3.} Contract terminated 30 June 2013.

^{4.} Appointed 1 August 2013, resigned 16 October 2013.

^{5.} Appointed 24 June 2013.

^{6.} Appointed 1 August 2013.

^{7.} Included in the long-term performance bonus paid out for TJ Koekemoer is R2.3 million made up of all the amounts that accrued to him from the previous years. The balance relates to the vested portion that has been deferred to the 2013/14 year for payment.

^{8.} Included in the long-term performance bonus paid out for MP Mosweu is R2.3 million made up of all the amounts that accrued to him from the previous years. The balance relates to the vested portion that has been deferred to the 2013/14 year for payment.

* Represents amounts payable to executive members for achieving certain objectives that are aligned to the corporate objectives (targets). These objectives are approved by the Board at the beginning of each period. The amount paid is based on the financial, corporate and divisional performance objectives.

** Executive director.

Rands	Basic salary	Sign on bonus	Performance bonuses* Long-term	Contribution to medical aid pension, life insurance and UIF	Expenses allowances/ and leave encashment/ other	Total
12 months ended 31 March 2013						
MA Pitse **	3 107 686	–	1 236 356	561 655	286 426	5 192 123
JW Horn	1 764 320	–	3 615 441	46 875	342 321	5 768 957
TJ Koekemoer	1 846 639	–	714 953	432 217	232 671	3 226 480
G Skhosana	425 180	–	–	46 578	258 939	730 697
KM Cele	1 945 085	–	690 848	273 983	34 051	2 943 967
XS Luthuli	2 000 919	–	691 180	295 116	140 606	3 127 821
J Morotoba	303 910	433 333	8 832	3 340	216 667	966 082
MP Mosweu	1 956 329	–	568 924	320 088	59 361	2 904 702
SMS Sibisi	1 965 424	–	983 150	361 880	–	3 310 454
N Nkomzwayo	1 876 614	–	322 164	226 882	37 112	2 462 772
Total	17 192 106	433 333	8 831 848	2 568 615	1 608 154	30 634 055

APPENDIX

GRI INDEX

GRI 3.12 

Indicator name	Indicator description	Section of the report/ Comments	Page Number	Fully met/ Partially met
Profile disclosures				
1.1	Statement from the most senior decision maker of the organisation	<ul style="list-style-type: none"> Chairman's statement and CEO's review 	34 and 37	Fully met
2.1	Name of the organisation.	<ul style="list-style-type: none"> About this report – Integrated reporting approach 	2	Fully met
2.2	Primary brands, products, and/or services.	<ul style="list-style-type: none"> Foskor at a glance and Organisational overview and business model – Foskor's business model and value-creating activities 	7 to 15	Fully met
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	<ul style="list-style-type: none"> Organisational overview and business model – Group structure 	7	Fully met
2.4	Location of organisation's headquarters.	<ul style="list-style-type: none"> Geographic location 	7	Fully met
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	<ul style="list-style-type: none"> Organisational overview and business model – Geographic location 	7	Fully met
2.6	Nature of ownership and legal form.	<ul style="list-style-type: none"> Organisational overview and business model – Group structure and Organisational overview and business model – Shareholders 	7	Fully met
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	<ul style="list-style-type: none"> Inside front cover and Organisational overview and business model – Geographic location 	1, 7, 10, 11	Fully met
2.8	Scale of the reporting organisation.	<ul style="list-style-type: none"> Organisational overview and business model – Geographic location, Organisational overview and business model – Group structure, Operating context and strategic intent – value added statement, CFO's review, Summary Financial Statements and Our people 	7 to 11, 23, 41, 50 and 76	Fully met
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	<ul style="list-style-type: none"> About this report – Assurance and comparability 	3	Fully met
2.10	Awards received in the reporting period.	<ul style="list-style-type: none"> CEO's review 	2 and 40	Fully met
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	<ul style="list-style-type: none"> About this report – Integrated reporting approach 	2	Fully met
3.2	Date of most recent previous report (if any).	<ul style="list-style-type: none"> About this report – Integrated reporting approach 	2	Fully met

Indicator name	Indicator description	Section of the report/ Comments	Page Number	Fully met/ Partially met
Profile Disclosures				
3.3	Reporting cycle (annual, biennial, etc.)	■ About this report – Integrated reporting approach	2	Fully met
3.4	Contact point for questions regarding the report or its contents.	■ About this report – contact us	4	Fully met
3.5	Process for defining report content.	■ About this report – Integrated reporting approach and ■ Our strategic focus areas – materiality	2 and 24	Fully met
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	■ About this Report – Integrated reporting approach	2	Fully met
3.7	State any specific limitations on the scope or boundary of the report.	■ There have been no limitations to the scope and boundary in the 2014 reporting period.	2	Fully met
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	■ About this report – Assurance and comparability	2 and 3	Fully met
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	■ About this report – Assurance and comparability	3	Fully met
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	■ About this report – Assurance and comparability	3	Fully met
3.12	Table identifying the location of the Standard Disclosures in the report.	■ GRI 3.1 Content Index table	100	Fully met
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	■ Operating context and strategic intent – Management and governance structures, ■ Operating context and strategic intent – Our leadership and ■ Corporate governance	16, 18, 91	Fully met
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	■ Operating Context and Strategic Intent – Our leadership and ■ Corporate governance	18, 91	Fully met
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	■ Operating context and strategic intent – Our leadership and ■ Corporate governance	18, 91	Fully met
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	■ Corporate governance	94	Fully met
4.14	List of stakeholder groups engaged by the organisation.	■ Our key stakeholders	21	Fully met
4.15	Basis for identification and selection of stakeholders with whom to engage.	■ Our key stakeholders	20	Fully met

