FOSKOR

INTEGRATED REPORT 2015

This is Foskor (Pty) Limited's integrated annual report for the year ended 31 March 2015 to provide feedback to our stakeholders. The report combines data related to Foskor's financial, social, environment and governance aspects while at the same time exploring the integrated effect of these aspects on the Company's performance. The report is intended to explain our business, how we are governed; our strategy and how we have implemented it; and the results achieved during the reporting period. The most recently published report was for the year ended 31 March 2014.

Our approach to integrated reporting has been to gradually improve the integration of sustainability and financial performance reporting over the last few years. The structure of this year's report has been significantly altered to show the link between the capitals employed in our business to create value; what is most important to us; and how we have performed against what we consider material.

We have been primarily guided when preparing this report by the International Integrated Reporting Framework; in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines (Core) including the Mining & Metals sector supplement; the King Code of Corporate Governance; and the South African Companies Act of 2008. The previous report was prepared in terms of G3.1 Guidelines and this report is the transition to the new G4 Guidelines.

SCOPE AND BOUNDARY
This report covers the key events that took place from 1 April 2014 to 31 March 2015. The report covers all entities and divisions under Foskor's direct control and significant influence as reported in the annual financial statements. Where external entities are part of our value chain and have a significant effect on our ability to create value, their effect or potential impact has also been discussed. All significant items disclosed are prepared on the same basis as the comparative periods, there have been no restatements.

This report includes summarised financial statements, the full set of financial statements is available in a separate publication or on our website. Supplementary information that provides more detail to the information included in this integrated annual report is also available on our website.

DETERMINING MATERIALITY
The material issues that have been identified; and for which feedback on our performance has been discussed were determined as follows:

- Quantitative calculations;
- Review of strategic risk registers;
- Reports submitted to the Board and matters that the Board is most concerned about;
- Incorporated areas of concern highlighted in the strategic review process; and
- Key performance objectives set for management for the following year.

COMBINED ASSURANCE
The annual financial statements have been jointly audited by PricewaterhouseCoopers Inc and Ngubane & Company. A combined assurance approach has been adopted by obtaining assurance for non-financial information from management, internal audit and external independent third parties. The majority of the key disclosures for the non-financial information for environmental, health and safety have been externally assured through DEKRA audits and ISO certifications. A review to confirm our 'in accordance' with GRI declaration has also been externally obtained. A detailed combined assurance matrix and the GRI table which can be found on our website at **www.foskor.co.za.**

APPROVAL BY THE BOARD
The Board is responsible for the integrity of this integrated report. The Board applied its collective mind to the preparation and presentation of the integrated report and is satisfied that the report is a fair and reasonable representation of Foskor's performance and prospects in accordance with the IR Framework. This integrated report was approved by the Board on 18 June 2015.

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

HOW TO READ OUR INTEGRATED REPORT
Our integrated report is cross-referenced to other publications as well as supplementary information on our website, shown below:

HOW WE PERFORMED

KEY ACHIEVEMENTS

ZERO FATALITIES IN BOTH DIVISIONS

CERTIFIED **TOP EMPLOYER** FOR THE **5TH TIME** IN A ROW

RETENTION OF **ISO CERTIFICATIONS**

COMMISSIONING OF THE **D-STREAM FLOTATION PLANT**

ASSET REPLACEMENT PROGRAM AT ACID DIVISION PROGRESSING WELL

CHALLENGES

ACID PRODUCTION BELOW TARGET BY **29%**

GRANULATION PRODUCTION BELOW TARGET BY **24%**

MAGNETITE SELLING PRICES REDUCED BY **28%** YEAR-ON-YEAR

MAGNETITE SALES VOLUMES REDUCED BY **15%** YEAR-ON-YEAR

HOW WE PERFORMED 1

for the year ended 31 March

		2015	% change	2014	2013
FINANCIAL	Revenue (Rm)	**5 297**	*4*	5 086	4 906
	EBIT (Rm)	**(419)**	*(456)*	118	(72)
	EBITDA (Rm)	**(113)**	*(139)*	389	150
	Cash generated from operations (Rm)	**(118)**	*(134)*	346	(181)
	Free cash flow (Rm)	**(360)**	*(19)*	(445)	(1 165)
PRODUCTION	Phosphate rock (k tons)	**1 983**	*(8)*	2 164	2 209
	Phosphoric acid (k tons)	**393**	*(23)*	510	421
	Granulation (k tons)	**297**	*(3)*	307	230
PEOPLE	Number of employees	**1 913**	*(4)*	1 997	2 101
	Employee turnover (%)	**6**	*(40)*	10	6
	Women representation in senior management (%)	**14**	*(5)*	14	19
	Total training spend (Rm)	**10**	*(22)*	12	13
SAFETY	Fatalities	**–**	*(100)*	1	1
	Lost Time Injury Frequency Rate	**0.36**	*24*	0.29	0.21
	Occupational diseases	**10**	*(44)*	18	5
ENVIRONMENT	Fresh water consumptions ('000 m^3)	**15 108**	*(8)*	16 455	16 419
COMMUNITIES	CSI spend (Rm)	**7**	*40*	5	5

NAVIGATION

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

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

Refer to page numbers elsewhere in the integrated report


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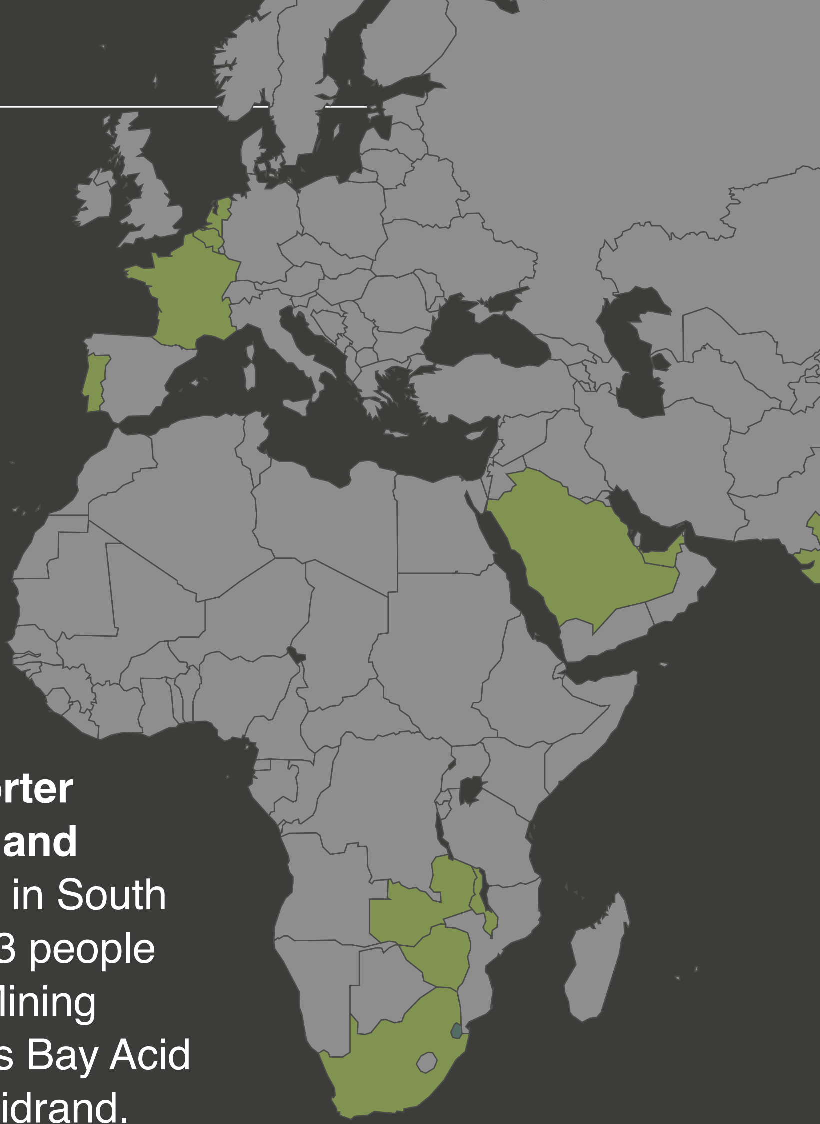


4 WHO WE ARE

Foskor is a producer and exporter of phosphate-based fertilisers and phosphoric acid. We are based in South Africa and employ a total of 1 913 people spread across our Phalaborwa Mining Division, our processing Richards Bay Acid Division and our head office in Midrand.

VISION

Foskor is internationally respected for competing 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 – mono-ammonium phosphates (MAP); di-ammonium phosphates (DAP); and MAP with zinc (MAPz). We also produce sulphuric acid, which is used in the production of phosphoric acid, and 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 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 worldwide. We also sell magnetite and sulphuric acid locally and abroad.

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

+ + =

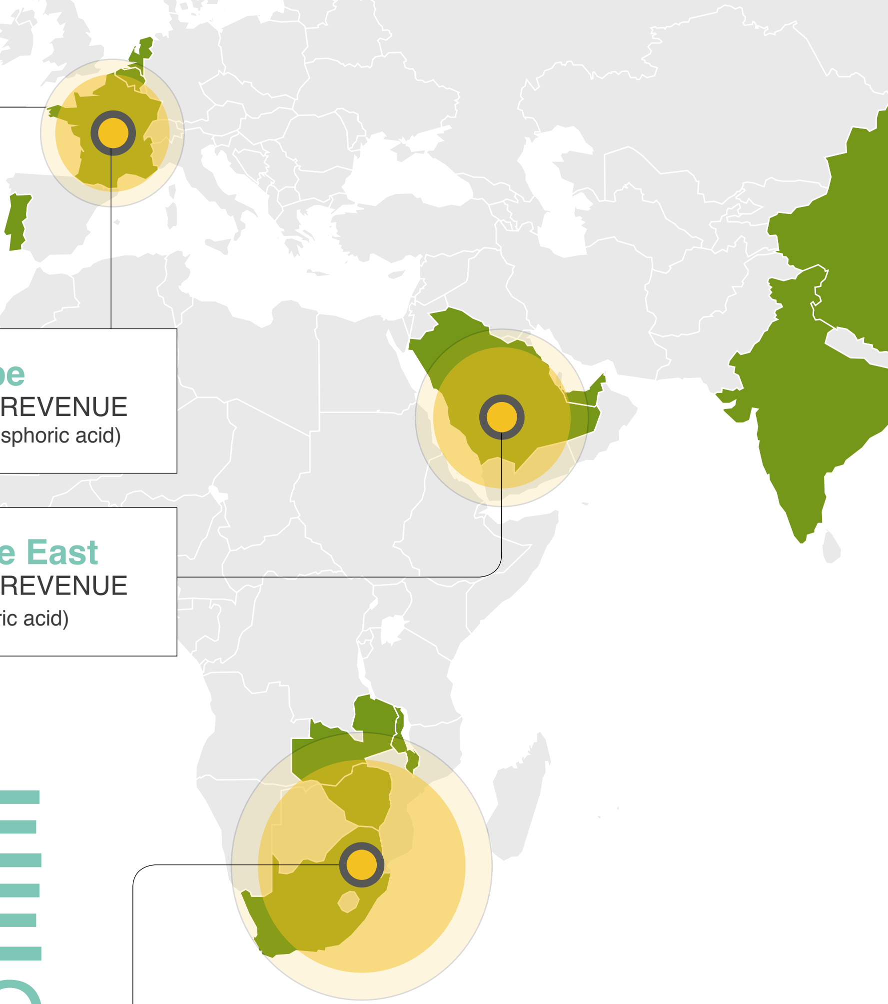
Showing RESOLVE means we strive to continually improve in everything we do. This keeps us competitive.

Acting RESPONSIBLY means that we are at all times accountable to ourselves, our shareholders, our communities and the environment.

Earning RESPECT means we respect and nurture our individual abilities and differences. This way we excel as a team.

Sharing REWARDS means being inclusive and rewarding others where reward is due. This secures our ability to grow sustainably.

6 WHERE WE OPERATE AND SELL TO



7.3% increase y-o-y
9.6% contribution

Europe
R509m REVENUE
(rock, phosphoric acid)

0.8% decrease y-o-y
1.9% contribution

Middle East
R102m REVENUE
(phosphoric acid)

14.7% increase y-o-y
68.8% contribution

South Africa
R3 644m REVENUE
(phosphoric and sulphuric acid, NPK, granulation)

Corporate Head Office
Midrand Gauteng
21

Mining Division (100%)
Phalaborwa Limpopo
1 290

- Phosphate rock 2.6mt* (9.4% contribution)#
- Magnetite (13.6% contribution)#

Foskor Zirconia (29%)
Phalaborwa Limpopo
112

- Electro-fused zirconia

Acid Division (100%)
Richards Bay KZN
602

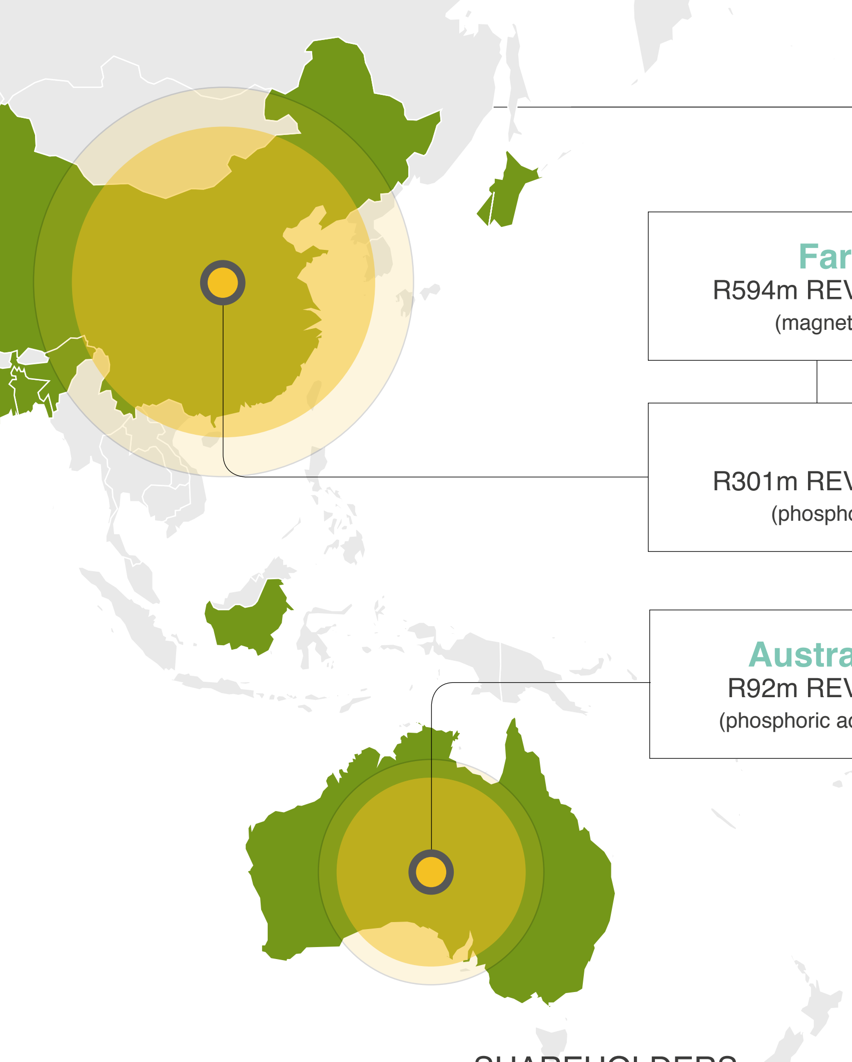
- Phosphoric acid 690kt* (36.7% contribution)#
- Granulation 400kt* (35.6% contribution)#
- NPK 35kt* (0.1% contribution)#
- Sulphuric acid 2.2mt* (2.8% contribution)#

NPK Division 100%

Phosphert Marine 100%

Phosphate Shipping 100%

People
* *Production capacity*
\# *Contribution of product to revenue*



Far East
R594m REVENUE
(magnetite, rock)

12.5% decrease y-o-y
11.8% contribution

India
R301m REVENUE
(phosphoric acid)

7.5% decrease y-o-y
5.7% contribution

Australasia
R92m REVENUE
(phosphoric acid, rock)

0.4% decrease y-o-y
1.7% contribution

HOW WE ARE STRUCTURED

SHAREHOLDERS

59%	15%	14%	6%	5%	1%
Industrial Development Corporation	**Manyoro Consortium**	**Coromandel International Limited**	**Kopano Foskor Employees Trust**	**BaPhalaborwa and Umhlathuze Community Trusts**	**Sun International (FZE) Dubai**
A national development financial institution set up to promote economic growth and social development, and operates under the South African Government's Economic Development Department	A grouping of strategic business partners and special interest groups, with a number of new BEE entrants	Part of the Murugappa Group and produces a range of fertilisers, speciality nutrients and crop protection products, second largest fertiliser player in India and offers retail services	An employee Share Ownership Plan (ESOP) with the aim of empowering staff	Established in terms of the Mining Charter and BEE codes. To enable economic interests to accrue to local communities surrounding operating divisions	Specialises in international trading in fertilisers, fertiliser intermediates and raw materials sourced globally to supply customers based in India and its neighbours

Foskor Group

PHALABORWA
- 100% Mining Division
- 29.9% Foskor Zirconia (Pty) Ltd

CORPORATE HEAD OFFICE MIDRAND
- 100%

RICHARDS BAY
- 100% Acid Division
- 100% NPK Division
- 100% Phosphert Marine (Pty) Ltd
- 100% Phosphate Shipping (Pty) Ltd

Oversight

Board of Directors
- Audit and Risk Committee
- Human Capital and Nominations Committee
- Social and Ethics Committee
- Technical Committee

Management

Chief Executive Officer
- Finance
- Mining Division
- Acid Division
- NPK Division
- Sales and marketing
- Procurement and logistics
- Human capital
- Strategy, new business and research
- Corporate affairs
- ICT
- Legal, risk and compliance
- Internal audit

There have been no changes to the structure during the year. There are plans to dispose of a portion of the Foskor Zirconia (Pty) Limited equity holding which will be finalised in the next financial year.

Our governance and management structures are shown above. More detail regarding our Board, Board sub-committees and governance structures can be found in the Corporate Governance section of this report on page 32.

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HOW WE CREATE VALUE

We create and sustain value through mining phosphate ore, converting it into rock that forms an input to phosphoric acid and granular fertiliser products. The manner in which we create value is in terms of our values and our governance structures.

The relationships with our stakeholders (internal and external) also have an impact on our ability to create and sustain value. The key stakeholders that are part of our value chain are suppliers of rail transport (Transnet Freight Rail) for our rock to Richards Bay and Maputo; as well as utility providers (municipalities) who provide us with electricity and water that is critical for our production process.

The tolling agreement that we had with Palabora Copper (PC) was suspended at the end of the previous financial year. The agreement accounted for 20 to 25 percent of our crushing and milling capacity. The agreement is suspended pending the improvement of our operations and the commodity markets.

Our business model incorporates a wider view of our value-creating activities and incorporates the six capitals in inputs and resources, processes, outputs and measurable outcomes.

CAPITALS

CAPITAL CAPABILITIES	WHAT IT MEANS IN TERMS OF OUR BUSINESS
NATURAL	Our natural capital is from our mineral reserves at our mine in Phalaborwa. The ore we mine is used in the production of phosphate rock. Preservation of our licence to operate, environmental management and rehabilitation of the earth are important in our ability to create value.
HUMAN	The experience and diversity of our staff and the development of their skills is vital in the efficient conversion of our natural capital to manufactured capital. The wellbeing of our staff is our number one priority to produce our outputs with minimal harm to our staff.
SOCIAL AND RELATIONSHIP	Maintaining our relationships with our stakeholders is essential in our assessment of our economic, social and environmental impact as a responsible part of society.
INTELLECTUAL	The combination of the technical skills of our staff with our technology generates value. Our strategy dictates the investment made in the research and development of new technology and products to sustain and grow value.
MANUFACTURED	Our manufactured capital is the investment of capital expenditure at our operations, and the property, plant and equipment that are used in the generation of value. The equipment and plant that we use is monitored for its impact on the environment. The outputs of production are as a result of investments made in manufactured capital.
FINANCIAL	Financial capital is the source of our capital, debt and equity; and our ability to raise funding externally at an optimal cost and generated cash from internal operations. Financial capital is preserved through returns from earnings and cost control.

Our business model incorporate a wide view of our value-meeting activities and incorporates the six capitals in inputs and resources, procedures, outputs and measurable outcomes.

10 BUSINESS MODEL

OUR VALUE CREATION PROCESS

OUR VALUES

RESOLVE
We strive to continually improve in everything we do.

RESPONSIBILITY
We are at all times accountable to ourselves, our stakeholders and the environment.

RESPECT
We respect and nurture our individual abilities and differences.

REWARDS
We are inclusive and reward others where reward is due.

VISION AND MISSION

INPUTS

Manufactured capital:
Investing R483m in capital expenditure. Major investment in extending the life of the mine and asset replacement programme at the Acid Division.

Financial capital:
Investing R431m of shareholder and debt capital. Realising R250m from sale of long-term investment.

Natural capital:
We mined 30.5mt of phosphate ore and have 1.4bn tons of mineral reserves. Magnetite by-product.

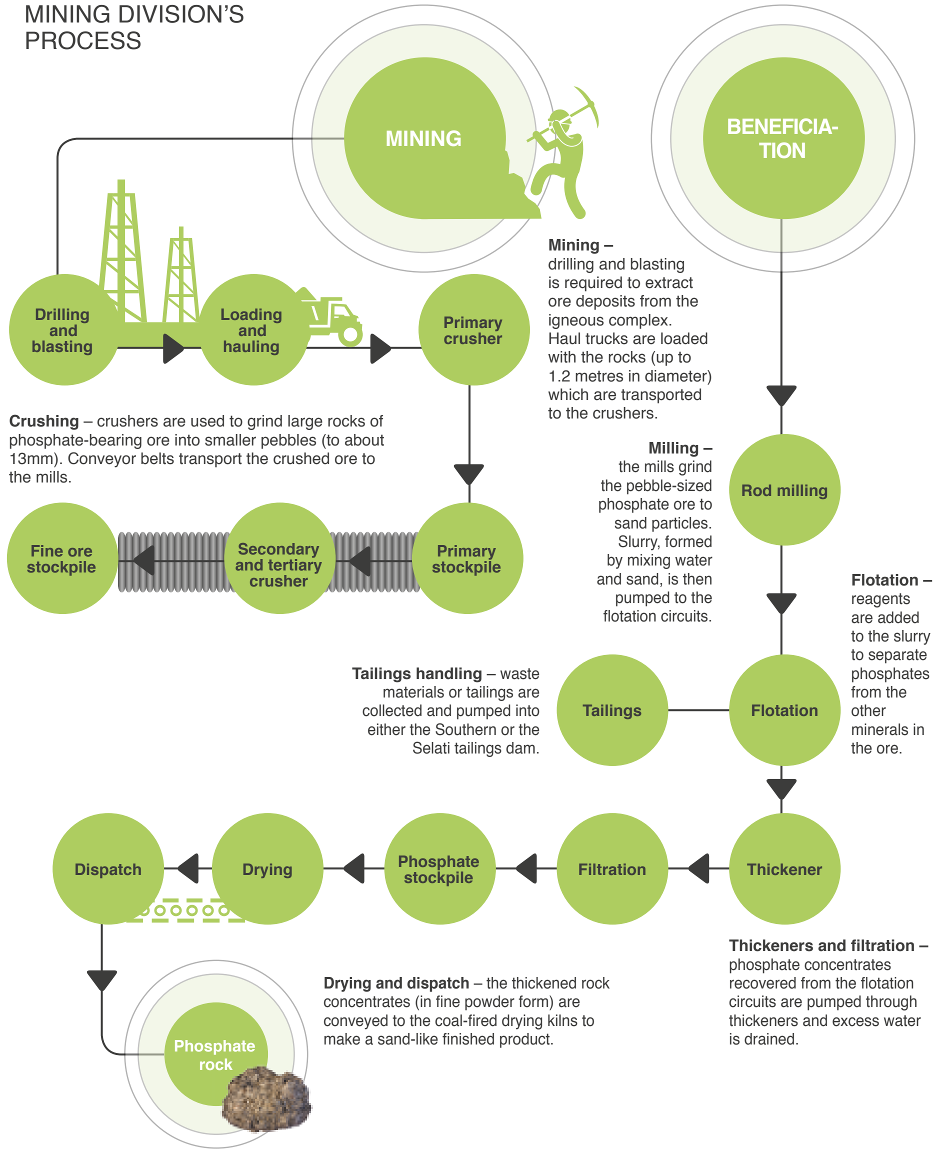
Human capital:
1 428 of our permanent staff are qualified and appropriately skilled. 1.2% of our payroll spent on training.

Social and relationship capital: Maintaining our mining licence and achieving our transformation goals.

Intellectual capital:
Achieving our strategic objectives through the application of our scarce skills.

MINE AND BENEFICIATE

MINING DIVISION'S PROCESS



Mining – drilling and blasting is required to extract ore deposits from the igneous complex. Haul trucks are loaded with the rocks (up to 1.2 metres in diameter) which are transported to the crushers.

Crushing – crushers are used to grind large rocks of phosphate-bearing ore into smaller pebbles (to about 13mm). Conveyor belts transport the crushed ore to the mills.

Milling – the mills grind the pebble-sized phosphate ore to sand particles. Slurry, formed by mixing water and sand, is then pumped to the flotation circuits.

Flotation – reagents are added to the slurry to separate phosphates from the other minerals in the ore.

Tailings handling – waste materials or tailings are collected and pumped into either the Southern or the Selati tailings dam.

Thickeners and filtration – phosphate concentrates recovered from the flotation circuits are pumped through thickeners and excess water is drained.

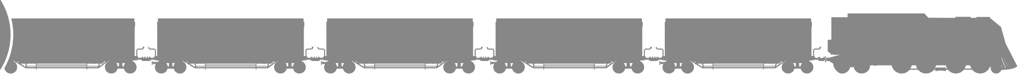
Drying and dispatch – the thickened rock concentrates (in fine powder form) are conveyed to the coal-fired drying kilns to make a sand-like finished product.