GRI INDEX (continued)

Indicator name	Indicator description	Section of the report/ Comments	Page Number	Fully met/ Partially met
Environment				
EN3	Direct energy consumption by primary energy source.	<ul style="list-style-type: none"> ■ Performance review – Mining and ■ Performance review – Acid 	64 and 73	Fully met
EN4	Indirect energy consumption by primary source.	<ul style="list-style-type: none"> ■ Performance review – Mining and ■ Performance review – Acid 	64 and 73	Fully met
EN8	Total water withdrawal by source.	<ul style="list-style-type: none"> ■ Performance review – Mining and ■ Performance review – Acid 	64 and 74	Fully met
EN16	Total direct and indirect greenhouse gas emissions by weight.	<ul style="list-style-type: none"> ■ Performance review – Mining and ■ Performance review – Acid 	64 and 73	Fully met
EN17	Other relevant indirect greenhouse gas emissions by weight.	<ul style="list-style-type: none"> ■ Performance review – Mining and ■ Performance review – Acid 	64 and 73	Fully met
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	<ul style="list-style-type: none"> ■ Performance review – Mining and ■ Performance review – Acid 	73	Partially met
EN22	Total weight of waste by type and disposal method.	<ul style="list-style-type: none"> ■ Performance review – Mining and ■ Performance review – Acid 	65 and 75	Fully met
EN23	Total number and volume of significant spills.	<ul style="list-style-type: none"> ■ Performance review – Acid 	63 and 74	Fully met
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	<ul style="list-style-type: none"> ■ Performance review – Mining and ■ Performance review – Acid 	63 and 74	Partially met
EN30	Total environmental protection expenditures and investments by type.	<ul style="list-style-type: none"> ■ Performance review – Mining and ■ Performance review – Acid 	63	Partially met
Labour practices and decent work				
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	<ul style="list-style-type: none"> ■ Our people 	76	Fully met
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	<ul style="list-style-type: none"> ■ Our people 	78	Fully met
LA4	Percentage of employees covered by collective bargaining agreements.	<ul style="list-style-type: none"> ■ Our people 	79	Fully met
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region and by gender.	<ul style="list-style-type: none"> ■ Performance review – Mining and ■ Performance review – Acid 	62 and 72	Partially met
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	<ul style="list-style-type: none"> ■ Transformation and ■ Corporate governance 	83 and 93	Fully met
Economic				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	<ul style="list-style-type: none"> ■ Operating context and strategic intent – value added statement 	23	Fully met
EC3	Coverage of the organisation's defined benefit plan obligations.	<ul style="list-style-type: none"> ■ Remuneration 	96	Fully met
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	<ul style="list-style-type: none"> ■ Transformation 	81 and 84	Fully met

GLOSSARY

Abbreviation	Meaning
ABET	Adult Basic Education Training
AEL	Atmospheric Emissions Licence
AHF	Anhydrous fluoride acid
AMCU	Association of Mineworkers and Construction Union
AMS 16001	Aids Management Systems 16001 standard
ARC	Agricultural Research Council
BARC	Board Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
BCM	Business Continuity Management
BEE	Black Economic Empowerment
CAGR	Compounded Annual Growth Rate
CAPEX	Capital expenditure
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CEPPWAWU	Chemical, Energy, Paper, Printing, Wood and Allied Workers Union
CIL	Coromandel International Ltd
CINPF	Chemical Industries National Provident Fund
CO ₂	Carbon dioxide
COID	Compensation for occupational injuries and diseases
COP	Codes of Practice
COSO	Committee of Sponsoring Organisations
CP	Conditions Precedent
CRF Institute	A company offering independent HR assessment and acknowledgment, headquartered in The Netherlands
CSI	Corporate Social Investment
DWEA	Department of Water and Environmental Affairs
DAP	Di-ammonium phosphate
DEA	Department of Environmental Affairs
DEAT	Department of Environmental Affairs and Tourism
DEKRA Certification	A global provider of auditing and certification services, specialising in the fields of safety, environment and health, headquartered in Germany
DMR	Department of Mineral Resources
DOL	Department of Labour
dti	Department of Trade and Industry
DWA	Department of Water Affairs
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ERM	Enterprise-wide risk management
ESOP	Employee share ownership plan

GLOSSARY (continued)