SOURCED FROM OVERSEAS SUPPLIERS

Sulphur

Ammonia

RAIL TRANSPORT – rock to Richards Bay and Maputo



OUR MARKETS

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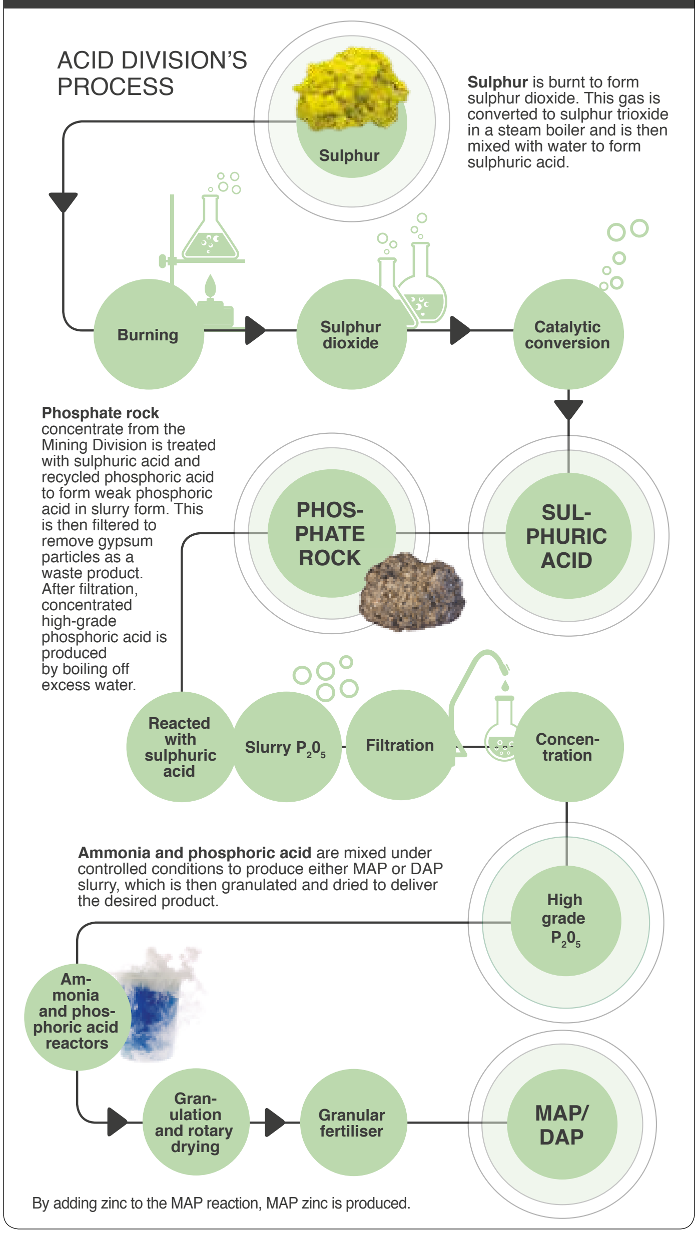
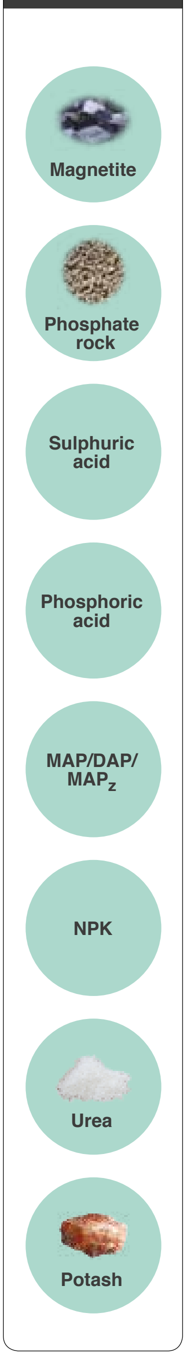
MATERIAL ISSUES SCORECARDS

STRATEGY AND RISK MANAGEMENT

REACT AND CONCENTRATE



OUTPUT



GOVERNANCE

OUTCOMES

Manufactured capital

- Rock production 1.9mt (99% of target)
- Acid production 393kt (71% of target)
- Granulation production 297kt (74% of target)
- Acid production efficiency 15% below target

Financial capital

- Cost of borrowings R189m (55% higher than 2014)
- Cash utilised in operations R118m (134% lower than 2014)
- Free cash flows R360m (19% more than 2014)
- R825m paid for staff costs
- R185m opex savings to budget
- R419m loss EBIT (456% lower than 2014)
- Debt facilities reduced from R3bn to R2.5bn

Natural capital

- Mined 30.5m tons of ore (2014: 33.2m tons)
- Energy consumption increased by 3%
- Fresh water consumption reduced by 8%
- CO_2 green house gas emissions

Human capital

- Staff turnover reduced by 40% to 6.1%
- LTIFR up to 0.36 from 0.29 in 2014
- Zero fatalities
- Occupational diseases down to 10 from 18
- No industrial action, good relationship with trade unions maintained

Social and relationship capital

- Maintained our licence to operate
- Mining Charter and BEE compliance
- Value added to stakeholders R941m

NPK BLENDING AND BAGGING

ROAD – granular fertiliser and phosphoric acid

EXPORT – phosphoric acid and granulation

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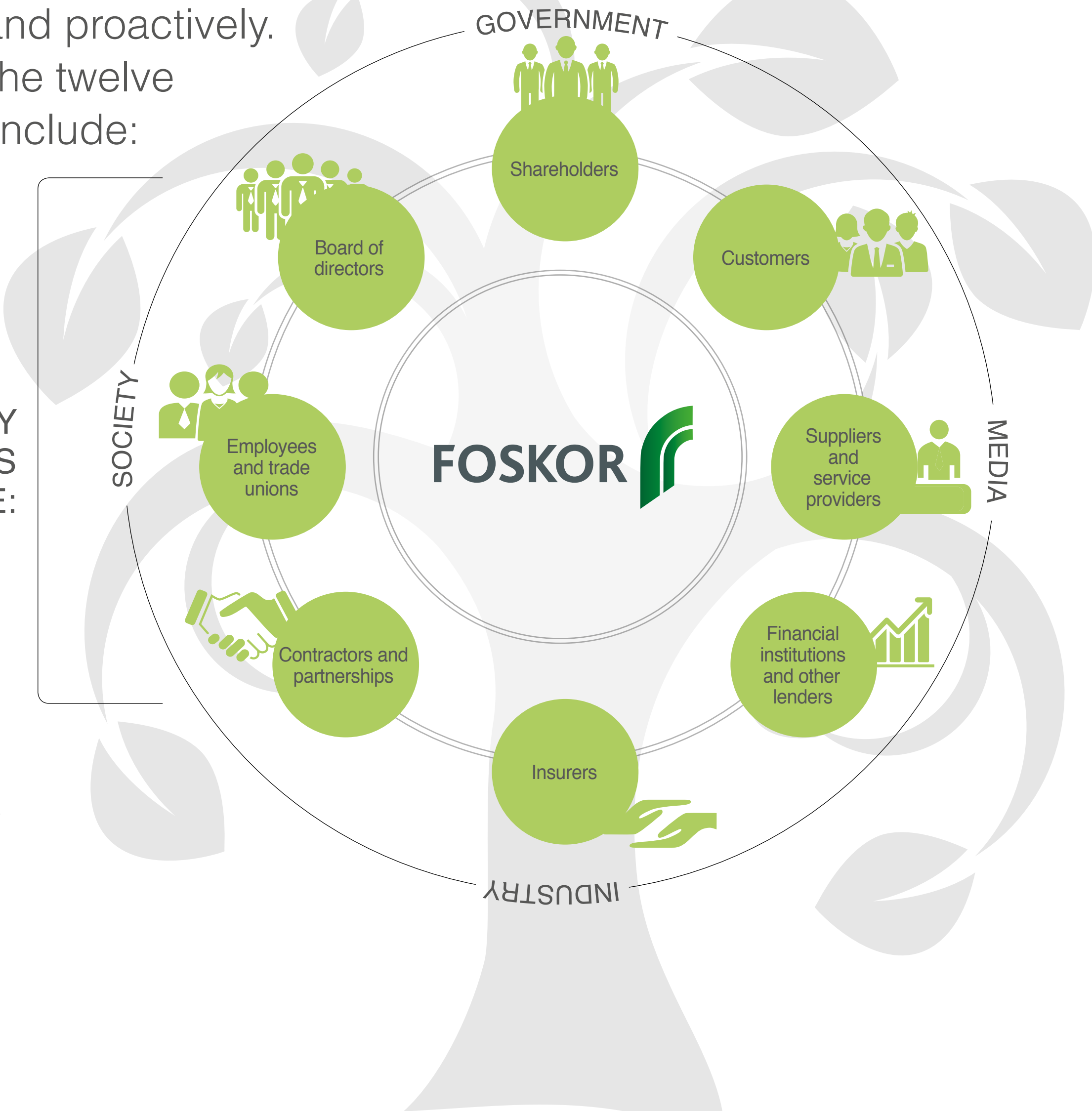
OUR KEY STAKEHOLDERS

Foskor defines its stakeholders as **people or entities who are affected by its operations or who can affect the production or delivery of our products and services**. We need to engage all our stakeholders productively and proactively. In this report the twelve stakeholders include:

ENGAGING WITH STAKEHOLDERS

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 to get feedback from them.

OUR KEY STAKEHOLDERS ARE:



The stakeholders on the outer circle represent the macro environment in which we operate such as regulators; the communities in which we operate and our employees reside in; and the industry in which operate. The media also operates outside of Foskor.

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.

Feedback from our stakeholders is collected through our Corporate Affairs department for employees, communities, environmental interest groups, directors and shareholders. The Marketing department receives feedback from customers, the Procurement department from suppliers, and the Finance department for insurers and banks. The heads of the various departments would then prioritise the feedback and present it to the Board.

The quality of our relationship with our stakeholders has not been measured. The quality is continuously addressed through our engagement processes, although not formally measured. Consideration will be given to adopting appropriate measurement frameworks in the future.

The activities undertaken as part of stakeholder engagement were not specifically undertaken as part of the report preparation process, these activities occur through the normal course of business throughout the period.

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	
Employees and trade unions *Total number of employees 1 913 of which 1 653 belong to one our five trade unions*	Staff alerts from the CEO's desk General notices from the Communications desk Intranet Women in Mining/ Manufacturing Forums Monthly staff briefings Departmental meetings Daily business area meetings Daily newsletters Bimonthly staff magazine Notice boards Performance reviews Internal communications campaigns and events Company magazine	Fair remuneration and benefits Training and mentoring Safety Employee wellness programmes Community issues including HIV/AIDS, housing and job creation Communication strategy	Transformation Recruitment of scarce skills Opportunities for advancement Succession planning Training and development Job security	Employee assistance programmes R5 million on HIV/AIDS and wellness programmes and women development 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 Skills transfer programme Talent management strategy Internships, learnerships and on the job coaching Technical assistance agreement Career pathing Employee share ownership plan	27
Board of Directors *Nine directors (Four independent and one executive director)*	Board meetings Letters Memos Annual reports Emails from the CEO's desk	Profit Sustainable growth Driving transformation Job creation	Cyclical nature of business Escalating costs Competition Narrowing margins	Discharging duties through sub-committees Requiring regular feedback on executive management's execution and delivery on key performance indicators	26
Shareholders *The IDC, BEE shareholders, two India based shareholders*	Shareholders meetings Letters Annual reports	Dividends Sustainable profits	Cyclical nature of business Narrowing margins	Making profits	26

ENGAGING WITH STAKEHOLDERS (*continued*)

Key stakeholders and our strategic responses in engaging them (*continued*)

Stakeholder	How we communicate with them	What matters to them	What concerns them	How we respond to their concerns	
Customers *Sixty-nine percent of revenue from local customers and 31% from foreign customers*	Meetings Site visits Business associations Conferences and seminars	Value Customer service Quality products Competitive prices Timely deliveries Reliability of supplies	Availability of stock Logistics Sustainability of customer relationships	Stockpiling rock Alternative rail logistics routes Improving operational efficiency and output	28
Contractors, partnerships and sharing agreements *Includes key third parties like Coromandel (technical assistance) TFR (rail transporter) Palabora Copper (milling and capacity tolling agreements)*	Meetings Written communications Contact on operational issues Reports Contract negotiations	Equitable income distribution Key safety, health, environment and quality strategies	Work stoppages Industrial action Continued partnerships	Contractor safety, health and environmental management plans Safety agreements	28
Suppliers and service providers *Approximately 2 600 suppliers on our supplier database and 85% of our procurement spend is with BEE suppliers*	Meetings Site visits Tenders and supply contracts Company website Business associations Performance reviews and audits Conferences and seminars	Input costs Payment terms Duration of contracts Vendor information and training	Enterprise development Preferential procurement terms BEE ratings	Foskor has more than 2 600 vendors in its supplier database. The following services are offered to them: ▪ Vendor training ▪ Supplier days ▪ R3.1 billion spent on BEE suppliers	26
Communities and community leaders *Communities around Phalaborwa and Richards Bay*	Public and personal meetings CSI initiatives Quarterly meetings with local authorities 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 of locals 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	R7 million spent on CSI initiatives Social labour plans and local economic development Community trusts The estimated costs for scheduled and unscheduled mine closure is estimated at R478 million and R597 million respectively	29

Stakeholder	How we communicate with them	What matters to them	What concerns them	How we respond to their concerns	
Government and regulatory bodies *Departments of Mineral Resources; Environmental Affairs; Water and Sanitation; National Nuclear Regulator; and Competition Commission*	Meetings Written communications Presentations Audits Business associations	Statutory and legal compliance Transparent and full disclosures of Group's structures and activities Safety Local economic development Transformation	Safety Non-compliance	Statutory compliance enforced through the Legal and Compliance Department Regular meetings and presentations to departments and government bodies	29
Media *Mainly media in Limpopo and KZN*	Networking and briefing sessions Press releases Telephonic and other interviews CSI/LED project handover invitations Event invitations	Company news New developments Safety incidents	Work stoppages Stability of operations	Regular face-to-face contact, briefings and networking Written communications to answer queries	29
Financial institutions and other lenders *Transactional bankers, providers of debt capital and trade facilities*	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	27
Insurers *Machinery breakdown and business interruption* *Credit insurance providers*	Meetings Site visits Reports	Adequate risk management Internal controls	Ageing equipment and technology	Rigorous maintenance and regular inspections limit insurance claims	27
Special interest groups and peer groups	Business body memberships Meetings Industry initiatives Conferences and seminars	Safety and health Environmental matters Regulatory changes Economic drivers	Environmental management Safety Nationalisation	Member of the following forums and associations: ■ 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	29

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VALUE ADDED STATEMENT

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

		2015		2014	
	Notes	Rm	%	Rm	%
Revenue		**5 297**		5 086	
Paid to suppliers for products, materials and services		**(4 669)**		(3 878)	
Value added from trading operations		**628**	***67***	1 208	*88*
Income from investments§		**4**	***0***	18	*1*
Finance income		**30**	***3***	27	*2*
Other income *		**279**	***30***	128	*9*
Total value created		**941**	***100***	1 381	*100*
Wealth distribution					
Employees	1	**825**	***88***	811	*59*
Capital providers		**189**	***20***	122	*9*
Government	2	**27**	***3***	30	*2*
Communities (corporate social investment)		**7**	***1***	2	*0*
Reinvested in the Group to maintain and develop operations		**(107)**	***(11)***	416	*30*
Depreciation and amortisation		**306**		271	
Retained profit		**(221)**		150	
Deferred taxation		**(192)**		(5)	
		941	***100***	1 381	*100*

VALUE ADDED RATIOS

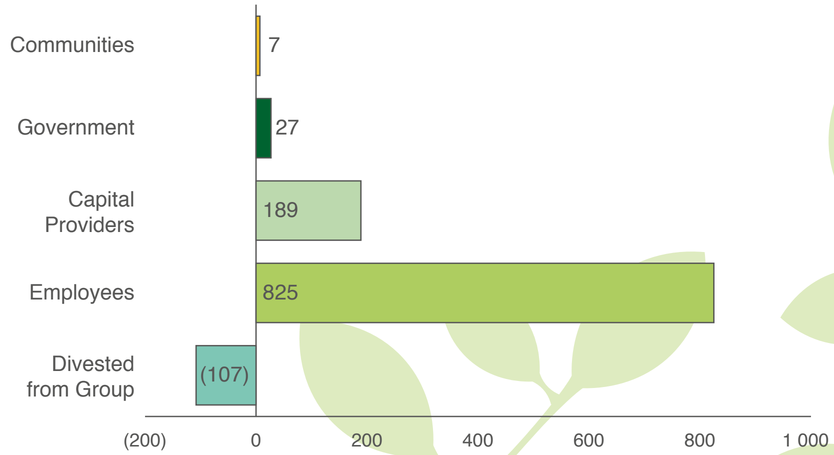
		2015	2014
Number of permanent employees		**1 767**	1 842
Revenue created per employees (R'000)#		**2 997.71**	2 761.13
Value created per employees (R'000)#		**532.32**	749.73

NOTES

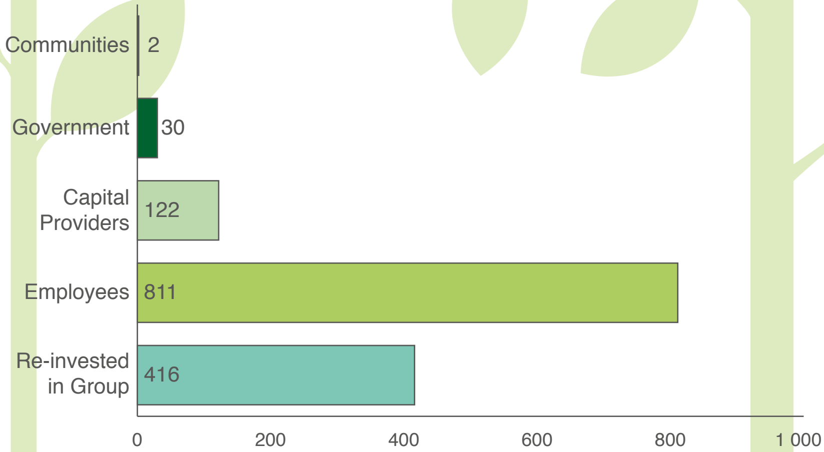
	2015	2014
1. Employees		
Salaries, wages, overtime payments, commissions, bonuses and allowances, employer contributions	**825**	811
	825	811
2. Government		
Tax – normal, royalties, dividend withholding	**13**	16
Rates and taxes paid to local authorities	**6**	6
Skills Development Levy	**8**	8
	27	30

§ Dividend income.
** Includes profit on sale of investment of R217m.*
** Number of employees at the end of the year including contractors.*
 # Based on the number of employees at the end of the year.

2015 WEALTH DISTRIBUTION: R941m



2014 WEALTH DISTRIBUTION: R1 381m



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OUR STRATEGY

STRATEGIC VISION:
TO BE A MEDIUM-SIZE, INTEGRATED PRODUCER OF PHOSPHATE ROCK, PHOSPHORIC ACID AND GRANULAR FERTILISER, AT MAXIMUM CAPACITY.

STRATEGIC OBJECTIVES

- Optimised production
- Global supplier of P_2O_5 and Rock
- Local supplier of Granular and Rock

STRATEGIC FOCUS	STRATEGIC PRIORITIES	KEY PERFORMANCE INDICATORS
Cash generation	■ Improve cash generation ■ Increase facilities ■ Recapitalise balance sheet ■ EBIT improvement	■ Cash generated from operations ■ Increased facilities ■ Recapitalisation of balance sheet ■ Improve EBITDA
Customer value	■ Beneficiate NPK and magnetite ■ Focus on niche markets in SADC ■ Strengthen the Marketing and Sales team	■ NPK and beneficiated magnetite facilities ■ Improve local market share
Operational excellence	■ Improve efficiency ■ Increase throughput ■ Improve plant availability ■ Cost discipline ■ Asset replacement programme	■ Production – high achievement of target ■ Improved plant availability ■ Improved efficiency vs target ■ Cost containment – lower cost per ton ■ Cost discipline ■ Asset replacement progress
People	■ Zero harm ■ Achieve productivity targets ■ Good industrial relations climate	■ Reduction in occupational diseases ■ Achievement of safety target ■ Maintained good relationship with labour

RESOLVE + RESPONSIBILITY + RESPECT = REWARDS

Commodity prices stabilised in 2015, after the accelerated decline in 2014, and it is expected that there will be **a recovery in 2016.**

The commodity cycle has been low since 2012 and as a result the earnings of the business have suffered significantly since. In order to contain the losses during the low cycle, the company embarked on the EBITDA upliftment programme in 2014.

In 2014, our strategy was the EBITDA Upliftment Programme which led to a restructuring exercise and reprioritisation of strategic projects in order to ensure the long-term sustainability of the core phosphates business. The majority of the initiatives identified in the EBITDA Upliftment Programme were successfully implemented during the year with the exception of the turnaround plans for the Acid Division. The results of the current year show that the initiatives where not fully implemented in the Acid Division and hence the desired outcomes were not achieved.

With the restructuring of the business, the Board considered alternatives on how to structure Foskor as a business ranging from being a mega producer (doubling our mining production capacity to four million tons) to scaling down to being a mining only business with optimised production at current capacity levels and immediate termination of operations. After considering the various scenarios, the Board has decided that the optimised production at current capacity strategy was the ideal model for the Company in its present circumstances.

It is envisaged that the achievement of our strategic priorities will enable us to be a medium-size, integrated producer of phosphate rock, phosphoric acid and granular fertiliser at maximum capacity. The majority of the efforts of management in the coming period will focus on the turnaround of the Acid Division, mostly through achieving operational excellence and will enable us to have sustainable profits.

Our staff is critical to the success of the operational excellence objective, and a values-driven performance culture will be instilled in the Company going forward. We plan to add value to our customers by investigating beneficiation opportunities, strengthening our Marketing team; and exploring new niche markets.

Cash generation is vital to the continued sustainability of the operations and this has been, and will continue to be, a focus area going forward, not only for sustaining operations but also with the objective of reducing the amount of debt on the balance sheet.

OUR STRATEGY AT OPERATIONAL LEVEL

The two operating divisions will continue to focus on efficiency improvement through a back-to-basics approach, innovation, visible-felt-leadership, discipline, skills development and operational planning. These, together with recommendations from various consulting companies, will form the basis for operational support and monitoring for improved performance.

Our team at the mine has identified various areas of improvement to support the strategy, and these initiatives range from monitoring of red rills of blast holes, improvement in blasting fragmentation, increase of haul truck tyre life, reduction of idling for improved fuel consumption and operational uptime, monitoring of truck payload for improved fillability and strategic use of previously mined ore stockpile material for additional throughput. Furthermore, streamlining of the crusher section, together with strategic investment in this area will debottleneck the opening between mining operations and processing operations, thus allowing proper stockpile management for blending purposes and subsequently improved recoveries. The commissioning of the DSF plant with the ultimate flotation technology, not only will add value by improved recoveries, energy saving, low operating cost, but will also allow opportunity for Extension 8 section to work on improvement initiatives and innovations to improve the plant's recoveries and overall performance.

MEDIUM AND LONG TERM OBJECTIVES

Production

Our primary focus is to improve operational performance and achieve operational excellence in order to get our mine and acid plant to efficiently produce at their name-plate capacity in the medium term. The targeted production output for financial year 2018 is 2.4 million tons of rock; 700 000 tons of phosphoric acid and 450 000 tons of granular fertiliser.

Diversification

While operating excellence is being achieved, we aim to continue to diversify our product range to reduce dependence on merchant grade fertiliser products and develop high value markets such as NPK blending, magnetite beneficiation and supply food and chemical production markets. These initiatives were suspended in order to focus on the turnaround of the business.

CAPITAL RESOURCES REQUIRED TO EXECUTE STRATEGY

In terms of the six capitals, we are of the view that the financial and manufactured capitals are the most critical and at risk of being sufficient to execute our strategy. There will be increased capital investment at the Acid Division in the coming years to ensure sustainability and reliability of the plant, and we are looking at options to increase our facilities.

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DETERMINING OUR MATERIAL ITEMS

"We continuously manage these material issues to ensure we achieve our strategic objectives."

CONTENT AND BOUNDARY

The content of this report covers our operations based in South Africa, including our subsidiaries and investments where we have significant influence as listed in the annual financial statements. We have no operations outside of South Africa. An overview of our operations can be found in the Where we operate and sell to section on page 6, and a review of our operational performance from page 72 to 92. The process of defining the report content has been informed by, amongst other things, expectations and consultation of our key stakeholders, our risk management process, and the governance and reporting standards disclosure requirements.

Process of defining material issues

We define our material issues as those that could substantially affect our ability to create value in the short, medium and long term. An issue is considered material if it could substantially influence our stakeholder's assessment of our ability to create value.

In determining whether an issue is material, we consider the following:

- We identify relevant matters that could be material when we conduct our strategic review, update our strategic risk registers, and we also consider matters discussed at and reported to the Board;
- The importance of the matters identified is determined based on its known and potential effect on value during the risk management process where matters are evaluated for likelihood and impact;
- As part of the evaluation we consider qualitative and quantitative factors;
- We then prioritise the matters as can be seen in our risk map, and the prioritisation and inclusion of matters in the risk map is done in consultation with the Board; and
- We then disclose those matters that we consider to materially affect Foskor's performance, and are also considered material for readers to understand how we create value.

The material issues identified after following the process above have been presented in the Our Material Issues section of this report on page 26 and their context has been added in order for readers to understand their potential impact. The material issues are prioritised in terms of the strategic risk registers approved by the Executive management and the Board. We manage the material issues through the mitigation strategies on page 25 and monitoring of previously determined outcomes and key performance indicators. Not all the risks in the strategic risk register are reported as material items, only the risks in the top 10 as they represent the material issues. We continuously manage these material issues to ensure we achieve our strategic objectives. The results of how we have managed the material issues are included in the Material Issues Scorecards from page 26.

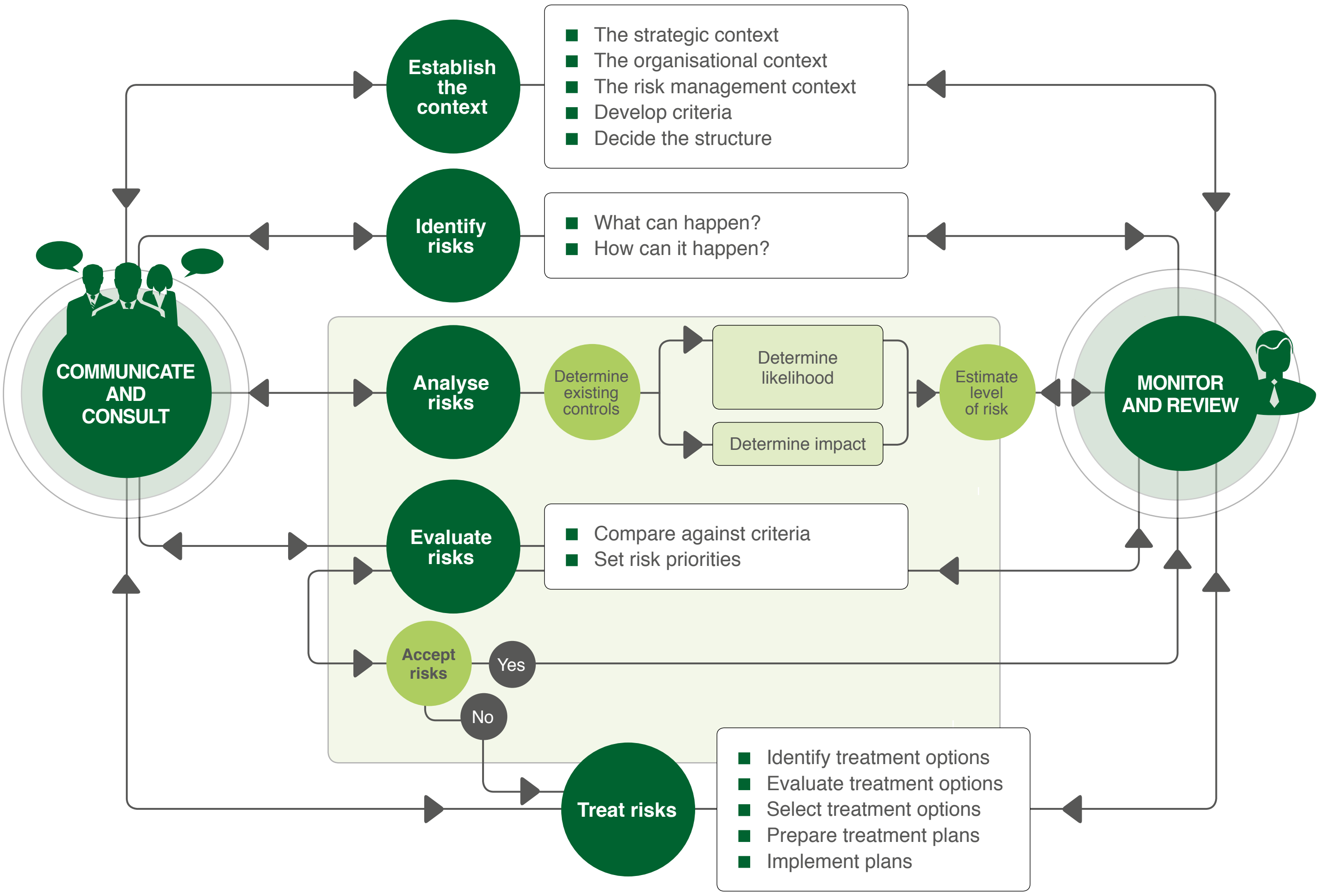
The Board will then validate the material issues by assessing whether the integrated report provides a reasonable and balanced view of our performance. The material issues are material within Foskor (Pty) Limited, and not the subsidiaries or associate investments. After the report is published, we will then review it in preparation for the next reporting cycle, taking into account feedback received from our stakeholders, and these findings are incorporated into the next reporting cycle.

HOW WE MANAGE RISK

In order to achieve our strategic objectives we continuously analyse and manage business threats that could negatively affect our ability to achieve our objectives, whilst continuously identifying opportunities to enhance our objectives.

Our risk management strategy aims to provide an early warning system to avoid or mitigate any potential business losses.

OUR RISK MANAGEMENT PROCESS



HOW WE MANAGE RISK
(CONTINUED)

Our risk management process is based on our Enterprise-wide Risk Management (ERM) framework which 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. Our ERM framework is aligned with ISO 31000, Committee of Sponsoring Organisations (COSO), King III and generally accepted good 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, process and project risks are reported up to Group level to ensure they are managed in line with the Group's strategic objectives.

Objectives achieved through our framework	
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, enhancing 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 Business Continuity Management (BCM) simulation tests have been executed at the Mining Division to provide assurance on the organisation's capability for an effective response to safeguard the interests of our stakeholders, reputation, brand and value-creating activities. The BCM simulation for the Acid Division will be done in the new financial year. ERM and Compliance Champions have been appointed at both divisions, these appointments will ensure that the Risk and Legal functions are adequately capacitated and entrenched in the business operations. The roll-out programme for the Risk Champions has begun and will be completed in the new financial year.

RISK GOVERNANCE PROCESS

OVERSIGHT

Board – Primarily responsible for risk governance
- Approves risk management framework and policy
- Approves and monitors risk management plan
- Sets and monitors risk tolerance and appetite limits
- Identifies and monitors strategic risks

Board Audit and Risk – Delegated oversight over risk management
- Considers the risk management framework and policy
- Continuously monitors the risk process

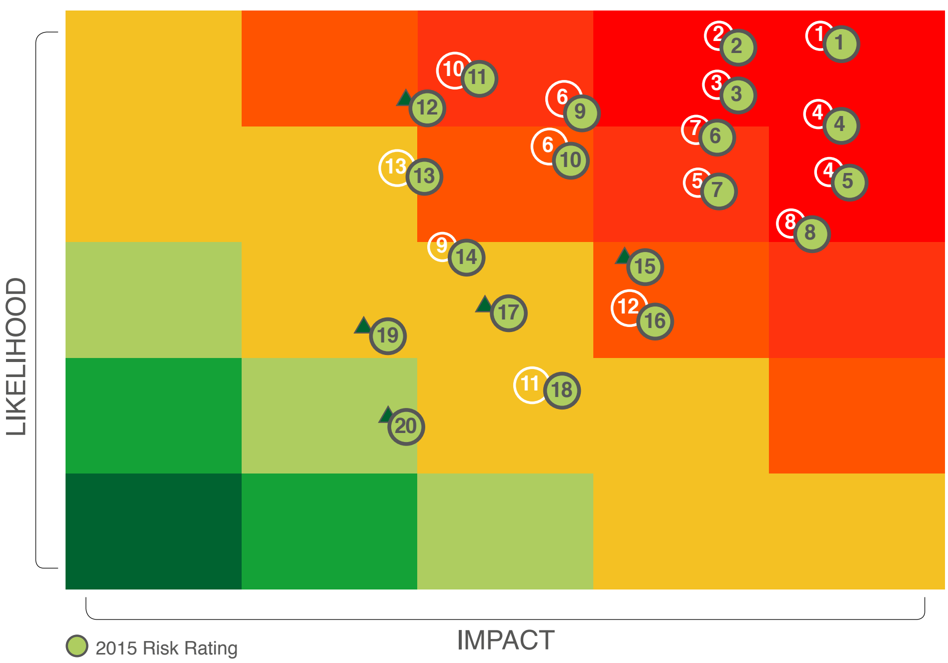
MANAGEMENT

Exco – Delegated responsibility to manage risk
- Designs, implements and monitors risk management plan

Internal, Audit and Risk – Operational risk management
- Ongoing and effective assessment of risk
- Reviews risk registers
- Assurance on risk management plan and controls

Divisional Risk – Process level risk management
- Incorporates risk in day-to-day activities
- Identifies risks
- Implements system of internal controls to manage risk
- Incorporates risks identified through stakeholder consultation

RISK HEAT MAP



2015 Risk Rating
2014 Risk rating
Not previously included

1. Global phosphoric acid market volatility
2. Liquidity risk
3. Volatile industrial relations climate
4. Production inefficiencies
5. Plant breakdown
6. Dependency on Transnet Freight Rail for rail logistics
7. High input costs
8. Feasibility of Maputo corridor
9. Health and safety legislation non-compliance
10. Environmental legislation non-compliance
11. Forex volatility
12. Unavailability of PC facilities
13. Reputational damage
14. Loss of institutional memory
15. Dependence on magnetite sales
16. Attraction and retention of skills
17. Carbon footprint non-compliance
18. Availability of skills for project resources
19. MPRDA non-compliance
20. Competition non-compliance

OUR KEY RISKS AND OPPORTUNITIES

The key opportunities identified for our business are:

- An upturn in the commodity cycle will have a positive impact on our performance as the selling prices of our products will increase;
- Cost containment and improvement of production efficiencies will reduce our cost per ton thereby improving our profits and cash flow;
- The restructuring of the balance sheet to reduce debt will reduce the burden on the company to repay and service debt.

Our key risks are the strategic risks that have been identified in our risk management process, and have been approved by the Board as the Company's strategic risks. The strategic risks are presented in the heat map, and a comparison of their ratings in the previous year as well as new risks not included in the previous year is presented.

The top 10 strategic risks have then been prioritised as the top priority material issues and form the thread of the report.

The top 10 strategic risks have been prioritised as the material issues based on the fact that if they were to materialise that would result in a breach of our risk tolerance limits and negatively affect how we create value, disrupt our strategic goals, negatively impact our reputation and our licence to operate . Their context, risk mitigation strategies and how they link to the identified material issues is detailed in the table below.

	Risk description	Context
1	Global phosphoric acid volatility	Foskor is a price taker in the global phosphoric acid market. The commodity selling prices are set by the market. The sensitivities to movements in these prices are significant for our business and can cause major fluctuations in performance.
2	Liquidity risk	Our sustained existence and growth is highly dependent on our ability to generate funds internally and externally. The volatility of the market and fluctuation in performance requires us to have sufficient funds to sustain operations in the downward cycle.
3	Volatile industrial relations climate	The local mining industry is prone to industrial action and organised labour protests. Management needs to manage the relationship with the employees and their representation, as well as proactively deal with employee issues that could lead to industrial action.
4	Production inefficiencies	Production inefficiencies are caused by a number of factors including plant down time and inefficient use of resources to produce the finished product.
5	Plant breakdown	Availability and reliability of mining and manufacturing equipment is key to successful operation of the production facilities.
6	Dependency on Transnet Freight Rail rail for logistics	We are overly reliant on TFR's Phalaborwa – Richards Bay railway line for the transport of our rock. The line suffers from capacity constraints, resulting in performance variability and high prices.
7	High input costs	In order for us to remain competitive in the market we need to produce at a competitive cost. Some of the inputs such as sulphur and ammonia are commodities and their prices are dictated by the market.
8	Feasibility of Maputo corridor	Rock is currently exported from Phalaborwa through Maputo. This corridor's railing; storage and handling costs are expensive compared to other corridors.
9	Health and safety legislation non-compliance	Due to the nature of our business our staff is exposed to a variety of hazardous materials and operational hazards. The health and safety of our employees is a key concern. We are also required to comply with stringent health and safety legislation for our Mining and Acid production facilities.
10	Environmental legislation compliance	Both our Mining and Acid productions have the potential to negatively impact the environment. The financial and reputational risk associated with legislative non-compliance is high. The introduction of carbon tax legislation to encourage the reduction of greenhouse gas emissions makes high energy consumption a risk to cost efficiency.

Mitigating strategies	Strategic objective	Material issue link	Outcome managed
■ Minimise dependency on phosphoric acid market, products and customers ■ Grow local market presence and granular fertiliser sales ■ Further downstream beneficiation, for example NPK blending ■ Magnetite sales and beneficiation projects	Customer value and Cash generation	Sustainability of phosphates business	■ EBITDA Upliftment ■ Development of new markets ■ Development of new products
■ Sourcing additional funding ■ EBITDA upliftment – restructuring to improve profits and cash ■ Cash flow management – cash generation	Cash generation	Funding and liquidity	■ EBITDA Upliftment ■ Sourcing funding ■ Cost control ■ Cash flow and liquidity
■ Improving engagement with labour unions and their members ■ Regular assessment of remuneration and employee benefits ■ Improved employee wellbeing	People	Employee wellbeing	■ Staff turnover ■ Safety and health performance ■ Industrial relations
■ Investment in capital replacement programme at Acid Division to replace ageing machinery ■ Improving production efficiency ratios (production output and use of input raw materials) ■ Meeting production targets	Operational excellence	Improved operational performance	■ Production performance ■ Production efficiency ■ Movement of raw materials ■ Minimise plant downtime
■ Minimising unplanned plant stoppages ■ Meeting production targets ■ Asset replacement programme	Operational excellence	Improved operational performance	■ Production performance ■ Minimise plant downtime
■ Having more than one rail corridor ■ Improved relationship with Transnet	Operational excellence	Improved operational performance Liquidity Cost control	■ Movement of products
■ EBITDA upliftment – operational cost reduction ■ Improvement of cost per ton of production costs	Operational excellence	Cost control	■ Operational cost savings ■ Production efficiency
■ Developing alternatives to export rock through Richards Bay ■ Reducing cost of exporting through Maputo	Operational excellence	Cost control	■ Movement of products ■ Cost control
■ Improving health and safety target ratios and performance ■ Reducing the occurrence of occupational diseases ■ Zero fatalities ■ Retaining ISO certifications	People	Employee wellbeing	■ Occupational health and safety targets ■ Compliance to laws and regulations ■ Maintaining licence to operate
■ Reducing fresh water consumption ■ Complying with environmental operating licences (air quality, gypsum disposal and mining rehabilitation) ■ Reducing energy consumption and greenhouse gas emissions	Operational excellence and People	Social licence to operate	■ Environmental compliance ■ Maintaining licence to operate ■ Operating responsibility to the environment, community and staff

OUR MATERIAL ISSUES

The material issues are the main focus and thread throughout our report. These material issues represent what our Board is most concerned about and hence their link to the strategic risks. We continuously manage these issues in order to achieve our objectives, and have incorporated them into our performance management process by developing measurable key performance objectives for the Group.

OUR STRATEGIC RESPONSE

MATERIAL ISSUES SCORECARD

The material issues scorecard is a summary of our key performance indicators and our performance against those indicators. The scorecard measures our progress against our strategy and the management of our material issues. The targets (key performance indicators) set are financial and non-financial, and we continuously monitor these KPI's throughout the period and revise them where necessary.

1 Sustainability of the phosphates business

Key performance indicator	Performance against KPI*	Future KPI**	Long-term KPI***
EBITDA upliftment restructuring project initiatives implementation during the period	All initiatives except those relating to the turnaround and operations improvement of the Acid Division were implemented	Implement the remainder of the EBITDA upliftment initiatives for the Acid Division	Not applicable beyond 2016
Increase percentage of local sales to reduce dependence on global markets and pricing	Local sales 2014: 54.7% Local sales 2015: 68.8%	Local sales for 2016: 61%	To be defined
Foskor-owned NPK facility commissioned in 2015	Facility not commissioned	Investigate beneficiation viability	To be defined, pending the results of investigation
Magnetite sales as product diversification to offset fluctuation in phosphate-related selling prices ■ Magnetite sales volumes: 6.6m tons	Magnetite sale volumes: 5.2m tons	Magnetite sales volumes: 880k tons	Magnetite sales volumes: to be defined pending the recovery in prices
Magnetite beneficiation Joint Venture plant to be commissioned in 2015	Plant construction postponed due to drop in magnetite prices	Investigate beneficiation viability	To be defined, pending the results of investigation

The EBITDA upliftment initiatives for the Acid Division were not implemented due to production challenges requiring more attention. The beneficiation plant projects were suspended due a steep decline in magnetite prices and cash flow constraints. Magnetite sales volumes were below target as a result of export prices decreasing by 28% during the year.

* KPI achievement for the year ended 31 March 2015 **Target for financial year ending March 2016 ***Target for 2017 financial year and beyond

2 Funding and liquidity

Key performance indicator	Performance against KPI*	Future KPI**	Long-term KPI***
Appointment of external consultants to prioritise capital projects and future capital needs	Consultants appointed and report issued	Not applicable	Not applicable
Review suspension of PC production stream	Suspension still effective	Not applicable	Not applicable
Replace short-term funding with long-term facilities	Short-term funds remained at R800m Long-term funding increased from R1.2bn to R1.7bn	Recapitalisation of balance sheet	To be defined
Cash flow management targets ■ Generated from operations: R836m ■ Free cash flow: R66m negative	Cash generated from operations: R130m Free cash flow: R360m negative	Cash flow management targets ■ Generated from operations: R826m ■ Free cash flow: R120m	To be defined
Net debt by March 2015 R2bn	Net debt at March 2015 R2.47bn	Net debt at March 2016 R2.1bn	To be defined

The cash flow management targets were worse than target as a result of the EBIT performance stemming from production challenges at the Acid Division and lower than expected magnetite earnings due to the fall in export prices.

** KPI achievement for the year ended 31 March 2015 **Target for financial year ending March 2016 ***Target for 2017 financial year and beyond*

3 Employee wellbeing

Key performance indicator	Performance against KPI*	Future KPI**	Long-term KPI***
Safety indicators ■ Fatalities: 0 ■ LTIFR: <1 ■ Reduction in occurrence of occupational diseases	Fatalities: 0 LTIFR: 0.36 Occupational diseases reduced from 18 to 10	Fatalities: 0 LTIFR: <1 Occupational diseases: 0	Fatalities: 0 LTIFR: <1 Occupational diseases: 0
Retain: ■ OHSAS 18001 ■ SANS 16001	Retained: ■ OHSAS 18001 ■ SANS 16001	Retain: ■ OHSAS 18001 ■ SANS 16001	Retain: ■ OHSAS 18001 ■ SANS 16001
Staff turnover: less than 5% of headcount	Staff turnover: 6.1%	Staff turnover: less than 5% of headcount	Staff turnover: less than 5% of headcount
Salary scales review	Salary scales review conducted		
No strikes/industrial action	No strikes/industrial action		

The safety targets for Acid Division improved significantly – occupational diseases reported were nil – whereas the occupational diseases reported at the Mining Division were 10 and an increase in lost-time injuries from 8 to 10.

** KPI achievement for the year ended 31 March 2015 **Target for financial year ending March 2016 ***Target for 2017 financial year and beyond*

OUR STRATEGIC RESPONSE
(CONTINUED)

MATERIAL ISSUES SCORECARD *(continued)*

4 Improved operational performance

Key performance indicator	Performance against KPI*	Future KPI**	Long-term KPI***
Asset replacement programme capital expenditure budget: R116m for 2015 financial year	Asset replacement programme capital expenditure to date: R62m	Asset replacement programme spend budget 2016: R115m	To be defined
Phosphoric acid production efficiency: 90.94%	Efficiency: 76.22%	Efficiency: 89.36%	Efficiency: 92%
Plant breakdown indicators: ■ Number of unplanned downtime hours (Acid Division): 0 ■ Duration of planned shutdowns: 25 days ■ Number of planned shutdowns: 1	Unplanned downtime hours: 7 129 hours Duration of planned shutdown: 35 days Number of shutdowns: 2 (second one unplanned) Duration of unplanned shutdown: 40 days	Unplanned downtime hours: 0 Duration of planned shutdown: 40 (25 and 15) days Number of shutdowns: 2	To be defined
Rock logistics moved: ■ 11 rock trains to Richards Bay a week ■ Railed to Richards Bay: 1.78m tons ■ Exported through Maputo: 300k tons	Trains to Richards Bay per week: 8.2 Tons railed to Richards Bay: 1.53m tons Exported rock tons: 308k tons	11 rock trains to Richards Bay a week Railed to Richards Bay: 1.7m tons Export rock thorough Maputo (300k tons) and Richards Bay (250k tons)	11 rock trains to Richards Bay a week
Planned production output: ■ Rock: 1.96m tons ■ Phosphoric acid: 550k tons ■ Granular fertiliser: 400k tons	Production ■ Rock: 1.98m tons ■ Phosphoric acid: 393k tons ■ Granular fertiliser: 297k tons	Production ■ Rock: 1.87m tons ■ Phosphoric acid: 550k tons ■ Granular fertiliser: 400k tons	Production ■ Rock: 2.4m tons ■ Phosphoric acid: 700k tons ■ Granular fertiliser: 450k tons

The phosphoric acid efficiency target is linked to the worse than targeted production performance. The production performance at the Acid Division was due to the reactor failure, tank availability shortages, water and power supply shortages. Due to the production problems at the Acid plant, rock was railed to Maputo instead, hence the export sales tons were above budget.

** KPI achievement for the year ended 31 March 2015 **Target for financial year ending March 2016 ***Target for 2017 financial year and beyond*

5 Cost control

Key performance indicator	Performance against KPI*	Future KPI**	Long-term KPI***
Achievement of EBITDA cost-saving targets	100% of EBITDA upliftment cost-saving targets achieved	Not applicable	Not applicable

5 Cost control (*continued*)

Key performance indicator	Performance against KPI*	Future KPI**	Long-term KPI***
Cost savings from: ■ Approved opex 2015 budget ■ Logistic costs budget	Group opex savings 5.7% of 2015 budget Actual distribution costs 35% below budget	Cost savings from ■ Approved 2016 opex budget ■ Logistic costs budget	Cost savings from ■ Approved opex budget ■ Logistic costs budget
Commodity input costs within budget	Sulphur cost per ton 11% above budget Ammonia cost per ton equal to budget	Commodity input costs within budget	Commodity input costs within budget
Distribution costs within budget: ■ Maputo ■ Richards Bay	Distribution costs to: Richards Bay 18% below budget Maputo 3% above budget	Distribution costs within budget: ■ Maputo ■ Richards Bay	Distribution costs within budget: ■ Maputo ■ Richards Bay
Production cost per ton within budget: ■ Rock ■ Phosphoric acid	Production cost per ton: ■ Rock cost per ton 4% below budget ■ Phosphoric acid cost per ton 25% above budget	Production cost per ton within budget: ■ Rock ■ Phosphoric acid	Production cost per ton within budget: ■ Rock ■ Phosphoric acid

Distribution costs to Richards Bay positive variance is attributable to lower than budgeted rail rates and volumes railed. The Maputo negative variance is as a result of higher than budgeted export sales volumes. The phosphoric acid cost per ton target was not achieved because of production challenges experienced at the plant and production volumes being 71% of target.

** KPI achievement for the year ended 31 March 2015   **Target for financial year ending March 2016   ***Target for 2017 financial year and beyond*

6 Social licence to operate

Key performance indicator	Performance against KPI*	Future KPI**	Long-term KPI***
Retain: ■ ISO 14001 ■ ISO 9001	Retained: ■ ISO 14001 ■ ISO 9001	Retain: ■ ISO 14001 ■ ISO 9001	Retain: ■ ISO 14001 ■ ISO 9001
Targeted compliance: zero incidence of non-compliance and fines	Zero incidence of non-compliance and fines	Targeted compliance: zero incidence of non-compliance and fines	Targeted compliance: zero incidence of non-compliance and fines
Maintain/renew licences to operate and legal compliance ■ Water ■ Air ■ Mining	Maintained licences to operate and legal compliance ■ Water usage ■ Air quality ■ Mining	Maintain/renew licences to operate ■ Water ■ Air ■ Mining	Maintain/renew licences to operate ■ Water ■ Air ■ Mining
Mining Charter compliance	Achieved Mining Charter compliance	Mining Charter compliance	Mining Charter compliance
Mine rehabilitation compliance	Mine rehabilitation trust and guarantees in place		
B-BBEE Transformation compliance – Level 3 target	B-BBEE Level 5	BBBEE Level 3 target	BBBEE Level 3 target
Stakeholder engagement	Stakeholder engagements, CSI, LED, Community projects	Stakeholder engagement to be improved and feedback monitored	

B-BBEE Level 5 is lower than the target of Level 3 due to programmes to improve the rating being postponed due to Company performance. Plans to improve the BEE rating to Level 3 are being developed, and will also incorporate the requirements of the new Codes

** KPI achievement for the year ended 31 March 2015   **Target for financial year ending March 2016   ***Target for 2017 financial year and beyond*

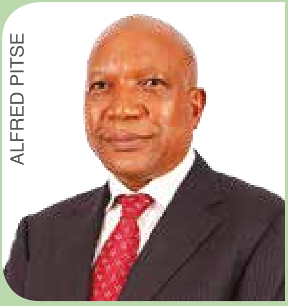
30 WHO LEADS US

BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTOR AND CHAIRMAN


GEOFFREY QHENA

EXECUTIVE DIRECTOR


ALFRED PITSE

NON-EXECUTIVE DIRECTORS


JOSEPHINE GAVENI

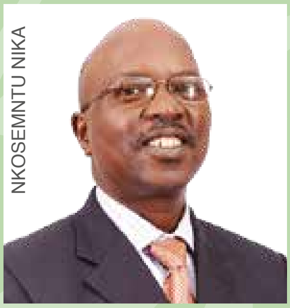

GERRIT VAN WYK


ARUNACHALAM VELLAYAN

INDEPENDENT NON-EXECUTIVE DIRECTORS


JOHN BARTON


NONDUMISO MEDUPE


NKOSEMNTU NIKA


DR DAVID PHAHO

A&R: Audit and Risk Committee
HC: Human Capital and Nominations Committee
S&E: Social and Ethics Committee
TC: Technical Committee
F Madavo resigned on 26 January 2015, B Magara resigned on 27 January 2015, and P Ngwenya resigned on 5 March 2015.

Board and executive diversity

81% MALE		19% FEMALE
81% BLACK		19% WHITE
81% SOUTH AFRICAN		19% INTERNATIONAL

NON-EXECUTIVE DIRECTOR AND CHAIRMAN

Geoffrey Qhena (49)
BCompt (Hons), CA(SA), SEP, Adv Tax Certificate
Appointed: 19 June 2006
Board committees: HC and S&E

EXECUTIVE DIRECTOR

Alfred Pitse (61)
Chief Executive Officer
BCompt (Hons), CA(SA), MBL
Appointed: 1 June 2003
Board committees: HC, S&E and TC

NON-EXECUTIVE DIRECTORS

Josephine Gaveni (45)
BAdmin (Hons), MSc (HR Management)
Appointed: 7 February 2013
Board committees: HC and S&E

Gerrit van Wyk (56)
BCom (Hons), MCom, MBL, AMP (INSEAD)
Appointed: 17 August 2004
Board committees: HC, S&E and A&R

Arunachalam Vellayan (62)
BCom, Ind Admin, MBS
Appointed: 22 June 2005
Board committees: HC and S&E

INDEPENDENT NON-EXECUTIVE DIRECTORS

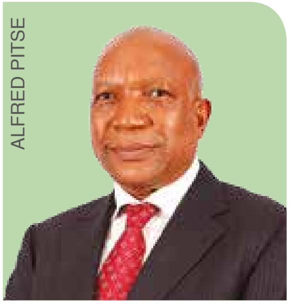
John Barton (68)
FCMA, CGMA, AMP (Harvard)
Appointed: 3 February 2012
Board committee: TC

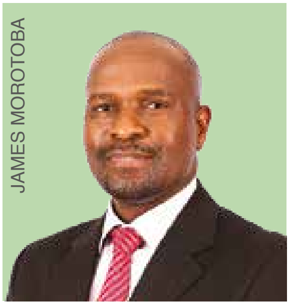
Nondumiso Medupe (45)
BCom (Hons), CA (SA)
Appointed: 23 April 2014
Board Committee: A&R

Nkosemntu Nika (57)
CTA, BCompt (Hons), CA(SA), AMP (INSEAD)
Appointed: 3 February 2012
Board committee: A&R

Dr David Phaho (47)
BSc (Hons), MSc, PhD, Certificate: Finance and Accounting, MAP, SEDP
Appointed: 12 July 2005
Board committee: TC

EXECUTIVE COMMITTEE





Alfred Pitse (61)
Executive Director and Chief Executive Officer
BCompt (Hons), CA(SA), MBL
Joined Foskor in June 2003

Graham Ferns (54)
Chief Financial Officer
BCom (Hons), CA(SA)
Joined Foskor in April 2014

Khumbulani Cele (43)
Vice President: Logistics and Procurement
BCom (Hons), IEP (INSEAD)
Joined Foskor in December 1999

Niranjan Gokhale (49)
Vice President: New Business Development, Strategy, R&D and Continuous Improvement
BE (Mechanical Eng), MS (Mfg and Industrial Eng), MBA, CPIM (APICS)
Joined Foskor in August 2013

Sarah Luthuli (41)
Vice President: Corporate Affairs and Human Capital
BSocSci, PDPM, HPL (IMD), IEP (INSEAD), MBA
Joined Foskor in November 2006

James Morotoba (45)
Vice President: Mining
BSc Eng (Min), MMC, MDP, AMP, MBA
Joined Foskor in February 2013

Similo Sibisi (50)
Vice President: Legal, Risk, Compliance and Marketing
BA, LLB, AMP (INSEAD)
Joined Foskor in April 2009

DP Singh (46)
Vice President: Acid
BE Chemical, MBA, MA Economics
Joined Foskor in January 2015

For detailed biographies of the Board and the Executive Committee go to **www.foskor.co.za**

A Pitse retired on 1 September 2014 and is currently on contract pending the recruitment of the CEO.
N Nkomzwayo resigned from Foskor on 30 November 2014.

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GOVERNANCE

GOVERNANCE FRAMEWORK

The Board is committed to applying the principles of corporate governance and it recognises that good corporate governance is essential in protecting the interests of all stakeholders. The governance structures and processes are regularly reviewed and updated to accommodate internal developments and reflect best practice.

The Board is accountable and responsible overall for the performance of the Company. Its role includes the establishment, review and monitoring of strategic objectives, approving major transactions, and oversight over the Group's systems of internal control, governance and risk management. The Board is also responsible for ensuring compliance with all relevant laws, regulations and codes. The Board's role is related to all economic, environmental and social impacts. The detailed description of the Board's responsibilities is contained in the Board Charter. New directors are informed of their duties through a formal induction process. Directors' training is held at least once a year to keep the directors updated with regards to their responsibilities and economic, environmental and social topical issues.

The independence of directors is regularly assessed in accordance with Companies Act guidelines, half the Board is made up of independent directors while the other half represents the shareholders.

The Board delegates certain functions to the Board committees and management to assist in properly discharging its duties. The Board committees are the Audit and Risk; Human Capital and Nominations; Technical; and Social and Ethics Committees. The Board committees are then supported by the Executive Committee and a number of Executive sub-committees namely the Internal Audit and Risk; Fraud Prevention and Ethics; ICT Steering Committee; Remuneration; and Compliance.

The Board selects and appoints the Company Secretary and recognises the pivotal role that this person plays in entrenching good corporate governance. All directors have unlimited access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are adequately followed.

The Board has adopted a comprehensive delegation of authority matrix aimed at clarifying the various limits of authority in place within the group. The overall responsibility of management rests with the Chief Executive Officer and he gives regular reports about the achievement of Group objectives to the Board.

An externally conducted independent Board effectiveness evaluation was concluded in 2014 and actions are being developed in response to the outcomes of the evaluation.

THE BOARD AND ITS GOVERNANCE STRUCTURES

Board of Directors

Non-executive Directors
G Qhena
J Gaveni
G van Wyk
A Vellayan
J Barton (Independent)
N Medupe (Independent)
N Nika (Independent)
D Phaho (Independent)

Chairman G Qhena
(Non-executive Director)
Chief Executive Officer A Pitse
(Executive Director)

Executive Director
Chief Executive Officer
A Pitse

KING III
The majority of the Board does not comprise independent non-executive directors

KING III
The Chairman is not independent (representing the shareholder)

KING III
The roles of the Chairman and CEO are separate

Board committees

Board Audit and Risk Committee
N Nika (Chairman)
N Medupe
G van Wyk

Board Human Capital and Nominations Committee
G van Wyk (Chairman)
G Qhena
J Gaveni
A Vellayan
A Pitse

Board Technical Committee
D Phaho (Chairman)
J Barton
A Pitse

Board Social and Ethics Committee
G van Wyk (Chairman)
G Qhena
J Gaveni
A Vellayan
A Pitse

Management

Executive Committee
A Pitse (Chairman)
K Cele
G Ferns
N Gokhale
S Luthuli
J Morotoba
S Sibisi
D Singh

Laws/Regulations/Codes

Companies Act, 2008 (C)
King Report on Corporate Governance (King III) (MC)
Competition Act, 1998 (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 Development Act, 2008 (C)
National Environmental Management Act, 1998 (C)
National Environmental Management Act: Air Quality Act, 2004 (C)
National Environmental Management Act: Waste Act, 2008 (C)
National Nuclear Regulator Act, 1999 (C)

C: Compliant
MC: Materially compliant

Policies and guidelines

Board and Committee Charters
Terms of reference
Delegation of Authority
Code of Ethics
Board-approved policies

For detailed biographies of the Board and Executives go to **www.foskor.co.za**

GOVERNANCE
(CONTINUED)

THE ROLE AND FUNCTION OF THE BOARD

Attendance of scheduled and ad hoc meetings

The Board members are required to attend all scheduled meetings of the Board, including meetings called on an ad hoc basis for special matters. There were no special Board meetings during the year.

ATTENDANCE REGISTER

Board member	Board meetings	Audit and Risk		Human Capital and Nominations		Social and Ethics		Technical	
G Qhena	4/4			M	6/6	M	3/3		
A Pitse	4/4	I	5/6	M	6/6	M	3/3	M	4/4
J Gaveni	4/4			M	6/6	M	3/3		
G van Wyk	4/4	M	6/6	C	6/6	C	3/3		
A Vellayan	4/4			M	3/6	M	0/3		
J Barton	4/4							M	3/4
N Medupe[1]	3/3	M	4/4						
N Nika	4/4	C	5/6						
D Phaho	4/4							C	3/4
F Madavo[2]	1/3							M	2/3
B Magara[3]	0/3							M	0/3
P Ngwenya[4]	3/3							M	4/4

C: Chairman M: Member I: Invitee

[1] *Appointed 23 April 2014*
[2] *Resigned 26 January 2015*
[3] *Resigned 27 January 2015*
[4] *Resigned 5 March 2015*

The Board is satisfied that the committees have effectively carried out their responsibilities according to their charters and terms of reference. A brief summary of the responsibilities of the committees, membership and their key focus areas during the year are summarised on adjacent page.