Abbreviation	Meaning
Exco	Executive Committee
FCA	Free Carrier
FFP3	Filtering Face Piece Level 3 respirator
FGAS	Foskor Group Audit Services
FOB	Free on Board
FOR	Free on Rail
FZE	Free zone establishment. Refers to a limited liability entities owned by an individual or corporate entity, as in Sun International (FZE) Dubai.
GCC	Government Certificate of Competency
GRI	Global Reporting Initiative
HDSA	Historically Disadvantaged South Africans
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IAS	International Accounting Standards
ICT	Information and Communications Technology
IDC	Industrial Development Corporation of South Africa Ltd
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IIR Framework	The IIRC's Integrated Reporting Framework
IIRC	International Integrated Reporting Council
IR	Industrial Relations
IRMSA	Institute of Risk Management of South Africa
ISO 14001	International Organisation of Standards – Environmental Management
ISO 16001	International Organisation of Standards – Energy Management Systems
ISO 31000	International Organisation of Standards – Risk Management
ISO 9001	International Organisation of Standards – Quality Management
JV	Joint Venture
King III	Corporate Governance Codes of the King III report
KPI	Key Performance Indicator
KZN	KwaZulu-Natal
LED	Local economic development
LRA	Labour Relations Act
LTIFR	Lost time injury frequency rate
MAP	Mono-ammonium phosphates
MAPz	MAP with zinc
MDP	Management Development Programme
MDW	Mission-directed work teams
MPRDA	Mineral and Petroleum Resources Developments Act
MQA	Mining Qualifications Authority
MVA	Megavolt Ampere

Abbreviation	Meaning
MW	Mega Watt
NBCCI	National Bargaining Council for Chemical Industry
NECSA	Nuclear Energy Corporation Ltd of South Africa
NEMA	National Electrical Manufacturers Association
NERA	National Empowerment Rating Agency
NGO	Non-governmental organisation
NPK	Nitrogen-phosphate-potassium (complex fertilisers)
NUM	The National Union of Mineworkers
OHS Act	Operational Health and Safety Act of South Africa
OHSAS	Occupational Health and Safety Assessment Series
P ₂ O ₅	The term used in the phosphate industry to measure its phosphoric acid production volumes
PAS 2050 standard	Publicly Available Standards (PAS) 2050 is a method for the assessment of the life cycle greenhouse gas emissions associated with goods and services
PC	Palabora Copper (previously Phalaborwa Mining Company)
PHB	Phalaborwa
PPE	Personal Protective Equipment
PROTEC	Programme for Technological Careers
RBY	Richards Bay
ROCE	Return on capital employed
ROM	Run-of-mine
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SAMREC	South African Mineral Resource Committee
SANS	South African National Standards
SANS 16001	South African National Standards for HIV/AIDS
SANS 451:2008	South African National Standards for Spirometry
SARS	South African Revenue Service
SASDC	South African Supplier Development Council
SEAON	South African Environmental Observation Network
SETA	South Africa's Skills Education and Training Authority
SGS	SGS is a leading inspection, verification, testing and certification company, headquartered in Switzerland
SHREQ	Safety, Health, Radiation, Environment and Quality
SLP	Social and Labour Plan
SMME	Small, Medium and Micro Enterprise
SO ₂	Sulphur Dioxide
SPV	Special purpose vehicles
SRK Consulting	A water quality management consultancy

GLOSSARY (continued)

Abbreviation	Meaning
TAA	Technical Assistant Agreement
TFR	Transnet Freight Rail
TIFR	Total injury frequency rate
TG	Turbine Generator
UASA	United Association of South Africa (trade union)
UCIMESHAWU	United Chemical Industries, Mining, Electrical, State, Health, and Allied Workers Union
UIF	Unemployment Insurance Fund
US	United States
USD or US\$	United States dollar
VSP	Voluntary Severance Packages
ZAR	South African Rand

TERMS

Term	Meaning
Black	African, Coloured, Indian and Chinese people who are citizens of the Republic of South Africa by birth, descent or naturalisation before the commencement date of the Constitution of the Republic of South Africa Act of 1993.
Carry trade	A trade where you borrow and pay interest in order to buy something else that has higher interest.
Current ratio	Current assets to current liabilities ratio.
Debt to equity ratio	Interest-bearing debt to equity ratio.
Free cash flows	Net cash from operating activities less net cash in investing activities.
Governing Board	The committee of directors that governs the affairs of Foskor.
HDSA	Any person, category of persons or community, disadvantaged by unfair discrimination before the Constitution of the Republic of South Africa Act 200 of 1993 came into operation. The definition includes employees who are disabled, women or employees classified as African, Coloured, Indian or Chinese who have South African citizenship status.
Middle management	Functional managers.
Professional	Technical experts and specialists.
Return on equity	Operating profit expressed as a percentage of shareholder equity and reserves.
Return on net assets	Profit after tax expressed as a percentage of net assets.
Semi-skilled employees	Technical and mechanical operators, drivers (heavy motor vehicles) and technical assistants.
Senior management	Group and divisional managers.
Skilled employees	Artisans, technicians and production supervisors.
Top management	Executives and general managers.
Unskilled labour	Elementary occupations.



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