AUDIT AND RISK COMMITTEE

Members	Area of responsibility	Key focus for the year
N Nika (Chairman) N Medupe G van Wyk	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 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.	■ Approved and monitored the external audit plan ■ Assessed the independence of the external auditor ■ Obtained an unqualified audit opinion on the financial statements and recommended their approval to the Board ■ Recommended the approval of the integrated annual report to the Board ■ Approved and monitored the internal audit plan ■ Obtained assurance over effectiveness of internal controls ■ Oversight over the successful closure of the ERP implementation project ■ Monitored ICT governance implementation ■ Monitoring of the implementation of the risk management plan

HUMAN CAPITAL AND NOMINATIONS COMMITTEE

Members	Area of responsibility	Key focus for the year
G van Wyk (Chairman) G Qhena A Pitse J Gaveni A Vellayan	The Human Capital and Nominations Committee consider, for recommendation to the Board, the general remuneration policy of Foskor and proposed adjustments to the policy. The committee is also responsible for the approval of the remuneration packages and incentives of executives as delegated to the committee by the Board, and for determining the remuneration package and incentives for the CEO. The committee also considers the composition of the staff complement, staff transformation/diversity and succession planning. The committee reviews the human capital policies and any other matters related to human capital management referred to it by the Board.	■ Reviewed the performance objectives for the period and recommended their approval to the Board ■ Reviewed the achievements of performance objectives, annual salary increases and incentives payable ■ Approved the mandate for annual increases and the three-year agreement for the bargaining-unit employees ■ Reviewed the executive contracts up for renewal ■ Facilitated the process to recruit a new CEO

GOVERNANCE

(CONTINUED)

THE ROLE AND FUNCTION OF THE BOARD (*continued*)

SOCIAL AND ETHICS COMMITTEE		
Members	**Area of responsibility**	**Key focus for the year**
G van Wyk (Chairman) G Qhena A Pitse J Gaveni A Vellayan	The Social and Ethics Committee has oversight over the Company's strategy and achievement of its targets for employment equity and broad-based black economic empowerment. The committee also ensures that Foskor aspires to be a good corporate citizen, including the Company's promotion of equality, prevention of unfair discrimination and reduction of corruption. The committee is also responsible for 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 labour and employment, including the Company's employment relationships, and its contribution to the educational development of its employees.	■ Monitor Employment Equity and Broad-based Black Economic Empowerment Acts Compliance ■ Approved code of ethics booklet ■ Monitored the Company's employment relationships and the educational development of its employees

TECHNICAL COMMITTEE		
Members	**Area of responsibility**	**Key focus for the year**
D Phaho (Chairman) A Pitse J Barton	The Board Technical Committee advises the Board on technical, safety, health and environment issues as well as the risks relating to the 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.	■ Evaluation of expansion, sustaining and stay-in-business projects to assist operations in making justified long term and operationally sound decisions relating to capital expenditure ■ Monitoring of operational excellence from health, safety, performance and quality point of view. This would include monitoring of rehabilitation processes and provisions, and any other environmental potential liability. ■ Evaluation of propositions relating of acquisitional and organic growth Foskor might be considering, either for the purpose of horizontal or vertical integration for business sustainability ■ Guidance in terms of stakeholder engagement on technical liaison with neighboring businesses, suppliers and customers ■ Evaluation of operational strategy relating to equipment replacement options and funding options

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 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 established FGAS and defined 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.

FRAUD PREVENTION AND ETHICS

It is an accepted fact that, no matter how stringent fraud prevention measures within an organisation are, there is no guarantee that fraud and unethical behaviour will not occur. Fraud, by its very nature, involves deception. New ways of circumventing controls in order to facilitate the perpetration of fraud are continually being devised. It is accordingly important that Foskor be prepared to respond to a crisis in an effective manner to limit losses.

Management is responsible for detecting fraud, theft and other irregularities. Each member of the management team should be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

The Company expects its employees to conduct all aspects of business at the highest level of professionalism and conduct in line with established organisational values and code of conduct; a culture embedded within the Company's organisation, reporting and quality systems.

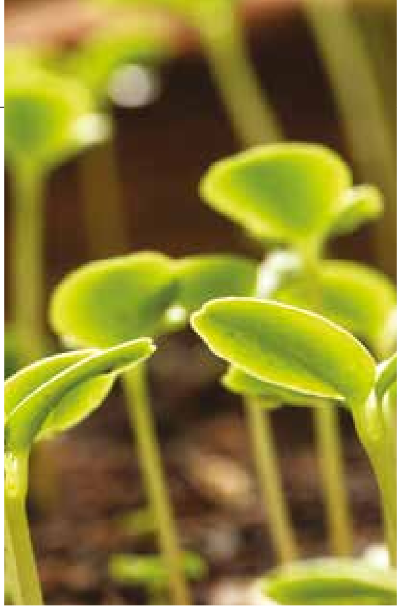
The Fraud Prevention and Ethics Committee is responsible for addressing investigations of unethical conduct and playing a leading role when incidents of fraud and corruption have occurred within Foskor thereby allowing more transparency in the investigation process.

WHISTLE-BLOWING

Foskor is committed to the highest standards of openness and accountability. An important aspect of accountability and transparency is a mechanism to enable staff to report concerns in a responsible and effective manner. Where an individual discovers information which they believe shows serious malpractice or wrongdoing within the organisation, then this information should be disclosed internally without fear of reprisal.

Foskor recognises that employees, suppliers, business partners, local communities and other stakeholders have a strong preference to be associated with organisations that value and practice ethical conduct. As a means of reinforcing Foskor values, the whistle-blowing policy serves to build employee, supplier and business partner loyalty through identifying and eliminating unethical practices. The whistle-blowing facility provides a confidential means of conveying information and does not replace existing lines of communication.

The policy is intended to encourage and enable staff to raise concerns within Foskor rather than overlooking a problem or blowing the whistle through inappropriate channels.



GOVERNANCE

(CONTINUED)

SUPPLIER/EMPLOYEE RELATIONSHIPS

The Company expects its employees and suppliers to conduct all aspects of business at the highest level of professionalism and excellence in line with established organisational values; a culture embedded within the Company's organisation, reporting and quality systems.

All employees and suppliers are obliged to report suspicions of fraud, corruption, theft, unethical or illegal behaviour within Foskor. These types of allegations will be investigated by FGAS. The entities and individuals to be blacklisted will be dependent on the evidence gathered. Any employee found guilty of unethical conduct or who resigns prior to a disciplinary hearing will not be allowed to perform work for Foskor as a vendor and will not be permitted to be included on the Foskor vendor list.

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 and Corporate Affairs Department, line management and union structures.

REGULATORY AND LEGISLATIVE COMPLIANCE

Compliance with regulatory and legislative requirements is of strategic importance to Foskor and a critical component in Foskor's day-to-day management of its operations. The compliance strategy and objectives contained in the compliance policy provides a path aimed at embedding a culture that supports compliance within the organisation as a whole. The achievement of the organisation's compliance strategic objectives enables structured direction and continuous enhancement of compliance processes that supports the concepts of continuous improvement and best practice application.

Compliance governance is regulated by a set of policies, roles, responsibilities, and processes that guide, direct and control how Foskor complies with regulatory and legislative compliance. Foskor's effective compliance governance strategy anticipates the needs and goals of the organisation and ensures that business performance is not hampered and opportunities that exist within the current regulatory framework are capitalised on.

The Board is ultimately responsible for compliance with all applicable regulatory and legislative requirements within the organisation. The Foskor Group Compliance Committee is established as a sub-committee of the Executive Management Team and is authorised in terms of its mandate from the Executive Management Team to exercise control of the overall governance and compliance process within Foskor. Divisional compliance committees ensure that compliance requirements are tailored to the divisional needs and unique regulatory and legislative requirements.

The Board is kept abreast of developments through formalised reporting structures, ongoing communication with management and Board meetings. The responsibility to facilitate compliance throughout Foskor has been delegated to the appointed Group compliance manager who supervise the compliance function.

There are currently no major court cases against Foskor or instances of legal non-compliance.

APPLICATION OF THE KING REPORT OF CORPORATE GOVERNANCE (KING III)

The Board is satisfied with its efforts to apply all material aspects of King III during the year. Below is a summary of where there is currently partial compliant or non-compliant; the principles not reported are where full compliance has been achieved.

Code of governance principle			Compliance	Explanation for non-compliance
Chapter 2: Board of Directors	The Board should elect a chairman who is an independent non-executive director.	Where the guidelines in the principle are not applied, a lead independent director should be appointed and disclosure to justify why the chairman is not independent should be provided in the integrated annual report.	✗	The appointment of the lead independent director is still being considered by the Board.
	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	The majority of the non-executive directors should be independent.	✗	Half of the non-executive directors are independent, the Board considered the mix to be acceptable.
		The role of the chairman should be assessed annually and a succession plan put in place.	✗	The succession plan is to be developed.
		Every board should have a minimum of two executive directors one of whom should be the CEO and the other the director responsible for finance.	✗	The CFO is not a member of the Board, but he attends all the Board meetings to give financial feedback.
		At least one-third of the non-executive directors should rotate every year.	✗	Rotation of the non-executive directors has not yet been implemented.
Chapter 8: Stakeholder relationships	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	The Board should consider disclosing in the integrated annual report the number and reasons for refusal of requests of information that were lodged with the company in terms of the Promotion of Access to Information Act, 2000.	✗	The Board will consider disclosing in the integrated report the number and reasons for refusal of requests for information that were lodged.

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REMUNERATION

REMUNERATION PHILOSOPHY

In order to attract and retain qualified personnel, we aim to offer fair and competitive remuneration packages. Our 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 we operate.

We strive 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;
- 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 that reflect the value of the various occupations;
- 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.

EMPLOYEE BENEFITS

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

Medical care is provided by well-recognised medical aid provider. Employees have freedom of choice in the level of healthcare taken up, and the Company pays a portion of their contribution. Three months fully paid maternity leave and one month unpaid benefits are provided to permanent female employees who have been with the company for more than one year. Paternity leave is provided as family responsibility leave.

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 2015 of R126 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

We have 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 defendable.

Remuneration comprises the following elements:

	Guaranteed remuneration			Performance-based incentives		Other
	Notional cost of employment	**Benefits**	**Allowances**	**Short-term incentives**	**Long-term incentives**	
Bargaining category employees	Cost-to-company package	Retirement benefits Medical aid Death and disability insurance	Housing Transport	Divisional performance – production, safety, cost	Not applicable	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 qualifications deemed necessary for employment in a legal capacity. This allowance is applicable to all levels of employees.
	All Company contributions to retirement funds, group life and disability insurance are included in the package. Employees can structure packages to their own needs.		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.	For staff in the bargaining unit comprise two components: a quarterly component and an annual component based on quarterly/ annual achievement of production, safety and cost targets.		Employee Share Ownership Plan units were awarded to employees who had been at Foskor up to 2013. Units vest over five years. Dividends are received when declared by Foskor. Units were awarded to all employees. The sale of the units is restricted until 2016.
Management category employees	Total guaranteed package	Retirement benefits Medical aid Death and disability insurance	Not applicable	Company, divisional and individual performance	Company – Long-term strategic projects, ROCE Not applicable for middle management	
	This takes into account individual performance, external competitiveness, internal equity and affordability. The package includes contributions to retirement funds, medical aid, group life and disability insurance. Employees can structure their own package to their own needs.			Performance assessment based on short-term goals determined annually. The targets are mainly: earnings, cash, production, safety, cost and transformation.	The criteria for long-term incentives include the achievement of particular ROCE targets, product diversification measures, human capital criteria include employee wellbeing, talent management and culture.	
Non-executive directors	Attendance fees per meeting			Short-term incentives	Long-term incentives	
	Approved by the shareholders annually. Executive directors are not paid directors' fees. Fees accruing to directors representing shareholders accrue to the shareholder.			Not applicable	Not applicable	

REMUNERATION

(CONTINUED)

REMUNERATION AND STRATEGIC OBJECTIVES ACHIEVEMENT

The remuneration of the staff is linked to the achievement of strategic objectives and key performance indicators. The short-term incentive performance is based on targets that are achievable in one year, including agreed milestones for the longer-term strategic projects. The long-term incentive performance is based on financial returns, implementation of strategic projects meant for beneficiation, expansion or growth and other agreed projects. There are no stretch targets.

The assessment of achievement is carried out by the Board Human Capital and Nominations Committee and they recommend the payment percentages to the Board. The payment of the incentives is at the full discretion of the Board. The short-term incentives are applicable for all levels of staff. Top and senior management are eligible for the long-term incentive scheme.

The Employee Share Ownership Plan (ESOP) pays out dividends to employees in relation to the number of units held when dividends have been declared; the sale of the units is restricted until 2016, the scheme ends on 31 March 2018. The ESOP is administered through a Trust that holds six percent of Foskor's equity through a special purpose vehicle. All employees who were employed at 1 April 2009 were allocated the initial units that vested in April 2014. All employees who joined the Company between 1 April 2009 and June 2013 were allocated the subsequent units which vest over a period of five years from the allocation date. The valuation of the units at the time of sale will be performed by an independent valuation expert as the shares of the company are not listed. Their value will be derived from the Foskor company valuation.

Remuneration policies on sign-on bonuses and termination payments are approved by the Human Capital and Nominations Committee.

EXECUTIVE PAY COMPOSITION

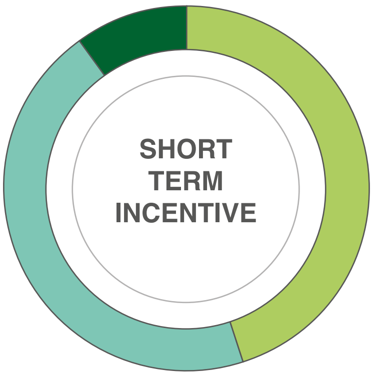
The performance objectives of the short-term and long-term incentive plans are derived with the strategy of the Company in mind. The strategic criteria for both plans are listed below and linked to the strategic priorities from our strategy, refer to page 18.

	Short-term incentive criteria	Strategic priority
Financial objectives	■ Earning before interest and tax ■ Free cash flow	■ Improve EBIT ■ Improve cash generation
Corporate objectives	■ Production targets ■ Cost per ton ■ Logistics (product railed) ■ Strategic projects ■ Safety ■ Employee wellbeing ■ Transformation	■ Operational excellence ■ Beneficiation projects ■ Zero harm ■ Good industrial relations
Divisional objectives	■ Divisional costs ■ Customer service ■ Divisional projects	■ Operational excellence ■ Customer value
	Long-term incentive criteria	
Corporate objectives	■ Return on capital employed ■ Strategic long-term projects ■ Human capital projects	■ Improve EBIT ■ Beneficiation and capacity improvement ■ People engagement

EXECUTIVE PAY COMPOSITION – ILLUSTRATIVE

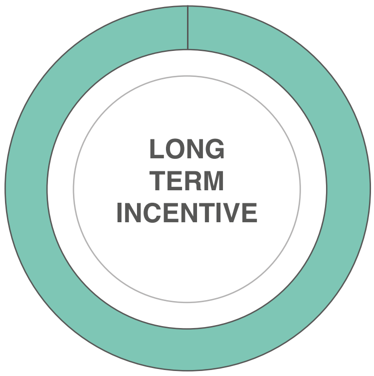
The following graphs are for illustrative purposes to show the composition of the remuneration packages of the Chief Executive Officer and the executive management, as well as demonstrate the proportion of income for guaranteed and non-guaranteed income when targets are one hundred percent achieved.

CEO WEIGHTINGS



	PERCENTAGE
Financial	45
Corporate	45
Individual	10

CEO WEIGHTINGS

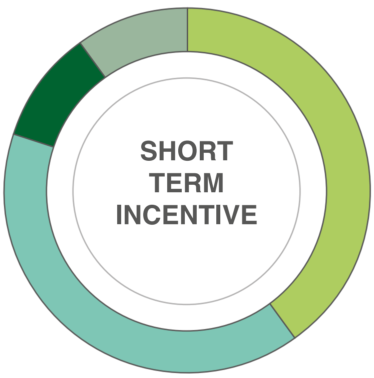


	PERCENTAGE
Corporate	100

CEO WEIGHTINGS

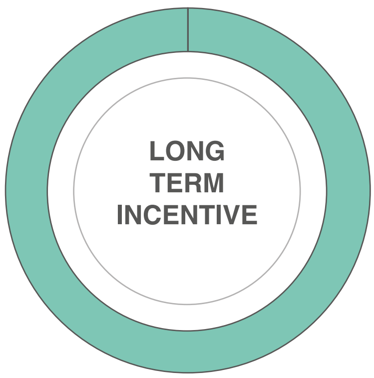
	PERCENTAGE
Guaranteed	41
STI	31
LTI	28

EXECUTIVE WEIGHTINGS



	PERCENTAGE
Financial	40
Corporate	40
Divisional	10
Individual	10

EXECUTIVE WEIGHTINGS



	PERCENTAGE
Corporate	100

EXECUTIVES WEIGHTINGS

	PERCENTAGE
Guaranteed	45
STI	30
LTI	25

NON-EXECUTIVE DIRECTORS

Non-executive directors' fees for the year were as follows:

Rands	Appointed with effect from	Resigned with effect from	Directors' fees 2015	Directors' fees 2014
Non-executive directors				
G Qhena (Chairman)*			**549 380**	427 300
P Ngwenya**		5 March 2015	**261 280**	190 400
A Vellayan			**254 490**	50 800
G van Wyk*			**332 980**	255 600
D Phaho			**270 800**	230 000
F Madavo		26 January 2015	**142 290**	120 800
B Magara		27 January 2015	**–**	57 200
N Nika			**300 200**	235 100
J Gaveni*			**274 080**	203 200
T Grobbelaar*		28 February 2014	**6 400**	203 200
J Barton			**272 780**	214 900
N Medupe	23 April 2014		**134 480**	–
Total			**2 799 160**	2 188 500

**IDC representative, the fees do not accrue to this director but to the organisation represented.*

***Manyoro Consortium representative, the fees do not accrue to this director but to the organisation represented.*

EXECUTIVE MANAGEMENT REMUNERATION

For the year ended 31 March 2015

Rands	Basic salary	Sign-on bonus	Performance bonuses Long-term	Contributions to medical aid, pension, life insurance and UIF	Expenses allowances/ leave encashment	Total
Executive directors						
A Pitse[1,7,9]	3 475 770	–	5 020 137	704 641	767 986	9 968 534
Total	**3 475 770**	**–**	**5 020 137**	**704 641**	**767 986**	**9 968 534**
Prescribed officers						
K Cele[9]	2 192 411	–	387 603	372 964	43 948	2 996 926
G Ferns[2]	2 456 536	–	–	443 527	10 473	2 910 536
S Golmari[3]	1 476 036	–	–	59 406	38 948	1 574 390
N Gokhale	1 889 100	–	–	24 300		1 913 400
S Luthuli[9]	2 441 344	–	400 038	345 012	40 103	3 226 497
J Morotoba[4,9]	2 859 768	2 073 372	107 589	98 243	3 600	5 142 572
N Nkomzwayo[5, 8]	1 438 673	–	2 158 225	174 650	230 402	4 001 950
S Sibisi[9]	2 328 382	–	405 099	457 788	54 438	3 245 707
D Singh[6]	488 918	–	–	67 661	183 333	739 912
Total	**17 571 168**	**2 073 372**	**3 458 554**	**2 043 551**	**605 245**	**25 751 890**

[1] Retired 31 August 2014.
[2] Appointed 1 April 2014.
[3] Contract expired 31 January 2015.
[4] Contractual sign on bonus paid 30 June 2014.
[5] Resigned 30 November 2014.
[6] Appointed 1 January 2015.
[7] Included in the long-term performance bonus paid out for A Pitse is R4.4 million made up of amount accruing from previous years payable on retirement.
[8] Included in the long-term performance bonus paid out for N Nkomzwayo is R2.2 million made up of amount accruing from previous years payable on non-renewal of executive contract.
[9] Long-term incentive accruing from previous periods declared and payment deferred.

For the year ended 31 March 2014

Rands	Basic salary	Performance bonuses Long-term	Contributions to medical aid, pension, life insurance and UIF	Expenses allowances/ leave encashment	Total
Executive directors					
MA Pitse	3 256 528	601 996	620 191	671 009	5 149 724
Total	**3 256 528**	**601 996**	**620 191**	**671 009**	**5 149 724**
Prescribed officers					
T Koekemoer[10]	1 440 958	3 038 191	358 487	427 632	5 265 268
T Koekemoer	601 540	–	8 689	2 198	612 427
K Cele	2 045 537	355 933	304 619	404 680	3 110 769
S Luthuli	2 228 879	358 340	284 907	428 871	3 300 997
J Morotoba	2 658 799	5 183	40 486	413 734	3 118 202
P Mosweu[11]	1 837 776	2 859 009	97 209	53 642	4 847 636
S Sibisi	2 101 639	364 670	395 858	418 756	3 280 923
N Nkomzwayo	2 037 574	218 678	247 761	539 730	3 043 743
A Myatt	1 443 750	–	56 696	44 070	1 544 516
S Golmari	1 308 175	–	38 003	348 445	1 694 623
N Gokhale	1 247 877	–	10 806	330 558	1 589 241
Total	**18 952 505**	**7 200 004**	**1 843 521**	**3 412 317**	**31 408 343**

[10] *The long-term performance bonus paid out to T Koekemoer is made up of amounts accruing from previous years, payable on retirement.*
[11] *The long-term performance bonus paid out for P Mosweu is made up of amounts accruing from previous years, payable on non-renewal of executive contract.*

The year under review has been extremely challenging. These challenges resulted from both external and internal factors and had an adverse impact on the Company's performance for the year.

CHAIRMAN'S STATEMENT

GEOFFREY QHENA

Foskor was able to limit the impact, especially the steep decline in commodities (magnetite), on account of some proactive business decisions by the management at the beginning of the financial year. These challenges have occurred at a time when both the global and domestic economic activity are facing strong headwinds.

The external challenges experienced have largely been centred on our inability to export magnetite in the second half of FY 2015 due to very low net product realisation; and the efficient production of phosphoric acid at the budgeted level due to failure of the reactor at the old plant and external factors such as non-availability of power and water resulting in plant stoppages and increased inefficiency. Fortunately, international selling prices were relatively stable and better than FY 2014. However, there is limited room for increasing prices in a global market which is extremely competitive. This is also due to the emergence of new competitors in Indonesia and Brazil and low cost of production at some of the world's largest producers of phosphates based in Morocco and Saudi Arabia. The continued pressure for reduction in subsidies in India, the largest market for traded phosphates, did not help either.

During, financial year 2015 the Competition Commission allowed Foskor to charge at cost plus pricing for phosphoric acid in the domestic market. However, this was dampened on account of poor rainfall which created severe supply-demand imbalances which in turn adversely impacted the product margins for granular fertiliser. In spite of these challenges, Foskor was able to maintain a very high share of business in the domestic market.

The proposed decision by the US Federal Reserve Bank to taper its quantitative easing policy and the relatively low GDP growth in South Africa resulted in a stronger US Dollar, and a significant depreciation of the South African Rand. In some aspects this was positive since Foskor has a large export business. However, on the other hand it had a negative impact since Foskor imports a sizeable quantity of sulphur and ammonia from international suppliers.

As previously mentioned, the situation was worsened by lower production volumes due to technical issues at the phosphoric acid plant in Richards Bay. The Company was unable to take advantage of the currency depreciation. This, along with low production efficiency at the acid plant, resulted in a sharp decline in the operating margin and is addressed by the CEO in his review.

The industry is expected to grow at 2.5% to 3% over the long term and it remains an attractive business. However, in the medium term there will be pressure on phosphates prices due to higher supply of sulphur – a key input for producing phosphoric acid, and at the same time large global players are expected to reach their optimal levels of production from the existing capacities. There will also be pressure on the magnetite prices based on the supply-demand dynamics for the next 12 to 18 months. Therefore, it will be critical for the Company to aggressively turnaround its core phosphates business.

To meet these challenges head on, we have been engaging with our international partners namely General Nice, for suspending work on the magnetite beneficiation plant in Phalaborwa, and with Coromandel International Limited for ramping up the production volumes of phosphoric acid in Richards Bay with the Technical Assistance Agreement as an enabler.

We are also working with our other stakeholders, such as Transnet Freight Rail, to reduce the cost of freight which in turn is expected to increase our competitiveness. The labour unions and the entire workforce at Foskor are aware of the challenges and are determined to support the Company. Foskor will also make every effort to protect its domestic share of the market where we expect to make higher margins on both phosphoric acid and granular fertiliser.

A recent audit of the Company's EBITDA Upliftment Programme by an international consultancy firm indicates that the execution of the strategy has been satisfactory except for the issues at the Acid Division's operations which prevented the Company from achieving its full potential in financial year 2015. The CEO and management team are concentrating their entire efforts to ramp up production volumes. The Board has been extremely supportive of this endeavour. The Company has curtailed all discretionary expenses during the financial year. Capital expenditure programmes have been and continue to be postponed to conserve cash.

Looking into the future, the Board has embraced its responsibility to ensure that the Company continues to be profitable, and that the strategic 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.

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

We welcomed Ms Nondumiso Medupe to the Board in April 2014. Mr Fidelis Madavo and Mr Ben Magara resigned from the Board in January 2015 and Mr Peter Paul Ngwenya resigned in March 2015. We thank them for their valued contribution over the years.

Mr Dinesh Pratap Singh joined as Vice President for the Acid Division in January 2015. The CEO, Mr Alfred Pitse, retired in September 2014, after 12 years of service, and has been continuing with the role of CEO while the Board is in the process of searching for his replacement. We wish him well on his retirement.

The Board is confident that, given the necessary support by its key stakeholders, Foskor will be able to implement its optimised production strategy and create a sustainable standalone phosphates business with long-term viability. The key challenge will be the ability to achieve full potential at the Acid Division's operations. This, combined with financial restructuring of the business, will make the business not only sustainable but an attractive value-creating asset that ensures the food security of the nation and the neighbouring SADC countries.

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

Geoffrey Qhena
Chairman

18 June 2015

Our strategy, in response to the challenges we face, calls for an all-out effort to execute the strategy for optimised production.

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CEO'S REVIEW

ALFRED PITSE

The Chairman's statement has provided a summary of the challenges, opportunities and outlook for Foskor. This specifically entails improving the throughput of production volumes and efficiencies at the Acid Division which had a major setback last year with the failure of the reactor. Needless to say, all divisions, especially the Mining Division will focus on achieving the next level of throughput potential including improving their cost competitiveness. We continue to evaluate opportunities to beneficiate granular fertiliser to create value for our customers while improving our operating margins through new opportunities in the downstream value chain.

From the start of the second quarter of FY 2015, there was an accelerated decline in magnetite prices globally with the weakening of the Chinese economy and imbalances in supply and demand. In spite of proactive actions by management in terms of timing of our magnetite sales, the decline had an adverse impact on our performance. This has been compounded by the failure of the phosphoric acid plant reactor in the third quarter of financial year 2015.

We have engaged extensively with all our key stakeholders including Coromandel International Limited (Coromandel) to ramp up the production volumes and overcome the technical challenges of the phosphoric acid plant. The divisions' management have realigned their operating teams and reprioritised the strategic projects to overcome this challenge during financial year 2015. We are actively working with

the shareholders and other internal and external stakeholders to create a sustainable standalone core phosphates business.

PERFORMANCE HIGHLIGHTS

In spite of the challenges facing Foskor, revenue increased by 4% to R5.3 billion (2014: R5.1 billion) due to the weakening of the exchange rate and a marginal increase in selling prices. However, EBIT decreased by 456% to R419 million loss (2014: R118 million profit) mainly due to a drop in magnetite prices and non-achievement of budgeted volumes of phosphoric acid production. With regards to operational performance, the Mining Division produced 1.98 million tons of phosphate rock which is 181 000 tons lower than the previous year. Overall production efficiencies (product recovery) improved to 66% (2014: 62%).

Phosphoric acid production was 393 000 tons which is 117 000 tons lower than last year. Granular fertiliser production was 297 000 tons which is 10 000 tons lower than the previous year. International prices improved during the year. The average phosphoric acid CFR price for the year was US$732 (2014: US$682) per ton and the FOB price of granular fertiliser showed a slight improvement to an average price of US$500 (2014: US$490) per ton. The US Dollar average exchange rate increased from R10.13 in 2014 to R10.95 for the year. This helped to mitigate some of the impact of declining market prices.

STRATEGIC INITIATIVES

Bain & Company (Bain) audited the R700 million EBITDA Upliftment Programme that was initiated last year. Bain concluded that the programme has been successfully implemented by management. Bain also mentioned in its report that the Company was unable to achieve the full potential from the programme at the Acid Division on account of unscheduled stoppages in the form of the reactor failure; and shortages in power and water.

We have complied with various conditions precedents in order to obtain a R700 million loan from the IDC to support its various long-term capital expenditure requirements.

We sold our 1.72% stake in Coromandel and received proceeds of R249 million. These shares were purchased for R32 million in 2004. We have renewed our Technical Assistance Agreement with Coromandel which we expect to leverage and anticipate a significant value addition from the agreement in financial year 2016.

We have successfully engaged with the local competition regulatory authorities to ensure that our products can be sold at a fair price in the domestic market. The positive impact of this new arrangement came into effect in the latter part of financial year 2015 and will be an important contributor to better margins going forward.

FOCUS ON EFFICIENCIES AND THROUGHPUT

There will be a renewed thrust to turnaround the core phosphates business. Our long-term strategy will be to focus on efficiencies and throughput improvement at the Mining and Acid divisions. At the Acid Division, this pertains to:

- handling and moisture losses;
- plant efficiency (optimisation of conversion ratios for producing phosphoric acid);
- optimisation of process parameters with higher levels of process control;
- reduced losses of phosphoric acid in the effluent;
- increased emphasis on plant maintenance; and
- improved asset utilisation of the steam turbine generator.

This will ensure that there is a significant improvement in the uptime and asset utilisation levels which in turn will have a very positive effect on the operating efficiency. At the same time, we will also execute the asset replacement programme as planned to ensure that the necessary infrastructure and capability is in place to take advantage of an upturn in the market dynamics.

CEO'S REVIEW

(CONTINUED)

At the Mining Division the focus will be on:

- improved availability and utilisation of the equipment and reduced downtime;
- improved mining recoveries;
- minimal stoppages on account of the Department of Mineral Resources (DMR) and/or mine safety issues; and
- optimal usage of contractors, maintenance and services and better manpower productivity by implementing innovative management techniques and use of technology as an enabler.

The Logistics Department will ensure availability of input materials such as rock, sulphur and ammonia through improved coordination with suppliers and users to eliminate downtime. The Procurement Department was able to negotiate better freight rates with Transnet Freight Rail for financial year 2016, including the export of rock through the Richards Bay port. This is expected to have a significant positive impact on the margins in the next year.

As a result of these efforts, we were able to sustain our operations in a year where we experienced strong headwinds on the external front and internal challenges in the form of production bottlenecks. These initiatives will remain the main anchor for a sustained standalone viability of the core phosphates business in the coming years.

BENEFICIATION

In our efforts to capture more value from our resources, we have initiated a plan for increasing the production capacity of granular fertiliser. We also plan to further beneficiate this by creating various NPK blends that will meet the specific needs of farmers in South Africa and other SADC countries. This will help consolidate market share in the domestic market, enable the creation of new markets and also improve operating margins. In this regard, we are also working with various regulatory bodies and key influencers such as Grain SA.

We have suspended work on the magnetite beneficiation plant (JV with General Nice) due to the steep decline in the price of magnetite. Work will commence once the Company is able to see an upturn in the global commodity prices for magnetite.

PRUDENT MANAGEMENT OF FINANCES

On account of the sharp decline in magnetite prices, we have curtailed all discretionary expenses during the financial year. Capital expenditure programmes were postponed to conserve cash. Initiatives ranged from restructuring to postponement of long-term strategic projects. There is a substantial reduction in expense budgets for each of the operating divisions. During financial year 2015, management also explored numerous options for reducing its stockpile of rock at the Mining Division. These efforts are expected to come to fruition in the early part of next year.

Going forward, we are also in discussion with our shareholders regarding recapitalisation of the business to reduce debt and ensure long-term sustainability. We have also approached numerous financial institutions for additional funding facilities and we are contemplating innovative financing mechanisms including issuing of long-term bonds and invoice discounting. We are also evaluating all the non-core assets including restructuring of Foskor Zirconia. As a result of these initiatives, we plan to create sufficient head room for financial year 2016 to assist in the day-to-day business operations.

ENVIRONMENT, HEALTH AND SAFETY

Mining Division

Consultation with regards to safety and health with organised labour is an on-going process through the agreed safety committee structures. There were no fatalities were recorded in the Mining Division during the year. The DMR conducted 18 safety audits of which four resulted in Section 54 site specific stoppages. Our strategy remains to build sound relationships with the DMR; we are issued fewer Section 54s compared to our peers.

There was an increase in lost-time injuries: 10 were recorded 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 lost-time injuries. Other leading safety indicators have improved or remained constant during FY 2015. The division retained the ISO 18001 Safety Management certification.
The health of our employees remains our highest priority and therefore the focus on annual medical examination. Various initiatives have been implemented to reduce dust and noise levels.

No major environmental incidents were reported in financial year 2015. The division retained the ISO 9001 Quality and ISO 14001 Environmental certifications. During the year they initiated various environmental projects in order to reduce our impact on the environment and comply with legislation. All activities are performed within the conditions of the Air Emission Licence. We had two visits by the Department of Environmental Affairs and no findings were raised.

The Mining Division operates with a water use licence; an application was submitted to the Department of Water and Sanitation to amend some of the conditions of the water use licence for reducing Foskor's impact on groundwater.

The mine operates with a certificate issued by the National Nuclear Regulator and there were no major observations raised during an audit and inspections performed by the regulator.

The Mining Division remains committed to reducing its carbon footprint and has initiated and implemented various initiatives to support this. We will continue to demonstrate responsible mining to ensure biodiversity is protected and our impact on the environment is kept to the minimum.

Acid Division

The annual DEKRA audit was performed at the Acid Division and they received the Five Star Shield award from DEKRA for complying with ISO 9001, ISO 14001, and OHSAS 18001. The GAP Analysis audit was conducted for the new SANS 16001 Wellness and Disease Management System. Monthly awareness campaigns are carried out by the SHREQ Department with active participation by employees and contractors to ensure heightened awareness to SHREQ risks. Area risk assessments are carried out by an on-site occupational hygienist. Protective clothing and breathing apparatus are provided to employees working in areas with greater health exposure.
Our employees are provided with free annual medical examinations at the on-site clinic (CLINIX) to detect, prevent and treat any ailments resulting from occupational health risks and exposure to the work environment.

CEO'S REVIEW
(CONTINUED)

The lost-time injury frequency rate (LTIFR) for the year was 0.34 as compared to 0.36 last year. We are confident that the safety programmes and the systems we have in place, will further reduce our health and safety risks and reduce our LTIFR.

We used the new PAS 2050 standard to establish a carbon footprint baseline against which to measure future progress. We have an on-site turbine generator for electricity generation which is driven by excess steam and this operation significantly reduces our carbon footprint.

The Acid Division will endeavour to reuse and recycle water from within the site and from other industries wherever practically possible and we are working with the authorities to monitor and reduce water usage as part of the water allocation reduction plan instituted as per the drought plan by the Department of Water and Sanitation. During the year, we re-assessed the strategies we currently have in place to prevent groundwater pollution and pollution of the surrounding environment. The study proposed various mitigation measures as set out in our Groundwater Remediation Concept Designs Report. The proposed measures have been approved for implementation in the new financial year. The hydraulic barriers were installed and the secondary dam upgrade is planned for the new financial year.

We operate with an air quality permit issued by the National Department of Environmental Affairs and have made an application to the department for an Atmospheric Emissions Licence. We are currently fully compliant with the current permit. There was one section 30 reportable incident in terms of National Environmental Management Act, which was the rupture of the phosphoric acid pipeline at the harbour. This incident was reported to the regulatory authorities and the Department of Environmental Affairs has subsequently closed the incident after all protocols were met.

HUMAN CAPITAL

The industrial relations climate at both divisions can be described as calm and satisfactory. The union and the entire workforce are aware of the challenges and are determined to make every effort to support the Company. The Acid Division trade unions have pledged their support to ensure a turnaround in the division. The current relationship between management and the unions is very sound.

There is an overachievement of 110% at the Mining Division for the skills priorities on Workplace Skills Plan and Annual Training Report. At the Acid Division 74% of the skills priorities were achieved against a target of 83% on Workplace Skills Plan and Annual Training Report. A number of programmes are being done on an ongoing basis, including a skills transfer programme.

CORPORATE SOCIAL INVESTMENT

The Corporate Social Investment teams in both divisions continue to be part of different initiatives in the communities where we can make a positive impact. Our programmes are aimed at the improvement of quality of life of the recipients and promoting education, rural development and poverty alleviation. The Community Trusts in Phalaborwa and Richards Bay have also started to implement community projects.

TRANSFORMATION

Our current B-BBEE status is Level 5. The annual employment equity reports were successfully submitted to the Department of Labour. The new employment equity plan from 2015 to 2018 has been agreed to by both unions at the Mining Division. For the Acid Division, the employment equity plan for the next five years has been audited, approved by the CEO and submitted to the Department of Labour. We are looking at ways to improve our enterprise development initiatives for the coming years.

OUTLOOK

Over the long term, there will be continued demand for phosphates. The industry will continue to grow at about 3% per annum. While we see a positive movement in phosphoric acid prices, there are significant competitive challenges from large global players in Morocco and Saudi Arabia. Moreover, during the medium-term forecast, large-scale companies will be increasing their capacity for phosphoric acid. The anticipated increase in available product is likely to put downward pressure on prices. There may not be much pricing pressure in 2015 on sulphur. However, the overriding theme for the next five years is that supply growth will exceed the demand growth for sulphur. This will further increase the pressure on phosphoric acid prices. Granulation MAP prices are forecast to underperform relative to DAP due to a stronger focus of sales into South America by all major export-orientated producers. Meanwhile as new capacity gets commissioned in Brazil, the market will become more competitive.

There will be pressure on the magnetite prices based on the supply-demand dynamics for the next 12 to 18 months. Therefore, it will be critical for the Company to aggressively turnaround its core phosphates business. The turnaround hinges on a substantial increase in production volumes at the Acid Division.

ACKNOWLEDGMENTS

I am grateful to our executive team and staff for their continued commitment in these difficult times. I extend my gratitude to the Chairperson and the Board of directors for their leadership and direction.

Alfred Pitse
Chief Executive Officer

18 June 2015

The current financial year was characterised by a drop in magnetite prices, higher input costs and production challenges which negatively impacted our earnings.

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CFO'S REVIEW

GRAHAM FERNS

FINANCIAL OVERVIEW

Financial year 2015 was characterised by a drop in commodity prices of magnetite, higher input costs and production challenges which negatively impacted our earnings. We continued to make progress on the EBITDA upliftment programme, notably the renegotiation of price-setting practices for local phosphoric acid sales, cost-reduction initiatives and efficiency improvements in the Mining Division. However, this was more than offset by unscheduled plant breakdowns and the global decline in magnetite prices which resulted in an operating loss of R419 million compared to the R118 million profit made in 2014.

R5.3bn

REVENUE

up 4% (2014: R5.1 billion)

(R419m)

OPERATING LOSS

down 456% (2014: profit of R118 million)

(R113m)

EBITDA

down 129% (2014: R389 million)

Summary Group statement of comprehensive income

R million	% Change	2015	2014	2013	2012	2011
Revenue	*4*	**5 297**	5 086	4 906	5 125	4 611
Cost of sales	*(20)*	**(4 669)**	(3 878)	(3 946)	(3 739)	(3 078)
Gross profit	*(48)*	**628**	1 208	960	1 386	1 533
Net operating costs	*4*	**(1 047)**	(1 090)	(1 032)	(1 056)	(1 019)
Earnings before interest and tax (EBIT)	*(456)*	**(419)**	118	(72)	330	514
Net finance expense	*(67)*	**(159)**	(96)	(101)	(14)	(3)
Share of profit/(loss) from an associate	*(100)*	**(2)**	–	(14)	3	3
Loss on sale of shares in associate	–	–	–	–	–	(6)
Net foreign exchange (loss)/profit	*53*	**(26)**	(56)	(39)	(56)	27
(Loss)/Profit before tax	*(1 682)*	**(607)**	(34)	(226)	263	535
Income tax expense	*3 942*	**192**	5	58	(79)	(158)
(Loss)/Profit for the year	*(1 315)*	**(415)**	(29)	(168)	184	377
EBITDA	*(129)*	**(113)**	389	150	568	725

KEY DRIVERS

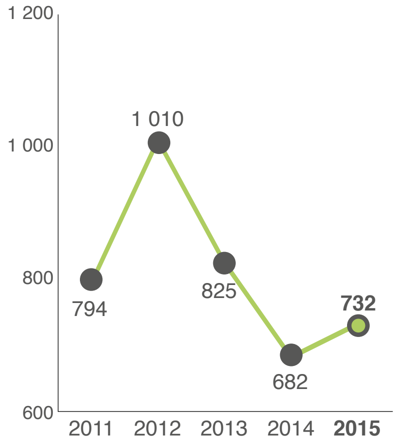
Foskor's earnings are highly sensitive to commodity prices and exchange rate movements. The consequences of movements in these key drivers can be expressed as follows:

Sensitivity analysis

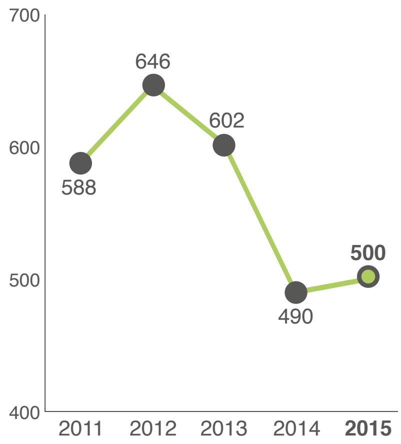
Key driver	Movement	EBIT impact
Exchange rate	R1 per US Dollar	R450 million
Phosphoric acid	$100 per ton	R325 million
Granular fertiliser	$50 per ton	R169 million
Magnetite	$10 per ton	R581 million
Sulphur	$50 per ton	R270 million

CFO'S REVIEW
(CONTINUED)

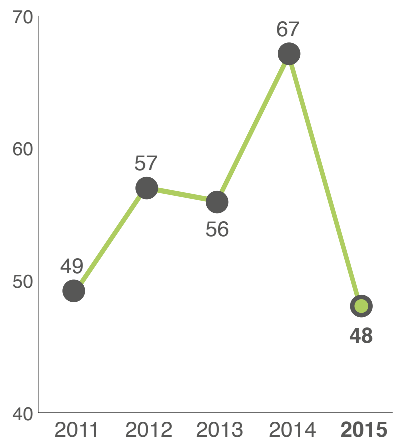
PHOSPHORIC ACID (CFR)
SALES PRICE ($/ton)



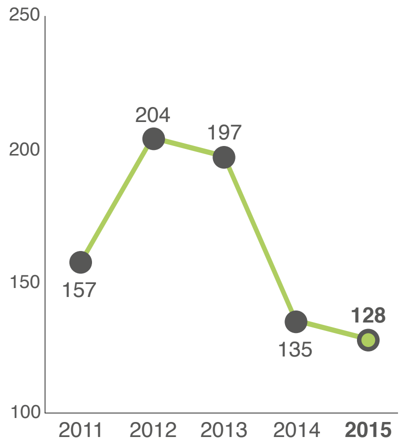
GRANULATION (FOB)
SALES PRICE ($/ton)



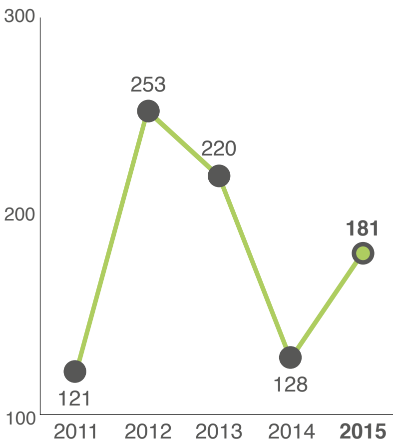
MAGNETITE EXPORT (FOB)
SALES PRICE ($/ton)



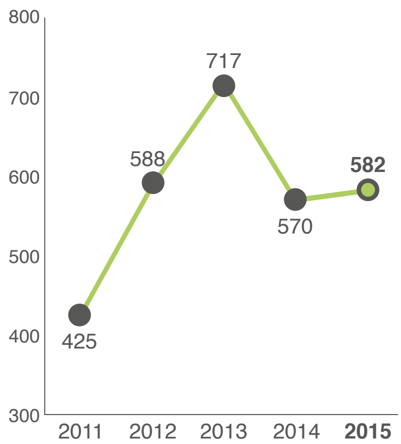
PHOSPHATE ROCK (FOB)
SALES PRICE ($/ton)



SULPHUR (CFR)
PURCHASE PRICE ($/ton)



AMMONIA (CFR)
PURCHASE PRICE ($/ton)



Exchange rates

Our earnings are largely impacted by the average ZAR/USD exchange rate as most of our products' selling prices and raw material costs are in US Dollars. The Group uses forward contracts and options to hedge or cover foreign exchange exposure.

During the year, the Rand averaged R10.95 to the USD, this is 8% weaker than the average of R10.13 recorded in 2014. The Rand continued to remain weak and closed the financial year at R11.89 (2014: R10.69).

Commodity prices

Selling prices

The highly volatile trading conditions that were demonstrated by commodities markets during 2014 persisted into the current year, this negatively impacted our export magnetite and phosphate rock revenues. However, the Competition Commission allowed Foskor to change its pricing policy for the local phosphoric acid market to a cost-based pricing structure and this had a positive impact on our earnings.

Magnetite export prices saw a steep decline of US$19/ton from US$67 in 2014 to US$48 per ton, while the average phosphate rock export price decreased from US$135 per ton to US$128 per ton in the current year. This was offset by an increase in phosphoric acid and granular fertiliser selling prices.

Raw material input costs

The Acid Division imports large quantities of sulphur and ammonia from international suppliers, exposing the Group to international commodity prices volatility. The average delivered sulphur purchase price increased from US$128 per ton in 2014 to US$181 in the current year and ammonia prices increased from US$570 per ton to US$582 per ton. This had a negative impact on our production costs.

FINANCIAL PERFORMANCE

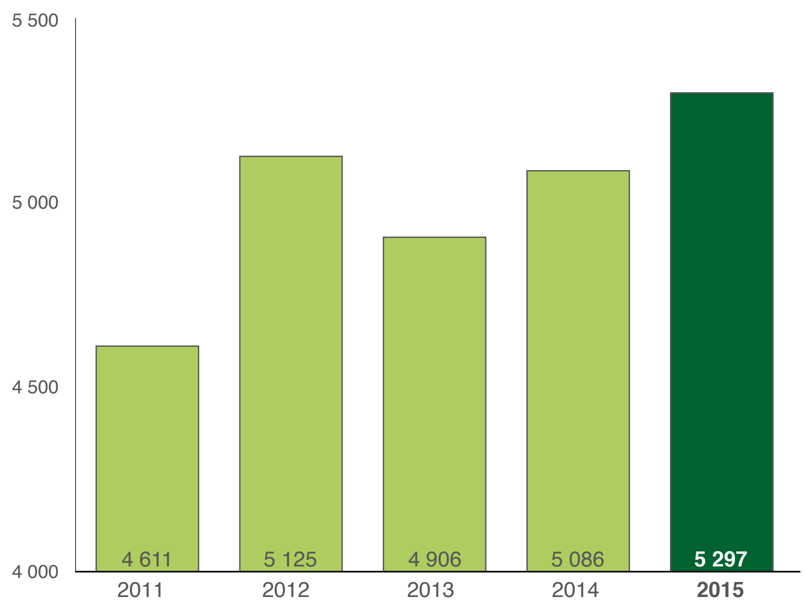
The following review of the Group's financial performance for the year ended March 2015 should be read together with the summarised annual financial statements which appear on pages 64 to 71.

Revenue

Sales drivers

	% Change	2015	2014	2013	2012	2011
Average exchange rate ZAR/USD	*8*	**R10.95**	R10.13	R8.54	R7.37	R7.16
Rock export FOB sales price ($/ton)	*(5)*	**128**	135	197	204	157
Rock sales volumes ('000 tons)	*10*	**1 923**	1 741	2 180	2 327	2 233
Phos Acid CFR sales price ($/ton)	*7*	**732**	682	825	1 010	794
Phos Acid sales volumes ('000 tons)	*(25)*	**253**	336	290	402	459
Granular fertilizer FOB sales price ($/ton)	*2*	**500**	490	602	646	588
Granular fertilizer sales volumes ('000 tons)	*5*	**345**	329	262	275	360
magnetite export fob sales price ($/ton)	*(28)*	**48**	67	56	57	49
Magnetite sales volumes ('000 tons)	*(15)*	**5 249**	6 171	2 140	553	354

REVENUE
(R million)



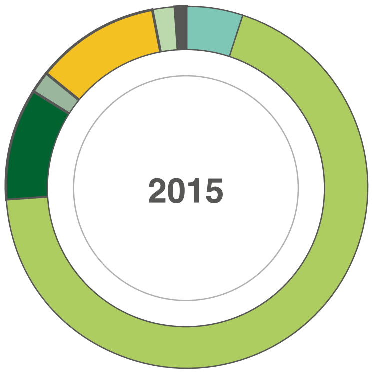
CFO'S REVIEW

(CONTINUED)

Group revenue increased by 4% to R5.3 billion (2014: R5.1 billion). The increase is underpinned by positive exchange rate fluctuations, higher rock and granular sales volumes, partially offset by lower magnetite exports and phosphoric acid sales volumes. Phosphoric acid accounted for 37% (2014: 42%) of the total revenue, while granular contributed 36% (2014: 32%) towards total revenue.

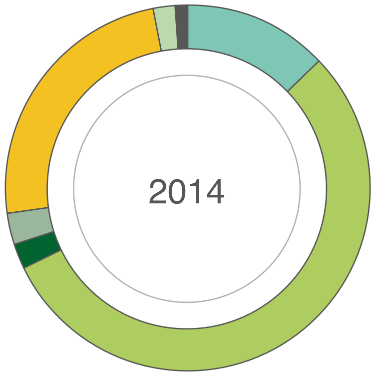
Exports accounted for 31% of the Group's revenue in the current year, compared to 55% in 2014. The composition of revenue by geography is set out alongside:

GEOGRAPHICAL REVENUE SEGMENTATION



	PERCENTAGE
India	5
South Africa	69
Europe	10
Middle East	2
Far East	11
Australia	2
Other	1

GEOGRAPHICAL REVENUE SEGMENTATION



	PERCENTAGE
India	13
South Africa	55
Europe	2
Middle East	3
Far East	24
Australia	2
Other	1

Operating expenses

Group expenses excluding distribution costs increased by 21% (R846 million) to R4.9 billion. This is largely due to the import of granular, higher sulphur costs and an increase in production costs at the Acid Division, partially offset by lower rock production costs.

During the year the Acid Division experienced a shortage of granular due to production constraints and higher demand for granular. In order to meet our customers' needs, we imported 87k tons of granular to the value of R532 million (2014: Rnil).

Sulphur costs increased by R286 million compared to the previous year due to a US$53 increase in average delivered purchase price from US$128 to US$181 per ton and a weaker Rand/US Dollar exchange rate.

The higher phosphoric acid production costs at US$921 per ton (2014: US$743) were largely driven by lower production volumes and inefficiencies in the production process. This is mainly due to the old phosphoric acid plant reactor failure, interrupted water and electricity supply and plant breakdowns.

The Mining Division's production costs per ton decreased by US$6 per ton from US$106 to US$100 per ton in the current year. This can be attributed to improved plant efficiency and cost optimisation. Production efficiencies improved by 3.87% to 66.7% (2014: 62.9%). The cost savings were driven by lower variable costs as a result of the suspension of PC production stream and group wide cost-cutting initiatives. However, mining costs of sales were negatively impacted by an increased usage of rock stockpile to fulfil sales commitments during the year.

Distribution costs slightly increased by R32 million to R1.08 billion from last year's R1.05 billion mainly as a result of higher rock volumes railed to Maputo and inflationary increases, partly offset by savings in phosphoric acid distribution costs.

A total of R13.2 million mining royalty tax on revenue was paid during the year (2014: R16.2 million).

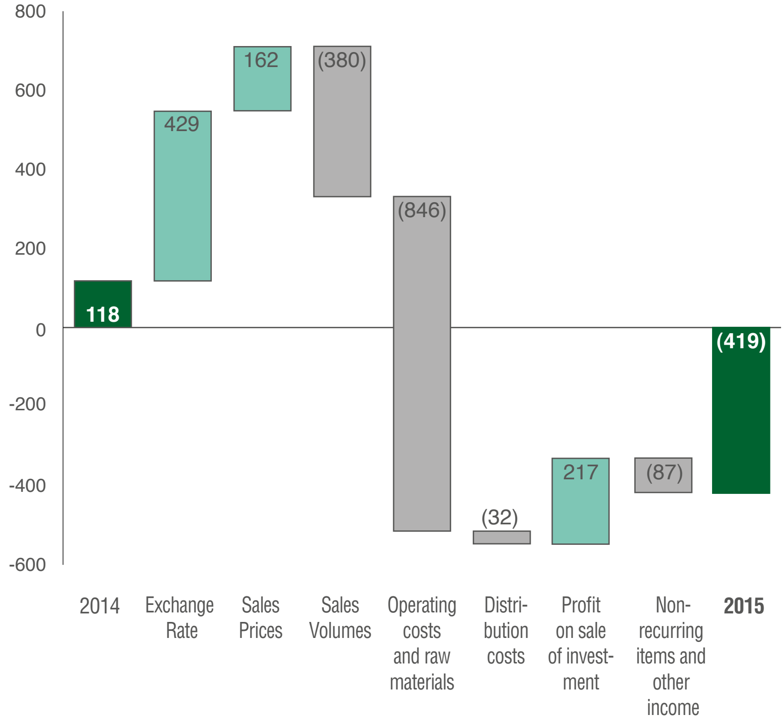
Operating profit

Operating profit decreased by R537 million from a profit of R118 million in 2014 to a loss of R419 million in the current year. This is mainly due to higher costs of production as outlined above and a significant decline in magnetite and phosphoric acid sales, partly offset by higher rock and granular sales. The decline in magnetite revenues can be attributed to depressed market conditions. Phosphoric acid sales volumes decreased as a result of production challenges at the Acid Division.

The profit on sale of investment relates to a gain of R217 million on the disposal of the Group's investment in Coromandel International Limited shares. The shares were bought for R32 million in 2004 and were accounted for as an available-for-sale investment.

Non-recurring items and other income relate to a R50 million insurance claim received in 2014, R31 million reduction in royalties income as a result of the decrease in magnetite prices and a R6 million impairment of our investment in Foskor Zirconia.

OPERATING PROFIT
(R million)



Foreign exchange loss

The foreign exchange loss is mainly due to lower than expected export sales and higher import purchases. With the ZAR/USD average exchange rate weakening from R10.13 to R10.95, the Group's foreign exchange hedging strategy was negatively affected. This meant that Foskor settled import commitments at more costly exchange rates than initially transacted. The net loss resulting from foreign exchange rates decreased by R30 million to R26 million in the current year as the Rand depreciated by an average of 8% compared to 16% in 2014.

Net finance costs

Foskor's total debt increased by R229 million and net finance costs increased by R64 million to R159 million in the current year. During the year the Group repaid some of its short-term loans and utilised the IDC loan which is more expensive to service compared to commercial banks' loans. The average interest rate charged on the IDC loan was 14%, while the commercial banks charge an average of 8% per annum.

Included in net finance costs is an amount of R24 million (2014: R22 million) relating to the unwinding discount on the environmental liability and exclude capitalised borrowing costs of R79 million (2014: R70 million).

Taxation

The deferred tax credit of R192 million (2014: R5 million) is largely driven by an increase in tax losses, partially offset by timing differences on mining assets. The Group is in an assessed loss position hence no tax payments are being made.

FINANCIAL POSITION

Summary statement of financial position

R million	% Change	2015	2014	2013	2012	2011
Non-current assets	*0.3*	**5 090**	5 074	4 545	3 920	3 677
Current assets	*(19)*	**2 800**	3 452	3 048	2 881	2 101
Total assets	*(7)*	**7 890**	8 526	7 593	6 801	5 778
Equity	*(14)*	**3 254**	3 791	3 781	4 058	3 947
Non-current liabilities	*11*	**2 543**	2 284	2 397	1 563	1 121
Current liabilities	*(15)*	**2 092**	2 451	1 415	1 180	710
Total liabilities	*(2)*	**4 636**	4 735	3 812	2 743	1 831
Total equity and liabilities	*(7)*	**7 890**	8 526	7 593	6 801	5 778

CFO'S REVIEW

(CONTINUED)

Property, plant and equipment

Property, plant and equipment increased by R144 million mainly due to net additions of R490 million, partially offset by depreciation of R299 million. Cash capital expenditure for the year amounted to R481 million (2014: R744 million).

Financial investments

During the year, the Group disposed of its 1.72% stake in Coromandel International Limited for R249 million. The shares were bought for R32 million in 2004. The remaining investments are assets held by the Environmental Rehabilitation Trust valued at R153 million (2014: R138 million).

Working capital

Closing balance R million	% Change	2015	2014	2013	2012	2011
Inventory	*3*	**2 033**	1 980	1 839	1 625	1 078
Trade and other receivables	*(48)*	**498**	957	825	839	561
Trade and other payables	*(11)*	**(988)**	(1 107)	(870)	(1 006)	(603)
Working capital requirement	*(16)*	**1 544**	1 830	1 794	1 458	1 036

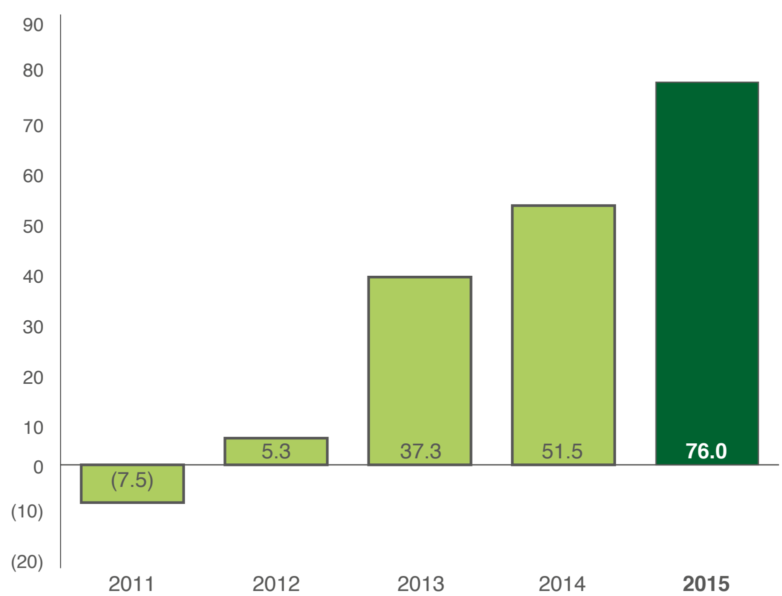
Working capital requirements decreased by 16% from R1.8 billion in 2014 to R1.5 billion in the current year. This is largely due to a significant reduction in trade debtors as a result of improvements in the collections process. The R53 million increase in inventory is mainly due to raw materials (R32 million) and finished goods (R21 million).

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

Funding

Net debt R million	% Change	2015	2014	2013	2012	2011
Long-term loans	*26*	**(1 631)**	(1 200)	(1 300)	(450)	(107)
Short-term loans	*(19)*	**(1 063)**	(1 264)	(503)	(127)	–
Bank/(overdraft)	*(134)*	**219**	513	383	359	404
Net debt	*21*	**(2 475)**	(1 951)	(1 420)	(218)	297

NET DEBT TO EQUITY (%)



Net debt increased by 21% to R2.5 billion, while the net debt to equity ratio increased from 51.5% to 76.0% in the current year, largely due to a decrease in cash generated from operations. Loan balances include capitalised interest of R257 million (2014: R91 million). The Group closed the year with cash on hand of R219 million compared to R513 million in 2014.

Foskor has a long-term funding facility of R1.7 billion with the IDC. This facility is subordinated to the Group's creditors and debt providers and has been utilised to finance capital projects and working capital requirements. The Group will start repaying R354 million of the loan in FY 2016 over a period of five years, while R1 billion of the loan will be repaid from April 2016 in equal bi-annual instalments over a period of five years. The remaining balance is a shareholder's loan with no specified repayment period.

Foskor also has short-term facilities of R800 million (2014: R1.3 billion) available from commercial banks. R795 million of the available short-term facilities were utilised up to the end of March 2015. We are looking to increase facilities for working capital and fixed asset needs in the short and medium term.

During the year the Group repaid R364 million of the short-term loans and withdrew R431 million from the IDC long-term loan facility.

Environmental rehabilitation liability

The environmental rehabilitation liability has increased to R318 million from R282 million in the previous financial year. Scheduled mine closure costs have increased by R20 million to R478 million, while unscheduled costs increased by R37 million to R597 million.

Reclassifications of assets and liabilities

During the year the Board took a resolution to sell the Company aircraft. As at 31 March 2015 the sale had not yet been concluded, the aircraft has been reclassified from non-current assets to non-current assets held for sale.

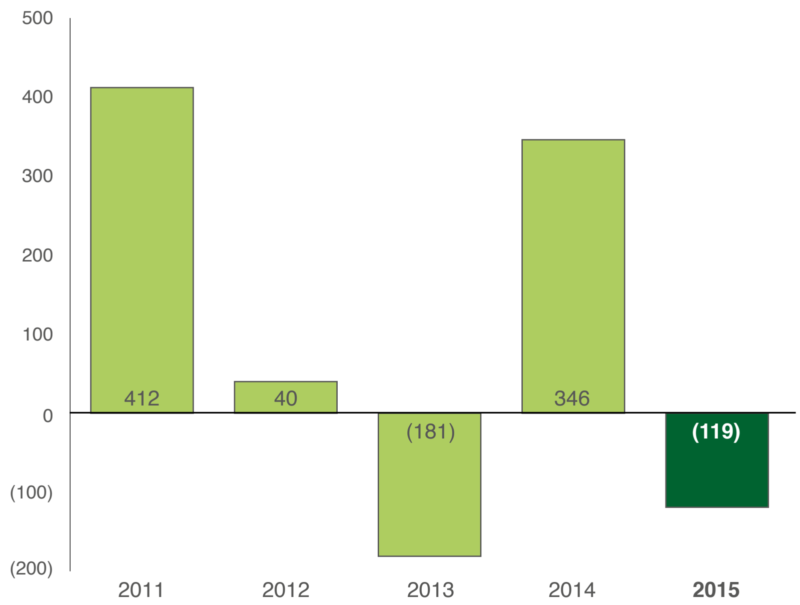
A R500 million loan that was previously reported as a long-term loan in 2014 has been reclassified to short-term loans.

CASH FLOW

Cash flow statement extracts

	% Change	2015	2014	2013	2012	2011
Cash generated from operations	*(134)*	**(119)**	346	(181)	40	412
Cash generated from operating entities	*(144)*	**(130)**	299	(252)	(41)	375
Capital expenditure	*(35)*	**483**	744	914	413	596
Free cash flows	*19*	**(360)**	(445)	(1 165)	(513)	(218)

CASH GENERATED FROM OPERATIONS
(R million)

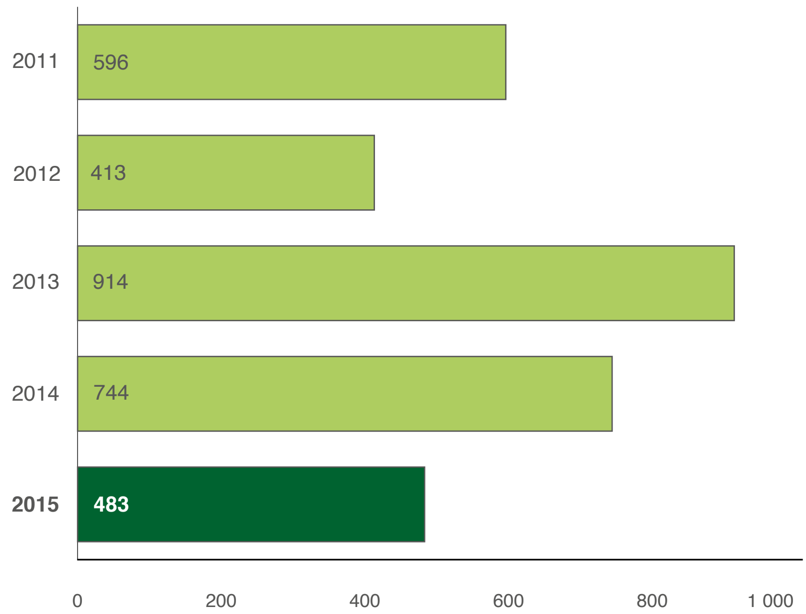


Cash generated from operations has decreased by R465 million from R346 million to negative R119 million in the current year, mainly due to the 21% increase in costs of sales, partially offset by the 4% increase in revenue.

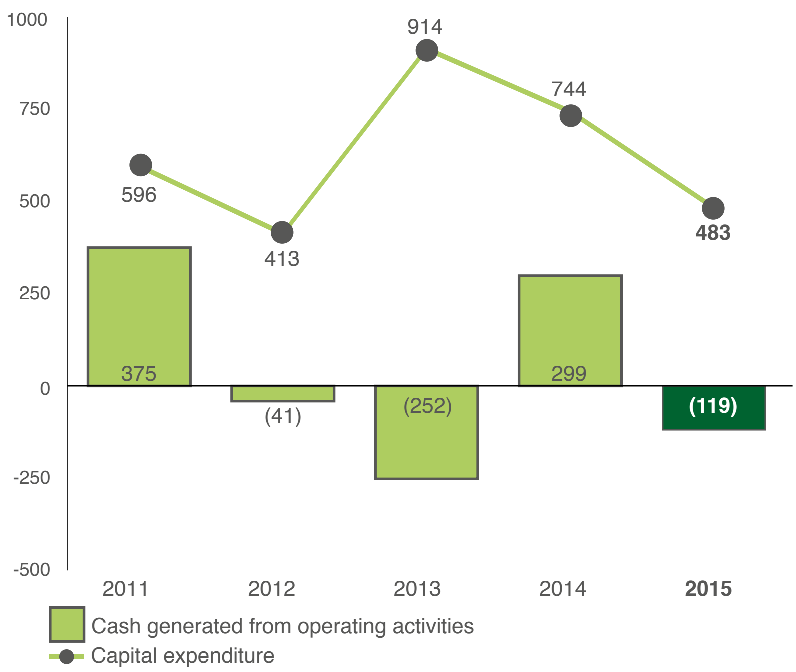
CFO'S REVIEW
(CONTINUED)

Capital expenditure decreased by R261 million to R483 million, in line with the reduction in cash available for investing activities. The budgeted capital expenditure for the year was R726 million. Capital projects were financed by long-term debt.

CAPITAL EXPENDITURE
(R million)

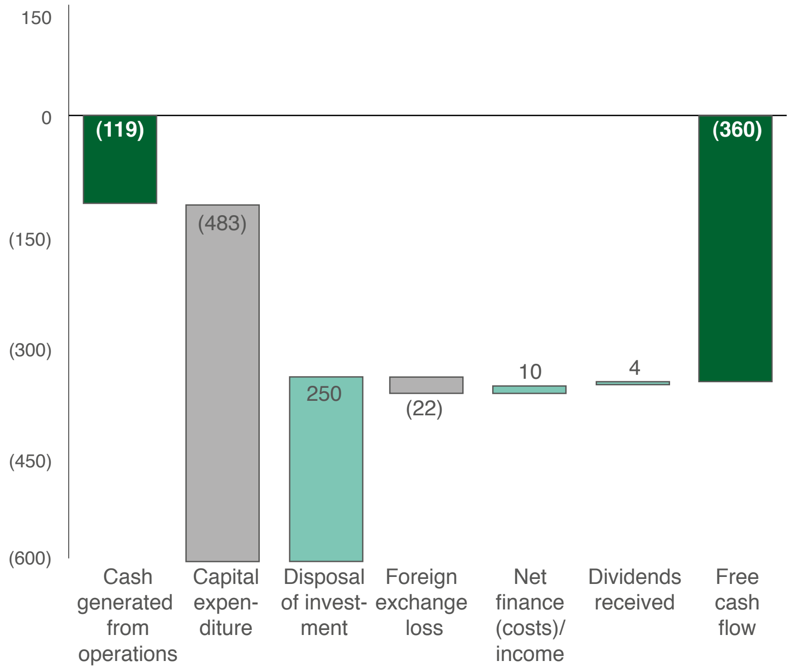


CASH GENERATED FROM OPERATING ACTIVITIES
(R million)



Free cash flow has slightly improved from a negative R445 million to a negative R360 million. This is mainly due to the reduction in capital expenditure.

FREE CASH FLOW
(R million)



KEY FINANCIAL RATIOS

Below are some of the measures used by the Group to monitor profitability, liquidity and leverage against targets:

	2015 Target	*Y-o-Y % change*	2015	2014	2013	2012	2011
Revenue	**7 177**	***4***	**5 297**	5 086	4 906	5 125	4 611
EBITDA	**803**	***(129)***	**(113)**	389	150	568	725
Operating margin (%)	**7.0**	***(442)***	***(7.9)***	*2.3*	*(1.5)*	*6.4*	*11.1*
Return on equity (%)	***5.0***	***(1 548)***	***(13)***	*(0.8)*	*(4.5)*	*4.5*	*9.6*
Return on capital employed (%)	***4.1***	***(1 920)***	**(10.5)**	(0.5)	(3.7)	4.7	10.6
Current ratio (times)	**2.0**	***(24)***	**1.3**	1.8	2.2	2.4	3.0
Net debt to equity ratio (%)	***50.5***	***48***	***76.0***	*51.5*	*37.3*	*5.3*	*(7.5)*
Free cash flow	**(66)**	***(19)***	**(360)**	(445)	(1 165)	(513)	(218)

The group's targets for FY 2015 were not met mainly as a result of depressed market conditions and production challenges.

OUTLOOK

Our immediate priority for 2016 is to improve our performance and return to profitability. To achieve this objective, we plan to continue focusing on cost optimisation, improving efficiencies, maximising production and maintaining revenue growth.

Net debt is expected to decrease and the Group's cash flow position is expected to strengthen on the back of improved working capital management, higher cash generated from operations and other initiatives aimed at managing liquidity risk. These initiatives include, but are not limited, to the potential sale of an aircraft and restructuring of Foskor Zirconia. The Board and the IDC are looking at reducing the amount of debt on the balance sheet through recapitalisation, subject to IDC Board approval.

Market conditions are expected to improve as phosphoric acid prices are forecast to increase, while sulphur costs are expected to decrease. We do not foresee magnetite prices recovering in the short term. The weaker Rand exchange rate is expected to continue contributing positively towards our earnings.

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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 G Qhena and Chief Executive Officer, Mr A Pitse. This document provides a summary of the information contained in Foskor's annual consolidated 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 as complete an 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 have 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 2015. 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 2015.

KEY ESTIMATES AND AREAS OF JUDGEMENT

The preparation of the summary 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 judgements 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 2015 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 CS Masondo and Mr H Mpungose.

AUDIT REPORT OPINION

The unqualified audit report on the full set of annual financial statements, as well as the unqualified audit report on this set of summary financial statements is available at the Company's registered office.

Abridged Group Statement of Financial Position as at 31 March 2015

	Notes	GROUP 2015 R'000	2014 R'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4 880 454**	4 736 881
Intangible assets		**54 099**	438
Investment in joint venture		**25**	25
Investment in associate		**2 425**	10 825
Financial investments		**152 642**	326 294
		5 089 645	5 074 463
Current assets			
Non-current asset held-for-sale		**46 856**	–
Inventories	1	**2 033 037**	1 980 130
Trade and other receivables		**498 461**	957 254
Derivative financial instruments		**2 333**	567
Current tax asset		**743**	751
Cash and cash equivalents	2	**219 058**	513 253
		2 800 488	3 451 955
Total assets		**7 890 133**	8 526 418
EQUITY AND LIABILITIES			
Equity attributable to owners			
Ordinary shares		**9 158**	9 158
Share premium		**132 013**	132 013
Retained earnings		**2 809 391**	3 218 132
Share-based payment reserve		**303 914**	303 914
Other reserves		**–**	128 098
Total equity		**3 254 476**	3 791 315
Liabilities			
Non-current liabilities			
Finance lease liability		**12 498**	14 331
Environmental rehabilitation liability		**317 681**	281 724
Employee share-based payment liability		**18 270**	23 497
Long-term interest-bearing loans		**1 631 004**	1 200 000
Retirement benefit obligations		**126 427**	117 832
Deferred income tax liabilities		**428 271**	646 992
		2 543 288	2 284 376
Current liabilities			
Trade and other payables		**987 825**	1 107 260
Short-term interest-bearing loans		**1 062 965**	1 264 219
Finance lease liability		**1 833**	1 844
Derivative financial instruments		**5 731**	5 521
Provisions		**34 015**	71 883
		2 092 369	2 450 727
Total liabilities		**4 636 657**	4 735 103
Total equity and liabilities		**7 890 133**	8 526 418

SUMMARY FINANCIAL STATEMENTS

(CONTINUED)

Abridged Group Statement of Comprehensive Income for the year ended 31 March 2015

	GROUP	
	2015 R'000	2014 R'000
Revenue	**5 296 959**	5 085 956
Cost of sales	**(4 669 110)**	(3 878 290)
Gross profit	**627 849**	1 207 666
Distribution costs	**(1 079 151)**	(1 046 838)
Administrative expenses	**(240 682)**	(221 391)
Share-based payment expense	**(3 910)**	32 114
Impairment of associates	**(5 955)**	–
Other income	**65 561**	146 023
Gain on disposal of investment	**217 450**	–
Operating (loss)/profit before interest and tax	**(418 838)**	117 574
Finance income	**29 748**	26 811
Finance costs	**(189 041)**	(122 395)
Share of (loss)/profit from associate	**(2 297)**	508
Net foreign exchange loss	**(26 413)**	(56 052)
Loss before taxation	**(606 841)**	(33 554)
Income tax expense	**192 060**	4 752
Loss for the year	**(414 781)**	(28 802)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurements of post employment benefit obligation	**6 188**	8 787
Share of other comprehensive income/loss of associate	**(148)**	188
Items reclassified to profit or loss:		
Available-for-sale investments	**(128 098)**	30 254
Other comprehensive (loss)/income for the year, net of tax	**(122 058)**	39 229
Total comprehensive (loss)/income for the year	**(536 839)**	10 427

Abridged Group Statement of Changes in Equity for the year ended 31 March 2015

	Share capital R'000	Share premium R'000	Retained earnings R'000	Share-based payment reserve R'000	Other reserves R'000	Total R'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
Comprehensive income						
Loss for the year	–	–	(414 781)	–	–	(414 781)
Other comprehensive income						
Transferred to profit and loss for the year	–	–	–	–	(157 293)	(157 293)
Post-employment benefit obligation	–	–	8 595	–	–	8 595
Deferred tax	–	–	(2 407)	–	29 195	26 788
Share of other comprehensive loss of associate	–	–	(148)	–	–	(148)
Total comprehensive loss for the period	–	–	(408 741)	–	(128 098)	(536 839)
Balance at 31 March 2015	9 158	132 013	2 809 391	303 914	–	3 254 476

SUMMARY FINANCIAL STATEMENTS

(CONTINUED)

Abridged Group Statement of Cash flow for the year ended 31 March 2015

	GROUP	
	2015 R'000	2014 R'000
Cash flows from operating activities		
Cash generated from operations	**(118 980)**	345 879
Interest received	**14 749**	14 314
Interest paid	**(4 270)**	(6 643)
Realised foreign exchange loss	**(21 805)**	(53 597)
Taxes received/(paid)	**6**	(1 215)
Net cash generated from operating activities	**(130 300)**	298 738
Cash flows from investing activities		
Purchase of property, plant and equipment	**(480 711)**	(744 486)
Purchase of software	**(2 147)**	(252)
Acquisition of interest in subsidiary	**–**	(12 000)
Purchase of financial investment held in the environmental rehabilitation trust	**–**	(5 060)
Proceeds on disposal of investment	**249 545**	–
Dividends received	**3 834**	17 698
Net cash used in investing activities	**(229 479)**	(744 100)
Cash flows from financing activities		
Repayment of/proceeds from loans from subsidiaries	**–**	10 000
Repayment of finance lease liability	**(1 843)**	(1 863)
Proceeds of long-term interest-bearing loan	**431 004**	400 000
Repayment of/proceeds from short-term interest-bearing loan	**(363 577)**	167 304
Net cash received from financing activities	**65 584**	575 441
Net (decrease)/increase in cash and cash equivalents	**(294 195)**	130 079
Cash and cash equivalents at the beginning of the year	**513 253**	383 174
Cash and cash equivalents at the end of the year	**219 058**	513 253

Selected Explanatory Notes to the Abridged Group Annual Financial Statements

	GROUP	
	2015 R'000	2014 R'000
1. INVENTORIES		
Spares and consumables stores	**332 394**	330 589
Phosphate rock	**973 043**	971 259
Raw materials	**412 004**	380 193
Finished goods	**315 596**	298 089
Total inventories	**2 033 037**	1 980 130

The value of inventory write-down to net realisable value in the current year is R6.8 million (2014: R nil). There was a write down of inventory in the 2013 financial year which was reversed in the 2014 financial year amounting to R29.8 million.

	GROUP	
	2015 R'000	2014 R'000
2. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	**219 058**	483 682
Short-term bank deposits	**–**	29 571
Cash and cash equivalents	**219 058**	513 253
Cash and cash equivalents include the following for the purposes of the statement of cash flows:		
Cash and cash equivalents	**219 058**	513 253
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	**445 063**	329 378
Total capital commitments	**317 463**	329 378
Operating lease commitments		
The future minimum lease payments payable under non-cancellable leases are as follows:		
Payable not later than one year	**1 792**	1 792
Payable later than one year and not later than five years	**2 240**	4 032
Total lease commitments	**4 032**	5 824

SUMMARY FINANCIAL STATEMENTS

(CONTINUED)

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.

Capital expenditure comprises additions to property, plant and equipment and intangible assets (refer to notes 4 and 5 of the full set of annual financial statements).

	Phalaborwa		Richards Bay			Total
	Phosphate rock 2015 R'000	Magnetite 2015 R'000	Phosphoric acid 2015 R'000	Granular fertiliser 2015 R'000	NPK 2015 R'000	2015 R'000
Total segment revenue	3 237 177	718 975	1 946 516	2 032 098	97 237	8 032 003
Inter-segment revenue	(2 702 958)	–	–	–	(34 778)	(2 737 736)
Revenue from external customers	534 219	718 975	1 946 516	2 032 098	62 459	5 294 267
Earnings before interest and tax (EBIT)	570 801	360 231	(1 373 636)	–	(7 893)	(450 497)
Depreciation and amortisation	188 269	–	114 792	–	218	303 340
Reportable segment assets	4 716 684	–	3 035 956	–	81 031	7 833 671
Capital expenditure for reportable segment non-current assets	324 841	–	76 956	–	–	401 797
Reportable segment liabilities	1 124 439	–	3 013 422	–	8 163	4 146 024

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 2015 R'000	GROUP 2014 R'000
Segmental earnings before interest and tax (EBIT)	**(450 496)**	141 099
Net corporate and subsidiaries expenses	**29 362**	(23 017)
Finance income	**29 748**	26 811
Finance costs	**(189 041)**	(122 395)
Net foreign exchange losses	**(26 413)**	(56 052)
Group profit before tax	**(606 840)**	(33 554)

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 2015 R'000	GROUP 2014 R'000
Segmental assets for reportable segments	**7 833 671**	8 267 067
Unallocated:		
Derivative financial instruments	**2 333**	567
Other assets	**54 129**	258 784
Total group assets per the statements of financial position	**7 890 133**	8 526 418

4.4 ***Reportable segment liabilities are reconciled to total 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 2015 R'000	GROUP 2014 R'000
Segmental assets for reportable segments	**4 146 024**	4 038 107
Unallocated:		
Deferred tax	**428 270**	646 992
Corporate and subsidiary liabilities	**61 363**	50 004
Total group liabilities per the statement of financial position	**4 635 657**	4 735 103

72 OPERATIONAL PERFORMANCE

MINING DIVISION

Key achievements

Improved safety record

- Zero fatalities (2014: 0) – target zero
- Minor injuries increased to 38 (2014: 37) – target zero
- Trackless mobile machinery incidents reduced by 17% to 59 (2014: 71) – target zero
- Reduction in Section 54 DMR suspension notice to 4 (2014: 5) – target zero

Environmental

- No major incidents

Improved production performance

- Production improved by 3.1% to 1.98m tons (2014: 2.16m) – target 1.96m tons
- Production efficiencies improved to 66.71% (2014: 62.24%) – target 62.98%

Successful implementation of key strategic initiatives

- Suspension of production at low efficiency tolling plant (PC processing stream)
- Installation of load cells on all hauling trucks to improve hauling efficiencies
- Piloting of “hot seat change over” during shift change in the Mining and Crushing Departments to improve equipment utilisation
- Reduction in electricity consumption through the installation of high efficiency electric motors in the new D-stream flotation plant
- Fragmentation improvement project to improve shovel bucket and haul truck fill factors

Maintained quality management

- All ISO certifications (14001, 9001 and OHSAS 18001 and SANS 16001) retained and awarded DEKRA 5 Shield management system

Infrastructure improvement and development projects progressing well

- 600 tons per hour D-stream flotation plant replacement project successfully commissioned and completed
- Phase 2 of the North Pit mine push back project completed

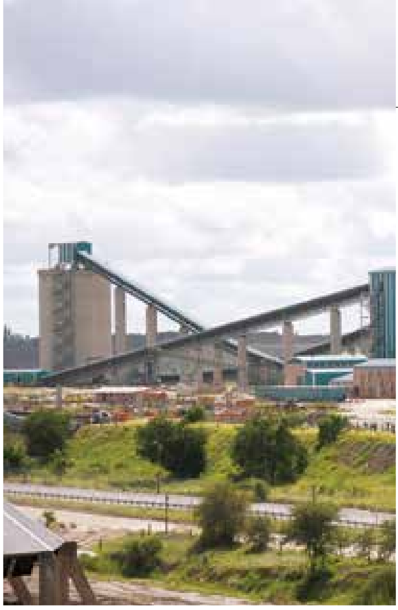
Challenges

Major equipment failures

- One of the three primary crushers had a major component breakdown in June and July 2014 that resulted in circa 21.3k tons production loss

Health and safety

- Four Department of Mineral Resources (DMR) partial mine stoppages issued (18 DMR audits conducted during the year) with a negative production impact of circa 25.2k tons.



OVERVIEW

The Mining Division mines apatite, a phosphate-bearing mineral, at its two open-cast mines and produces sufficient quantities of rock to feed Foskor's 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 PERFORMANCE

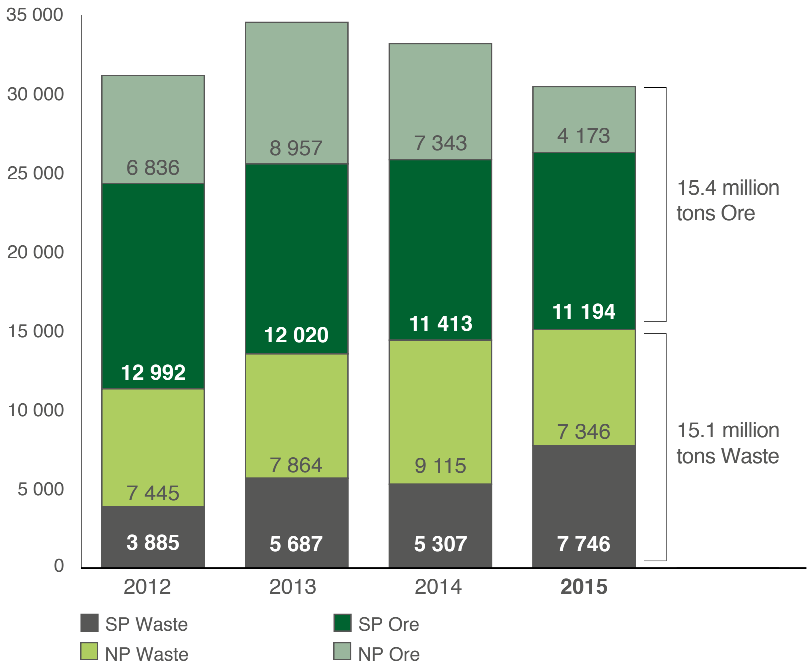
Performance per mine

The Mining Division mined a total of 30.5 million tons of material in 2015 (2014: 33.2 million tons), inclusive of the North Pit Pushback Project (NPPB), resulting in 15.1 million tons of waste and 15.4 million tons of ore. The processing facility treated 16.5 million tons of ore, 11.76 % lower than 2014 as a result of the suspension of the Palabora Copper (PC) toll agreement. Run-of-mine (ROM) feed grades decreased to 6.6% P_2O_5 (2014: 6.8%). Mine development work (NPPB project) is on-going to ensure consistent feed grades in the region of 7% P_2O_5 content going forward. During 2014 the cut-off grades were reduced to 5% from the original mine plan of 5.5% to ensure sufficient supply of mined material to the processing plants. This will remain until the NPPB project is completed.

Production performance

The overall plant efficiency improved by 4.46% to 66.71% (2014: 62.24%). Total production for 2015 was 8.32% lower than 2014 at 1.98 million tons (2014: 2.16 million tons). This was as a result of the suspension of the toll processing agreement with PC. Considering only production at the Foskor-owned processing plants, production output has increased by 3.1% to 1.98 million tons (2014: 1.92 million tons).

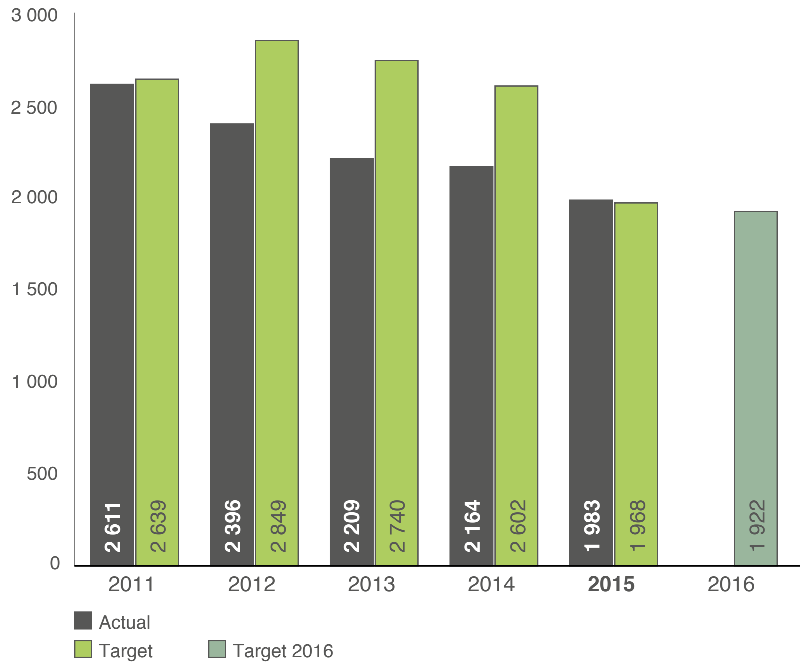
PERFORMANCE PER MINE
(K tons mined)



MINING DIVISION

(CONTINUED)

PHOSPHATE ROCK PRODUCTION
(K tons)



Product distribution

The division dispatched 1.93 million tons of rock concentrate to the Foskor Acid Division, export and local customers (2014: 1.84 million tons). This is an increase of 5.27% compared to the 2014 dispatches. This is, however, 7% lower than the 2015 target of 2.08 million tons. The decline from target was as a result of logistical constraints on the Phalaborwa-Richards Bay rail line. Total product railed to the Acid Division was 1.53 million tons (2014: 1.59 million tons) compared to the 2015 target of 1 702 330 tons. Phosphate railed to Maputo harbour for export was 336 224 tons compared to a target of 300 000 tons. Dispatched product to other local customers were 83 702 tons compared to a target of 80 004 tons.

The Mining Division also dispatched 2.15 million tons of magnetite compared to a target of 2.95 million tons. This represents a decrease of 26.95% compared to the target due to the steep decline in magnetite prices during the year.

Addressing production challenges

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

Reliability of the crushing circuits due to age of the infrastructure	A two-year equipment replacement programme has been put in place to replace unreliable equipment with minimal impact on production.
DMR mine Section 54 stoppages and other breakdowns result in production loss with no installed catch up capacity	As part of the FY 2016 two projects at mining have been identified and have been implemented to mitigate stoppages i.e. improved hauling efficiencies by installing load cells on haul trucks and implementing a hot seat change over on a trial basis. A pilot project ran for three months (October 2014 – December 2014) to determine the effectiveness of a hot seat change over and found to be beneficial. Full implementation will be considered for the 2016 financial year.
Closure of the D-Bank flotation plant due to structural integrity problems (50 year old plant)	The new DSF processing plant was commissioned in January 2015 and this will result in improved efficiencies and lower electricity consumption in the new financial year.

Mine and mineral content quality

Run-of-Mine (ROM) feed grades decreased to 6.6% P_2O_5 (2014: 6.8%). It is expected that feed grades will remain constant in the short term.

Total weighed phosphate rock recovery for the year was 66.71%, compared to 62.24% in 2014. This is expected to improve further over the next two years as the development in both South and North Pit Mines progresses as well as processing material through the newly commissioned DSF flotation plant.

The combined stripping ratio (the amount of waste material required to be handled in order to extract ore) for the two mines was 0.98 (2014: 0.88). High short- to medium-term stripping ratios of around 1.8 in our North Pit mine is stretching the utilisation of the current loading and hauling fleet.

Our North Pit Push Back project (unlocking new reserves and extending life of mine from eight years to 30 years) is on-going and full integration with the current North Pit mine should be completed within the next five years.

TOTAL P_2O_5 RECOVERY (%)

Overall stripping ratios are expected to increase over the next few 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 (5% P_2O_5) are maintained in the future and extension of mine life both the North and South Pit mines.

MINING DIVISION

(CONTINUED)

Per stream performance

Production* performance per stream

Stream	Product grade % P_2O_5	2013 (tons)	2014 (tons)	**2015 (tons)**	Targeted (tons)	% of target met
F-Bank concentrate	*37.00*	862 482	947 932	**925 006**	882 118	*104.86*
E-Bank concentrate	*36.28*	475 023	427 999	**529 645**	460 813	*114.94*
Extension 8 concentrate	*37.54*	518 193	531 347	**506 279**	604 096	*83.81*
PMC/PC concentrate	*36.56*	344 969	241 663	**–**	–	
Total Palfos B production		2 200 667	2 148 941	**1 961 005**	1 947 027	*100.72*
Palfos R		8 367	14 743	**21 529**	20 728	*103.86*
Total production	*36.97*	2 209 035	2 163 684	**1 982 534**	1 967 755	*100.75*

** Calculated weighted production per stream.*

Production through the Foskor-owned processing streams (excluding the PMC/PC stream) improved by 2.8% to 1.98 million tons (2014: 1.92 million tons) and compared to the FY 2015 budget of 1.96 million tons. The improvement can be attributed to the implementation of the divisional strategic initiatives, improved processing efficiencies, 66.71% (2014: 62.24%) and fewer DMR Section 54 stoppages.

The reliability of the crushing circuits (primary and secondary crushers) due to age of infrastructure did have a negative impact on production and (circa 21k tons final product). A focused equipment replacement programme will run over the next two years to improve reliability.

Occupational health and safety

No fatalities were recorded in the Mining Division during the FY 2015.

The Department of Mineral Resources (DMR) conducted 18 safety audits of which four resulted in Section 54 site specific stoppages. Our strategy remains to build sound relationships with the DMR for the benefit of both parties.

A good safety performance was however dampened by the increase in lost-time injuries (LTI). In total 10 LTIs were recorded although none resulted in permanent or partial disability. None of the injuries sustained were life threatening and all injured employees returned to work after recovery.

All the relevant safety committees have been consulted to identify root causes for the increase in these LTIs. Consultation sessions were also held with management and organised labour and incident investigation sessions are held once a week.

Other leading safety indicators have subsequently improved or remained constant during 2015. The number of Minor injuries recorded was 38 (2014: 37). Trackless Mobile Machinery (vehicle related) incidents have also reduced by 16% to 59 (2014: 71). The Foskor Phalaborwa “Life Saviours Behaviour” campaign launched in 2013 continues to contribute to a reduction in the number of incident related to high risk work. Only two of the 10 LTIs recorded were related to high risks work while the others were minor, non-life threatening incidents.

The division retained the ISO 18001 Safety Management certification during the annual ISO audits.

Foskor Mining Division is a founding member of the Limpopo Occupational, Health and Safety Tripartite Forum for open-cast mines of which the current chair is held by Foskor.

Consultation with regards to safety and health with organised labour is on-going through the agreed safety committee structures.

No noteworthy major security breaches were reported in 2015. Copper theft cases have been reported and suspects apprehended but focused patrols and interventions continue to form part of the effort to prevent this. Due to our proximity to the Kruger National Park, wild life roams our premises and this has led to the report of poaching incidents.

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 is high priority and therefore the focus of our annual medical examinations 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.

The divisional safety goal remains zero harm to all stakeholders.

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 is arguably the country's most prominent safari destination. The Ga-Selati River also passes through the mining property.

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 and Sanitation, other major companies and the Kruger National Park	Department of Water and Sanitation	**Quarterly**
Phalaborwa Environmental Committee	Discusses air, water and waste management with the Department of Environmental Affairs, other major companies and the Kruger National Park	Department of Environmental Affairs	**Six monthly**
Alien Plant Committee	Discusses the management of alien plants in the area	Foskor and PC	**Quarterly**
Environmental Community Forum	Discusses basic environmental issues with the community	Foskor and PC	**Six monthly**

MINING DIVISION

(CONTINUED)

Foskor is fully aware of the ecological sensitivity of the river system and the surrounding area. As an ISO 14001 listed 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 and ISO 14001 Environmental certification and was awarded the DEKRA 5 SHIELDS for integrated SHEQ management. 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.

Fresh water usage

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.

Water seepage is an unavoidable aspect of open-cast mining. In order to regulate the impact of our mining activities on underground water, continuous monitoring of underground water resources is done. Projects to the value of R40 million have already been approved and a further R50 million will be tabled for approval in the 2016 financial year.

Effluent

Water levels in all tailings dams are within safe operating margins and the freeboards on the dams 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 a temporary filter drain system. This has been further strengthened. The permanent sealing of the outlet pipe commenced in March 2015. The replacement of the current temporary pumping system with a permanent penstock/decant system is planned for 2016.

Rehabilitation continued on the finalisation of the last section of the lift on the Southern tailings dam completing a total of 5.1 hectares for the year. Overall progress of 45% was achieved to date. The remainder will be completed during the 2016 financial year. A total of 8.2 hectares of rehabilitation was done on the Selati Dam.

Air quality

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

Reportable incidents

There were no reportable environmental incidents or spills during the year.

Sustainability performance data

Performance Data – Human, Natural and Social capital

	2015 Actual	2015 Target	2014	2013	2012	2011	Level of Assurance
PEOPLE							
Employee numbers	**1 311**		1 357	1 427	1 387	1 264	
Recruitment	**61**		44	140	159	129	
Unionised labour (%)	**88.1**		88.1	89.1	84.9	88.9	
Employee turnover (%)	**5.5**		11.4	7.6	7.1	4.2	
SKILLS DEVELOPMENT							
Training and development (R)	**7 532 399**	**2 400 000**	8 659 835	6 201 574	5 007 809	7 084 759	
Learnerships (number)	**68**	**95**	83	69	59	25	
Learnerships (R)	**4 189 888**	**5 850 000**	5 114 128	4 251 504	3 635 344	1 540 400	
Bursaries (R)	**1 405 832**	**1 500 000**	1 442 729	939 311	493 691	629 648	
GCC Engineers trained (number)	**4**	**5**	5	6	–	–	
SAFETY							
Fatalities	**0**	**0**	1	0	0	1	High
Lost time injuries	**10**	**0**	8	1	7	6	High
Lost Time Injury Frequency Rate (LTIFR)	**0.37**	**<1**	0.25	0.03	0.27	0.22	High
Occupational diseases (Hearing loss)	**10**	**0**	13	0	6	8	High
Man hours without any lost time injury (millions)	**0.2**	**6**	0.6	6	5.2	5.3	High
Number of Section 54 notices issued by the DMR	**4**	**0**	5	0	1	2	High
GREENHOUSE GASES ENERGY CONSUMPTION (KG OF CO_2-E)							
Coal (Scope 1)[1]	**71 920**		56 075	56 075	NR	NR	Moderate
Diesel (Scope 1)[1]	**45 894**		46 881	46 881	NR	NR	Moderate
Petrol (Scope 1)[1]	**337**		322	322	NR	NR	Moderate
Water (Scope 1)[2]	**12 036**		2 348	NR	NR	NR	Moderate
Electricity (Scope 2)[2]	**440 057**		414 055	414 055	NR	NR	Moderate
Total greenhouse gas (CO_2 equivalent)	**570 244**		463 663	461 314	NR	NR	
WATER							
Potable water (Municipal) m^3	**262 867**	**360 000**	208 588	685 000	324 000	312 000	High
Industrial water (Lepelle) m^3	**6 788 198**	**7 500 000**	8 889 168	9 271 000	9 731 000	12 254 000	High
Total fresh water consumption	**7 051 065**	**7 860 000**	9 097 756	9 956 000	10 055 000	12 566 000	
WASTE MANAGEMENT (TONS)							
General refuse and waste – registered land fill disposal	**380**	**390**	378	408	NR	NR	Moderate
Uncontaminated steel – scrap sales disposal	**1 439**	**1 500**	1 197	2 232	NR	NR	Moderate
Radiation-contaminated steel – stockpiled onsite disposal	**746**	**700**	746	936	NR	NR	Moderate
Hazardous material – registered Enviroserve landfill disposal	**62**	**100**	150	132	NR	NR	Moderate
AIR QUALITY STATIONS (MG/M²/DAY)							
Background	**168**	**300**	144	100	NR	NR	High
Residential receptor	**317**	**600**	277	300	NR	NR	High
Industrial receptor	**1 137**	**1 200**	871	1 000	NR	NR	High
Source monitoring	**2 350**	**2 400**	2 300	2 300	NR	NR	High
MINE REHABILITATION							
Closure costs - scheduled (R millions)	**478**		458	408	379	362	High
Closure costs - unscheduled (R millions)	**596**		559	533	503	486	High
Mineral reserves (million tons)	**1 405**		1 435	1 372	1 391	1 410	High
LEGAL COMPLIANCE							
Fines, penalties and settlements (number)	**0**		0	0	0	0	Moderate
Fines, penalties and settlements (Rands)	**0**		0	0	0	0	Moderate
PROCUREMENT SPEND (%)							
Local	**61**	**40**	63	63	65	NR	High
National	**38**	**40**	37	37	34	NR	High
International	**1**	**-**	-	-	1	NR	High
PROCUREMENT SPEND AGAINST MINING TARGETS (%)							
Local procurement of capital goods	**30**	**40**	35	25	22	NR	Moderate
Local procurement of services	**67**	**70**	41	31	30	NR	Moderate
Local procurement of consumables	**27**	**50**	44	47	35	NR	Moderate
BBBEE RATING LEVEL	**5**	**3**	4	3	5	5	High

High level of assurance = independent external verfication/ assurance, report available; Moderate = internally verified by management.
[1] Scope 1 = Direct energy consumption.
[2] Scope 2 = Indirect energy consumption.
NR: Not reported.

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MINE RESOURCES AND ORE RESERVES

Both Foskor and the Palabora Copper (PC) Mine are within the Phalaborwa Igneous Complex comprising 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 5.0% phosphate to be economically viable (cut-off grade). Material with between 4% and 5.0% P_2O_5 is classified as marginal.

Foskor has vast phosphate resources and at current mining rates (circa 34 million tons per year) this will ensure life of mine in excess of 70 years.

Resource estimates for the South and North Pyroxenite deposits based on our current geological and resource models shows minerals reserves as at 31 March 2015:

- 225.2 million tons in the North Pyroxenite deposit (2014: 236 million tons).
- 1 179.7 million tons in the South Pyroxenite deposit (2014: 1 199 million tons).

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 open-cast 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 run-of-mine from the open pits.

Based on current geological and resource models, mine resources and ore reserves are presented in the table below.

Proven and probable mineral reserves

Geological area	Reserves category	2015 Reserves (million tons)	2015 % P_2O_5	2014 Reserves (million tons)	2014 % P_2O_5
North Pyroxenite Pit	Proven	**225.2**	**7.12**	236.7	7.15
	Probable	**20.1**	**6.91**	20.0	6.91
South Pyroxenite Pit	Proven	**1 179.7**	**6.78**	1 198.7	6.79
	Probable	**137.8**	**6.47**	137.8	6.47

Mineral resources

Geological area	Resources category	2015 Resources (million tons)	2015 % P_2O_5	2014 Resources (million tons)	2014 % P_2O_5
North Pyroxenite Pit	Measured	**805.7**	**7.13**	817.2	7.14
	Indicated	**690.9**	**6.94**	690.9	6.94
	Inferred	**742.1**	**6.52**	742.1	6.52
South Pyroxenite Pit	Measured	**2 606.6**	**6.46**	2 625.6	6.46
	Indicated	**1 313.1**	**6.15**	1 317.1	6.15
	Inferred	**1 713.6**	**6.11**	1 713.6	6.11
PC Active Tailings Dam	Measured	**238.3**	**6.70**	238.3	6.70
	Indicated	**48.8**	**6.60**	48.8	6.60
	Inferred	**9.9**	**6.40**	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 Department of Mineral Resources. 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 re-submitted 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 abovementioned applications to include additional mineral deposits. All these submissions are under review by the DMR and we are awaiting approval.

Mine rehabilitation

A separate environmental rehabilitation fund is in place 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. Closure 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, Section 41.

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ACID DIVISION

Key achievements	Challenges
Improved safety record ■ Zero fatalities (2014: 0) – target zero ■ Lost-time injuries reduced by 40% to 2 (2014: 4) – target zero	**Major equipment failures** ■ The lack of availability of acid tanks ■ Old attack reactor failure ■ Prolonged shutdown ■ Power and water failures ■ Dense pipeline failure due to Umhlathuze challenges ■ Water demand in terms of potable water ■ Phosphoric acid export line spill
Maintained quality management ■ DEKRA 5 Shield SHE status maintained ■ All ISO certifications (14001, 9001, OHSAS 18001 and SANS 16001) retained	
Asset replacement programme progressing well ■ Two weak phosphoric acid tanks were rebuilt and one strong phosphoric acid tank completed. ■ Replacement of spiral coolers completed	

OVERVIEW

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.

PRODUCTION

Sulphuric acid

The sulphuric acid plants produced 86% of their target (1 436 312 tons against the target of 1 665 583 tons) for the period ended March 2015. In 2014 the production volumes were 1 628 378 tons. The production was higher in the previous year because the phosphoric acid production requirements were significantly higher in 2014 (509 516 tons).

The sulphuric acid plant's capacity has not been challenged, limited to the low sulphuric acid and steam requirements of the phosphoric acid plant. The plant's utilisation and performance under current phosphoric demand are met; however the key risks at the sulphuric acid plant include the original converters and their common stack. The converters and stack were inspected in the annual shut and will need to be replaced, posing the question as to whether to maintain or simply replace these plants in the near future.

Phosphoric acid

The phosphoric acid plant produced 392 760 tons against a target of 550 000 tons – this represents 71% of the target. In 2014 the plant produced 509 516 tons of phosphoric acid; the low production was also due to tank availability issues, and raw material availability.

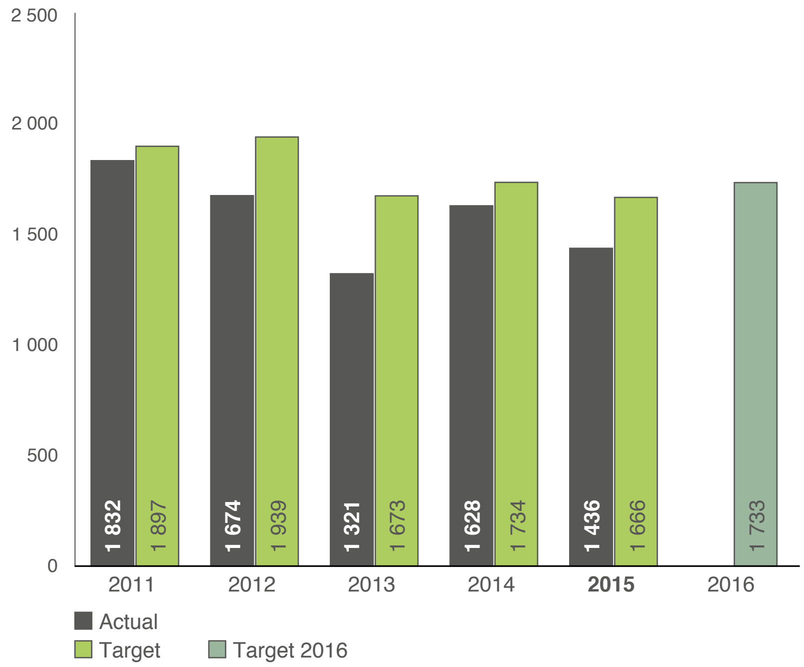
The negative impact on phosphoric acid production due to internal downtime as at the end of March 2015 is 135 618 tons of P_2O_5. This represents about 25% of the total 2015 budget. The main reasons for internal downtime are:

- Old attack reactor availability – In this financial year, during the annual shutdown in May to June 2014, the old attack reactor was inspected and major maintenance and repairs had to be performed to the wall and carbon brick lining replaced, however, five months later in November 2014 the old reactor failed, resulting in an immediate shutdown of the old phosphoric plant for 40 days. This resulted in reduced throughput as the pan filters had to stop due to reaction limitation. Progressive 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 and this in turn reduced throughput.

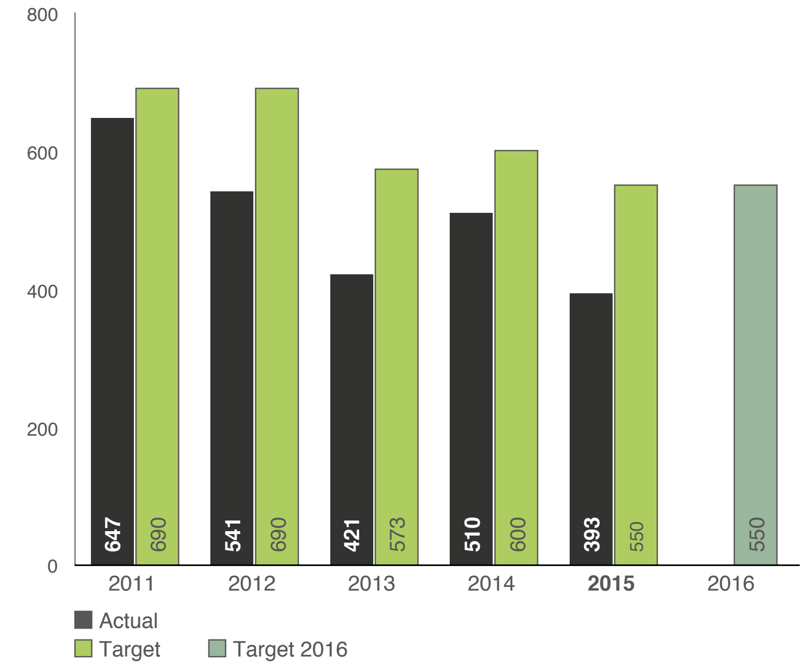
ACID DIVISION

(CONTINUED)

SULPHURIC ACID PRODUCTION
(K tons)



PHOSPHORIC ACID PRODUCTION
(K tons)



- Tanks availability – The Asset Replacement Programme continued to be implemented in the last 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. However, the issue of negative cash flows resulted in the slowing down of some of the projects, this resulted in the late completion of the critical tanks.

The negative impact on production due to external downtime as at the end of March 2015 is 21 622 tons of P_2O_5. This represents about 4% of the total 2015 budget. The main reasons for external downtime are:

- Umhlathuze Water – Numerous plant stoppages have been experienced due to continuous failure of the dense phase line outside Foskor's battery limit. This is due to old underground pipes built in 1976 that are due for replacement, and which are starting to have continuous failures. Currently talks between Foskor and Umhlathuze are underway for pipe replacement and reallocation. Water restrictions and stoppages as well as low rainfall in KwaZulu-Natal and reduced rate of plants were experienced in the financial year.
- Power supply – In the financial year, Eskom reintroduced load-shedding and in addition the municipality is currently facing a major challenge with old electrical cables and various assets that need replacement. This has resulted in intermittent power interruptions for all industries that get electrical feeds from the municipality rather than directly from Eskom. This has resulted in severe stoppages which affected both volumes and efficiencies.

PRODUCTION EFFICIENCY

The production efficiency rate for the year was 76.28% (2014: 88.05%) 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 90.94% (2014: 91.01%).

GRANULATION

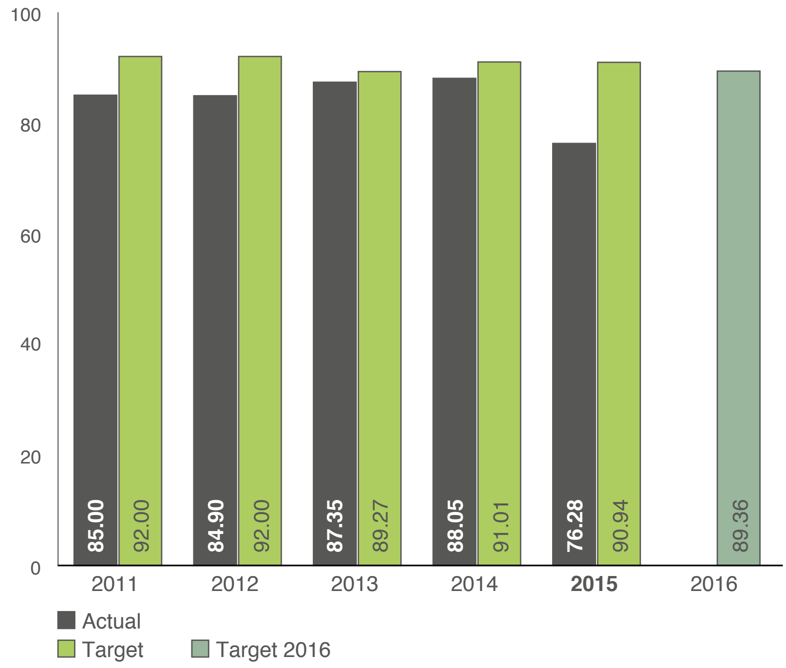
The granulation plant achieved 296 567 tons production against a budget of 400 000 tons. This represents 74% of total target. In 2014 the granulation plant produced 306 544 tons. Due to the limitation on production and increasing demand of granular, 87 448 tons had to be imported to satisfy the customer needs during the financial year.

The main factor that hampered production was the availability of phosphoric acid; this was as a result of low production of phosphoric acid due to factors mentioned above requiring a need to prioritise acid sales.

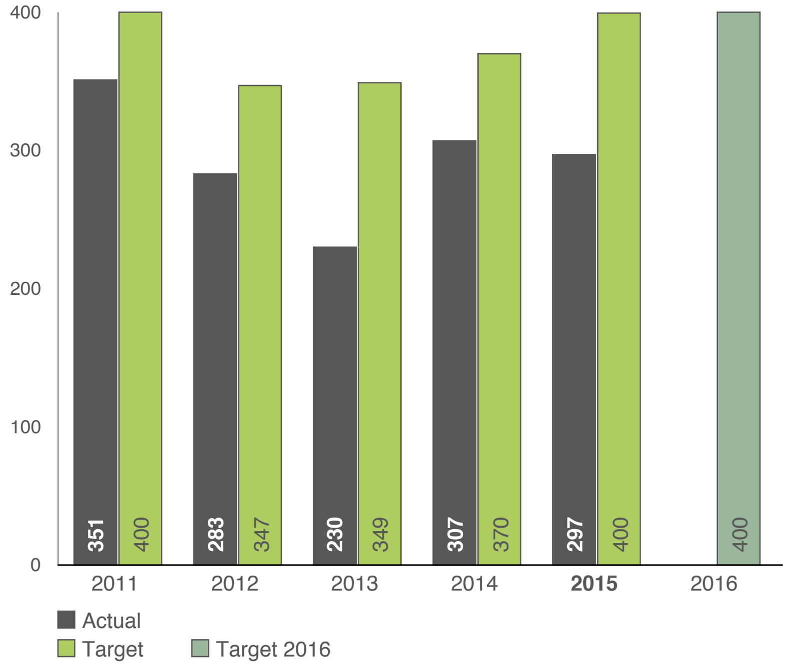
Asset replacement

Much of the Acid Division's plant and machinery was installed in 1976 and most of it had to either be refurbished or replaced. The completion of these projects will increase plant availability thereby leading to improved production capacity and efficiency. The cash flow forecast for capital projects is planned at R235 million per annum for the next three years. The main focus is on asset replacement programme projects and details are stated below:

PRODUCTION EFFICIENCY
(%)



GRANULATION PRODUCTION
(K tons)



ACID DIVISION

(CONTINUED)

	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 construction and installation of the belt filter system equipment and facilities was completed in this year except for piping installation which is completing by June 2015. 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 in June 2015.
2	**Install a fourth concentrator unit in the new phosphoric acid plant**	The new phosphoric acid plant utilises three concentrator units concurrently. With aged concentration units in the old phosphoric acid plant (1976), a unit similar to new concentrator for backup purposes is required. This will fill the gap in production capacity, stabilise the operation of the sulphuric and phosphoric acid plants by using the available acid storage capacity optimally, and reduce steam losses and plant downtime.	After basic engineering, the detailed design engineering for the new concentrator unit has started for completion by September 2015. The project was slowed down due to the cash flow crisis. It is anticipated that the construction and commissioning of this project would be completed March 2017.
3	**Replace both pan filters in the old phosphoric acid plant**	As discussed above, the old phosphoric 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 to May 2012 locally, while a partial replacement of the other was performed in October to November 2012 with original manufacturer. 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 proposed for 2017 to 2018.
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 in both weak and strong grade phosphoric acid sections. Due to the reconfiguration, we need to improve our clarifier capacity to improve sludge handling and minimise associated acid losses.	The process configuration of having a clarifier was finalised in place of storage tank. Design, construction and commissioning are planned for 2017 to 2018.
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 finishing useful lifespan and approaching a replacement. The replacements will also enable Foskor to meet the planned new environmental legislation for stack emissions from sulphuric acid plants.	A reputed French engineering company, Technip, has completed a techno-economic feasibility study for modification. The necessary replacements or modifications will be done in phases and completed before 2020.

	Asset replacement items	Description	Planned timeline
6	**Build a new reactor for the old phosphoric acid plant**	The concrete reactor in the old acid plant has been in operation for 39 years and has been repaired twice. The advanced age of the reactor poses a major health, safety and environmental risk, and it must be replaced.	Conceptual design and location feasibility study was completed with involvement of original process licensor (Prayon Technologies) and engineering contractor (SNC Lavalin, Belgium). basic design engineering is planned for 2015 to 2016 and construction is planned for 2017 to 2019.
7	**Replace the majority of acid storage tanks**	The majority of our acid storage tanks for sulphuric and phosphoric acid are quite old and have been repaired numerous times. All the old tanks are earmarked for major refurbishment or phased replacement.	Two tanks were replaced in FY2014 and a further four tanks are planned for either rebuilding or refurbishing in 2015.
8	**Replacement of phosphoric acid coolers**	The existing plate type acid coolers have been facing a challenge of frequent blockage and maintenance. It was explored to replace two coolers with robust spiral design coolers which have cleaning access and handle higher solids in acid.	Two spiral coolers were procured, installed and commissioned successfully in this year.

Occupational health and safety

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 92.03%, 1.03% percentage points above our target of 91%.

Our annual LTIFR of 0.34 was in our target range of less than one, but compared to last year's LTIFR of 0.36, signals a positive decrease in the number of injuries.

There were no fatalities in the 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

The Acid Division is a registered Major Hazardous Installation (MHI) 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 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 in 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.

ACID DIVISION
(CONTINUED)

A Baseline Risk Assessment of employee exposure to the various biological, chemical and physical stressors has been conducted in order to establish updated and accurate risk profiles. This has been done both qualitatively and quantitatively. From the Baseline Risk Assessment, employees were grouped into similar exposure groups and their exposure to various stressors in their activity areas are being monitored on a continuous basis in accordance with the Occupational Exposure Sampling Strategy Manual (OESSM). This monitoring programme is not only a legal requirement but also enables us to identify problem areas and implement suitable controls.

New confined space monitoring equipment for each plant has been received. Employees are currently being trained on the use of the equipment. Once training has been completed the equipment will be issued to the different sections.

The Occupational Hygienist and Occupational Medical Practitioner conduct walk-through surveys on a monthly 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.

An external service provider conducted the bi-annual occupational hygiene surveys in November 2014 as required by the Occupational Health and Safety Act. These surveys highlighted areas for improvement and action plans to address the findings have been submitted to the relevant section managers for action.

Environmental management

The Umhlathuze 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 7 368 534 kWh of grid electricity was used, while the turbine generated a total of 15 328 680 kWh of electricity at a monthly average of 1 277 390 kWh. Compared to the previous financial year, the grid electricity consumption increased by 0.63%, but our generator produced 14% less electricity compared to the last financial year.

This is our fourth year of reporting on carbon footprint. We used the PAS 2050 standard to establish a carbon footprint baseline against which to measure future progress. The carbon footprint monitoring system has been established throughout the division and more accurate emissions have been obtained thus far especially for Scope 1 and Scope 2. Scope 3 emissions still need attention since all the downstream and upstream emissions need to be considered.

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 new financial year. More effective use of

the turbine generator can help reduce cost and our carbon emissions.

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, both in terms of quality and quantity, and respond by using water responsibly and reducing our impact on local water resources.

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 mega-litres of water are used throughout the plant per day. Nonetheless, the Richards Bay region has been experiencing drought since September 2014 due to low water levels (46%) at Goedetrouw Dam which supplies the Richards Bay area and the surrounding towns. Consequently, the municipality has put in place water restrictions based on allocation. This has in turn compelled and encouraged us to look at ways to improve water efficiency on site and also explore water saving projects such as rainwater harvesting.

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. We also have an agreement with a neighbouring business, BHP Billiton Hillside, to recycle their storm water as a replacement for our own municipal raw water intake. In the last financial year a total 52 404 kilolitres of water was recycled for reuse.

The Acid Division will endeavour to reuse 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. The pump connections and drain points have been installed and are currently being operated manually. An automated system (level control) is still to be installed.

The upgrade and relining of our water retention dams has been postponed due to austerity measures. The upgrade of the dams will increase 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. In preparation for the upgrade we also undertook an Integrated Water Use Licence Application in terms of the National Water Act. This was

ACID DIVISION
(CONTINUED)

for the water uses associated with the development and use of cut-off barriers and storm water dam as installed on our property in Richards Bay, and how these impact on the adjacent wetlands and pans.

All the boreholes that were damaged or destroyed in the last year either as a result of other projects on site or due to shallow depth of installation have been re-installed. In addition to this, additional boreholes were installed as a way of upgrading our entire monitoring borehole network to meet approved Department of Water Affairs and Sanitation methodology.

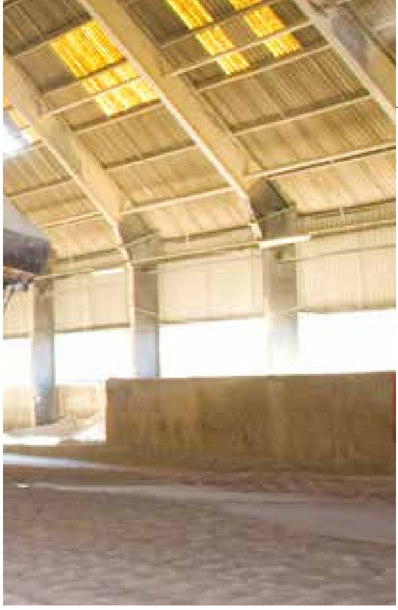
As stipulated in the Effluent Disposal Agreement between Foskor and Mhlathuze Water, Foskor Richards Bay on a daily basis, analyses an hourly 24-hour composite sample and submit a split sample to Mhlathuze's Scientific Services Laboratory for analysis.

Air quality
Foskor operates with an air quality permit issued by the Department of Environmental Affairs and has made an application to the national department for its Atmospheric Emissions License (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%.

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/Nm^3) per plant by March 2020. Fluoride and ammonia are also required to reduce to 5 mg/m^3 by 2020.

Reportable Incidents and External Audits
There was one major reportable environmental incident in terms of Section 30 of the National Environmental Management Act that occurred on 2 July 2014 in the Port of Richards Bay. The export acid pipe burst spilling acid (134 m^3). The spill was successfully contained and the area cleaned. As a corrective measure, the pipe was replaced while a pressure test was performed on the rest of the line to prevent recurrence. The Department of Environmental Affairs did a follow-up inspection and consequently closed the incident by 6 August 2014.

In August 2014, the Departments of Economic Development and Tourism and Environmental Affairs conducted an audit as their way to ensure environmental compliance. The audits are conducted in all industries in Richards Bay with each industry visited at least every two years. There were no non-conformances raised during this audit though recommendations for improvements were made.



Waste management

The Acid Division generates a variety of waste materials and about 25 waste streams have been identified. We acknowledge the importance of effective waste management on site. The company believes in the culture of reusing and recycling wherever possible and that waste disposal to landfills should be the last resort. Consequently we are committed to developing sustainable ways to implement waste management. Our waste is divided into two broad categories – hazardous and general (and recyclable waste). The amount of waste disposed and the form of disposal is presented in the Sustainability Performance Data table.

Radiation monitoring

As part of compliance to the National Nuclear Regulator Act, systematic monitoring of production processes as well as the environment has to be conducted to determine exposure level to ensure that proper controls can be instilled. The items covered in the abridged report for monitoring and radionuclide analysis conducted in year 2014 were:

Item tested	Status
Monthly and waste survey reports	All completed and submitted to the National Nuclear Regulator (NNR)
Dose reports	Annual dose reports were submitted to the NNR
Public exposure	Radio activity analysis of waste water for 2014 was done by NECSA and there were no major concerns for public exposure; eight fence line dust samples submitted to NECSA and results received
Sediment sample analysis	Radio activity analysis of sediments (solids) for 2014 were conducted by the South African Nuclear Energy Corporation NECSA, high readings were found for thorium at the storm water dam
Fish samples	Samples were collected from the sea by NECSA and the results were satisfactory
Worker safety	Airborne sample testing on employees was done in May 2014 and results had very low readings; results from the South African Bureau of Standards on thermoluminescent dosimeter (TLD) readings indicated exposure of >10mSv for skin and an internal investigation has been initiated and closed
Contamination surveys	Conducted at classified areas during the shutdown activities

ACID DIVISION

(CONTINUED)

Sustainability performance data

Performance Data – Human, Natural and Social capital

	2015 Actual	2015 Target	2014	2013	2012	2011	Level of Assurance
PEOPLE							
Employee numbers	**602**		640	675	743	680	
Recruitment	**29**		41	56	45	38	
Unionised labour (%)	**82.7**		80.9	77.5	68.8	76.5	
Employee turnover (%)	**7.4**		11.4	7.6	7.1	4.2	
SKILLS DEVELOPMENT							
Training and development (R)	**2 262 757**	**2 800 000**	3 857 604	5 639 475	6 449 962	2 770 407	
Learnerships (number)	**54**	**85**	32	58	37	48	
Learnerships (R)	**2 485 912**	**3 900 000**	1 193 910	2 429 832	1 070 133	1 863 462	
Bursaries (R)	**805 224**	**1 000 000**	1 124 109	790 991	597 096	368 163	
SAFETY							
Fatalities	**0**	**0**	0	1	0	0	High
Lost time injuries	**4**	**0**	4	8	5	3	High
Lost Time Injury Frequency Rate (LTIFR)	**0.34**	**<1**	0.36	0.59	0.45	0.27	High
Total Injury Frequency Rate (TIFR)	**6.65**	**5.50**	5.42	6.59	5.26	6.15	High
Occupational diseases (reported to COID)	**0**	**0**	5	3	1	1	High
GREENHOUSE GASES ENERGY CONSUMPTION (KG OF CO_2-E)							
Diesel (Scope 1)[1]	**1 350 517**		1 589 299	139 343	NR	NR	Moderate
Gas (Scope 1)[1]	**2 533 506**		4 166 967	286 439	NR	NR	Moderate
Travel (Scope 1)[1]	**NR**		82 714	NR	NR	NR	Moderate
Water (Scope 1)[2]	**14 346 966**		13 096 004	NR	NR	NR	Moderate
Electricity (Scope 2)[2]	**100 447 581**		94 479 759	43 188 385	NR	NR	Moderate
General waste (Scope 3)[3]	**1 480 999**		2 617 747	NR	NR	NR	Moderate
Recycled waste (Scope 3)[3]	**1 528 121**		1 848 354	NR	NR	NR	Moderate
Total greenhouse gas (CO_2 equivalent)	**121 687 690**		117 880 844	43 614 167	NR	NR	
WATER							
Potable water (Municipal) m^3	**5 528 217**		3 196 644	2 972 112	2 008 329	3 430 730	High
Clarified water (Municipal) m^3	**2 528 708**		4 160 662	3 490 816	4 126 739	5 412 847	High
Total fresh water consumption	**8 056 925**		7 357 306	6 462 928	6 135 068	8 843 577	
WASTE MANAGEMENT (TONS)							
Harzadous material – registered landfill disposal	**13 716**		13 260	16 485	NR	NR	Moderate
General material – registered landfill disposal	**834**		949	1 646	NR	NR	Moderate
Recyclable material – registered landfill disposal	**1 614**		1 064	1 602	NR	NR	Moderate
LEGAL COMPLIANCE							
Fines, penalties and settlements (number)	**0**		0	0	0	0	Moderate
Fines, penalties and settlements (Rands)	**0**		0	0	0	0	Moderate
PROCUREMENT SPEND (%)							
Local	**66**	**40**	87	86	75	NR	High
National	**10**	**40**	7	3	13	NR	High
International	**24**	**–**	6	11	12	NR	High
BBBEE RATING LEVEL	**5**	**3**	4	3	5	5	High

High level of assurance = independent external verification/ assurance, report available; Moderate = internally verified by management.
[1] Scope 1 = Direct emissions.
[2] Scope 2 = Indirect emissions.
[3] Scope 3 = Other indirect, not included in Scope 2.
NR: Not reported.

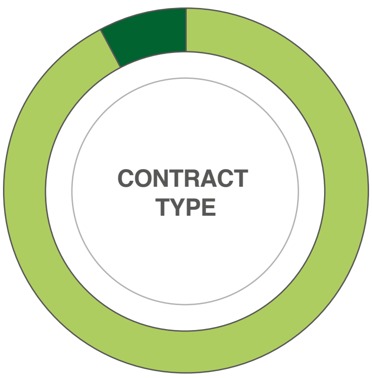
OUR PEOPLE

Total employees	2015	% change	2014	2013	2012	2011
Foskor Group (including contractors)	**1 913**	*(4.2)*	1 997	2 101	2 130	1 944

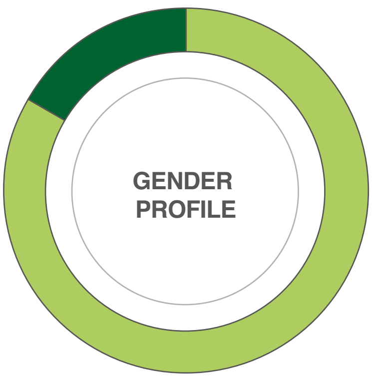
Employees per contract type	2015	% change	2014	2013	2012	2011
Permanent	**1 767**	*4.1*	1 842	1 945	1 857	1 803
Contract	**146**	*(5.8)*	155	156	273	141

Employees per gender	2015	Gender split	2014	2013	2012	2011
Male	**1 595**	**83.4**	1 675	1 766	1 806	1 658
Female	**318**	**16.6**	322	335	324	286

Employees per level	2015	% change	2014	2013	2012	2011
Top management	**12**	*(7.7)*	13	13	15	14
Senior management	**30**	*3.4*	29	29	36	31
Middle management	**132**	*(5.0)*	139	164	152	147
Skilled	**566**	*(2.9)*	583	607	594	575
Semi-skilled	**686**	*(5.0)*	722	747	706	683
Unskilled	**341**	*(4.2)*	356	385	354	353
Contractors	**146**	*(5.8)*	155	156	273	141
Foskor Group	**1 913**	*(4.2)*	**1 997**	**2 101**	**2 130**	**1 944**

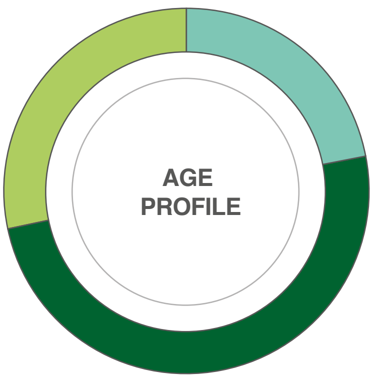


	NUMBER OF EMPLOYEES
Permanent	1 767
Contract	146



	NUMBER OF EMPLOYEES
Male	1 595
Female	318

	NUMBER OF EMPLOYEES
Top management	12
Senior management	30
Middle management	132
Skilled	566
Semi-skilled	686
Unskilled	341
Contractors	146



	NUMBER OF EMPLOYEES
<30 years	422
31 – 50 years	952
51 years+	539

OUR PEOPLE

(CONTINUED)

Recruitment

Foskor hired 90 new permanent employees during the year, and our permanent employee complement reduced by 4.07% to 1 767 (2014: 5.29% decrease). All skill levels, except 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 reduced by 1.24% (2014: reduced by 3.88%). Contractors reduced to 146 (2014: 155), representing 7.63% of our total workforce. The majority of the work is performed internally (not outsourced).

The average age of our entire workforce is around 41, which leaves 24 years on average working life until retirement. Average annual staff turnover is 6.1% (2014: 10.2%) of which retirees make up 1.2%. A system whereby some of the retirees are appointed as mentors and coaches for the engineers in our training programme is in place. The voluntary restructuring contributed to our high staff turnover.

PERMANENT EMPLOYEES RECRUITED	2015	2014	2013	2012	2011
Foskor Group	**90**	81	178	204	185

RECRUITMENT BY GENDER	2015	2014	2013	2012	2011
Male	**73**	56	133	165	137
Female	**17**	25	45	39	48

RECRUITMENT BY AGE	2015	2014	2013	2012	2011
<30	**42**	31	123	131	111
31 – 40	**35**	38	39	58	52
41 – 50	**7**	4	14	9	17
51 – 60	**6**	7	1	6	4
>61	**–**	1	1	–	1

EMPLOYEE TURNOVER (%)	2015	2014	2013	2012	2011
Foskor Group	**6.1**	10.2	5.8	6.6	6.2

TURNOVER PER GENDER (%)	2015	2014	2013	2012	2011
Male	**6.1**	9.8	5.5	6.8	6.8
Female	**6.4**	12.0	7.3	5.4	2.4

TURNOVER BY AGE (%)	2015	2014	2013	2012	2011
<30	**6.0**	6.1	4.4	4.6	3.8
31 – 40	**4.4**	9.6	6.2	4.6	4.4
41 – 50	**7.2**	9.3	5.7	5.8	4.6
51 – 60	**3.4**	8.5	4.1	5.9	5.2
>61	**35.9**	59.0	29.8	75.7	96.8

EMPLOYEE OPERATIONAL STRUCTURE AND DIVERSIFICATION

Foskor's staff falls broadly into two categories: Operational staff (bargaining category employees) and managerial (middle, senior and top management). The table below also shows the racial and gender diversification of our permanent staff.

For the year ended 31 March 2015

Occupational levels	Actual head count	Disadvantaged		Advantaged		Race and gender composition							
	Total	Total	%	Total	%	AF	AM	CF	CM	IF	IM	WF	WM
Top management	12	9	*75*	3	*25*	**2**	**6**	**–**	**1**	**–**	**–**	**–**	**3**
Senior management	31	23	*74*	8	*26*	**3**	**12**	**–**	**3**	**–**	**4**	**1**	**8**
Professional and middle management	124	86	*69*	38	*31*	**16**	**52**	**–**	**2**	**1**	**9**	**6**	**38**
Skilled	575	455	*79*	120	*21*	**74**	**314**	**2**	**1**	**8**	**27**	**29**	**120**
Semi-skilled	686	665	*97*	21	*3*	**81**	**574**	**1**	**–**	**–**	**4**	**5**	**21**
Unskilled	339	339	*100*	–	*0*	**55**	**284**	**–**	**–**	**–**	**–**	**–**	**–**
Total	1 767	1 577	*89*	190	*11*	**231**	**1 242**	**3**	**7**	**9**	**44**	**41**	**190**

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 mentoring and training, assists with the smooth transition when employees are promoted or move on. The Board Human Capital and Nominations Committee is responsible for succession planning and the identification of potential successors for key positions.

Training and development

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 as such have identified key roles and individual positions to be developed. We are also continuing to address our skills shortages with the help of Coromandel, our strategic partner and Indian shareholder, which gives us access to the expert knowledge necessary to do on-the-job training for our employees.

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.

Special emphasis was placed on the development of women and various initiatives were introduced during the year aimed at training women in the workplace. We spent a total of R9.8 million on training and development initiatives for 2015 (2014: R12.5 million).

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 provided 53 learnerships during the year, 21 of whom were recruited after successfully completing their learnerships. Eight apprentices were trained at the Phalaborwa based technical training centre. Six were full-time employees of Foskor and 62 were unemployed learners from the local community.

Our bursary programme offers deserving candidates the opportunity to study engineering at a university or a university of technology. Due to austerity measures, no new bursaries were awarded during 2015. However, we still continue funding the old bursars. We currently have 19 bursars at the Mining Division and 14 at the Acid Division. This brings the total number of bursars for both operations to 33. An amount of R2.2 million (2014: R2.5 million) was spent on bursaries.

Our 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 12 graduates are currently participating in this programme, eight at the Acid Division and four at the Mining Division. Foskor also has an agreement with the MQA to assist with a development programme for MQA graduates. There are currently six engineers on this programme that was funded by the MQA to the value of R855 790.

For unskilled and semi-skilled Foskor employees, the Adult Basic Education Training programme (ABET) is the cornerstone of learning and development

OUR PEOPLE

(CONTINUED)

reflecting the Company's commitment to lifetime learning. Foskor invested R120 960 in the programme in 2015 (2014: R645 699), which offers eligible employees free tuition and learning materials. The ABET programme currently hosts 49 employees.

The Government Certificate of Competency (GCC) running at the Mining Division has prepared four candidates for the GCC competency exam. Three of the candidates have been accepted by the Department of Mineral Resources to write exams whilst the fourth candidate is busy with his final preparations before applying to write the GCC exam.

Foskor has partnered with Mopani FET College as part of its external development programme and is currently hosting 15 learners holding N6 certificate from the college in the following fields Business Management, Management Assistant, Public Relations and Finance Management. The purpose is to provide them with an opportunity to gain work experience that will enable them to qualify for diplomas as at the end of the 18 months training programme. Six learners have already completed this programme in December 2014.

Industrial relations

As reported in the previous periods, Foskor continues to fully subscribe to the principles of industrial democracy and employee participation. This means that all employees of Foskor are free to make use of trade union representation on all matters which affect their conditions of employment. We presently have five trade unions representing a total of 1 653 employees which constitutes 94% of our permanent employees. The National Union of Mineworkers (NUM), which is based at the Mining Division, represents the majority (55%) of our employees in the Group. The Chemical Energy Paper Printing Wood and Allied Workers Union (CEPPWAWU), which is based at our Acid Division operations in Richards Bay, is the second largest trade union with a share of 20% employees. Solidarity and UASA enjoy a support base of 11% and 3% respectively.

Notice periods regarding operational changes are in terms of the Labour Relations Act. Our collective bargaining recognition agreements make provision for procedures and notice periods as part of the negotiation and dispute resolution process.

Wages

The substantive conditions of employment negotiations in Phalaborwa and Richards Bay were successfully concluded at the end of May 2014. A three year agreement was signed with both NUM and CEPPWAWU and it will remain in force until 31 March 2017. The current wage agreement is characterised by a staggered approach, which has effectively put to rest the salary progression dispute that gave rise to the 2012 industrial action at the Mining Division. The agreement will also mitigate possible disputes following the recent promulgation of the amendment to the Employment Equity Act, which propagates the principle of equal pay for work of equal value.

Dispute resolution

During the year under review, 16 CCMA and NBCCI cases were reported and finalised (2014: 22). Altogether 14 of them related to individuals while two were collective in nature. The cases were concluded as follows:

- three favourable arbitration awards;
- seven favourable settlement agreements; and
- six withdrawal/dismissals.

It is also worth mentioning that eight of these cases related to alleged unfair labour practice (ULP) while the remainder comprised misconduct (six), retrenchment (one) and constructive dismissal (one). The fact that six of the cases were either dismissed by the CCMA or withdrawn by the applicants is indicative of the fact that more training on industrial relations is still necessary amongst trade union representatives. Accordingly, Foskor's industrial relations section has been arranging, and will continue to arrange, CCMA and other IR training for trade union representatives in order to reduce the number of complaints which are frivolously lodged with the CCMA.

General industrial relations climate

Although the presence of AMCU has been confirmed at our neighbouring mines, Palabora Copper and LA Crushers, our Mining Division has not yet experienced the union's presence. This is due to the fact that there are no money-related issues or any serious disputes at present.

A sound employment relations climate continued to prevail during the period under review at both the Mining and Acid operations. This can be attributed to the prompt attendance to collective issues raised by organised labour as well as improved and proactive communication and consultation on matters of mutual interest. Management and trade unions at both operations continued to utilise the existing forums to engage each other on matters of mutual interest. The current employment relations climate at both operations can be described as satisfactory.

The hot seat agreement, in terms of which employees have to carry out a shift hand-over process in a rapid manner, was finally concluded and implemented in September 2014. The agreement intended to enhance the production output. However, the hot seat agreement was summarily terminated by NUM in the middle of December 2014 without giving proper notice. The agreement, which was for a trial period and in any event set to come to an end in December 2014, ought to have been terminated by proper notice. Management and NUM representations are in the process of resurrecting the agreement.

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SOCIAL

Mining is a key driver of economic growth in South Africa and it continues to play a significant role in socio-economic development which attempts to redress the socio-economic imbalances in our communities.

When Foskor was issued with the conversion of the mining rights, the licence to operate was conditional on compliance with the Mining Charter, Broad-Based Black Economic Empowerment (BBBEE) Act and the Minerals and Petroleum Resources Development Act (MPRDA).

We aspire to fully comply with the transformation legislation and guidelines to ensure that our stakeholders participate in the economic benefits generated at our operations, and that our activities leave our host governments and communities with a firm foundation for a sustainable future.

We have different transformation initiatives in the divisions to assist in highlighting the management team about issues that affect our employees and the immediate communities. The consultative forums include employment equity forums, monthly organised labour meetings, scheduled community meetings, and others.

Element	Maximum score old scorecard	Foskor score	Maximum score new scorecard
Ownership	20	**11.21**	25
Management control	10	**10.25**	15
Employment equity	15	**7.62**	-
Skills development	15	**5.83**	20
Preferential procurement	20	**17.40**	-
Enterprise development	15	**2.06**	40
Socio-economic development	5	**2.51**	5
	100	**56.88**	105

CAREER DEVELOPMENT AND WOMEN IN MINING

As part of initiatives to develop women, we have spent in excess of R1 million to train women in the current year. Our career development and succession planning programme provides for employees to be chosen for development and advancement based on core competency requirements. A career path is then planned for the individuals selected with a mentor assigned to the protégé. The career progression plan for women at Foskor is given priority and the management team supports initiatives to develop women and 12% of the 94 people identified for career progression are women. The career progression planning at Foskor ranges from 12 months to four years depending on the extent of the level of the incumbents workplace exposure. It must be noted that mentoring forms an integral part of employees' career development to ensure that there is proper and well informed transfer of skills.

In 2015, women occupied 12% of mining and process-related positions, and made up 16% of our permanent staff. Our employment equity plan is geared to support the increasing of the total number of women we employ.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

The current BBBEE certificate which expires in March 2016 can be accessed from our website www.foskor.co.za. A summary of the account of our current BBBEE Level 5 is presented above.

MINING CHARTER

All mining rights holders are required to submit an annual compliance assessment to the Department of Mineral Resources (DMR) on progress made against meeting the annual targets in the Charter. We have submitted all the required annual reports.

We have completed the first five-year cycle of the Social and Labour Plan (SLP) in 2014 and subsequently a new five-year plan has been submitted with new transformation targets. The proposed SLP has been approved by the DMR for implementation as supported by all critical stakeholders being the majority union NUM, Ba-Phalaborwa Municipality and the representatives from the communities.

SOCIO-ECONOMIC DEVELOPMENT

The delivery of community development projects is informed by the Social and Labour Plans that are submitted every five years to the DMR, detailing community development projects and targets. Foskor will be making a minimum direct investment of R35 million for the funding of the SLP in the Mining Division for the next five-year cycle. A further annual investment of R2.2 million is made in the group as part of the fixed and ad hoc donations.

We invest in communities within a 50 kilometre radius of our Mining and Acid operations. Our corporate social investment (CSI) and local economic development (LED) under the stewardship of the Corporate Affairs Department, manage education, 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.

COMMUNITIES

The mining industry is expected to make a difference by being able to create a sustainable business which can effectively engage its stakeholders – most directly our employees and the communities close to our operations, but equally to the stakeholders who indirectly affect, or are affected by, what we do, including governments, shareholders, partners and suppliers. We are committed to working with our stakeholders in government, business and civil society to promote good governance and the responsible use of mineral wealth for the benefit of society in general.

We believe that establishing relationships built on trust, integrity and mutual respect is fundamental to our ability to create value for the communities in which we operate. The need to invest in building mutually beneficial relationships is of great importance.

Our Company sustainability as mining operation depends on our ability to positively contribute to the wellbeing and prosperity of our host communities. The recent challenging social context in South Africa of unemployment and prevalence of child headed families due to the impact of HIV/AIDS highlights the need for sustainable community development as both a commercial and a social imperative around our operations in both Phalaborwa and Richards Bay.

Our established Community Trusts are geared to support the local communities by adopting the approach of the provincial development plan which supports poverty alleviation through agricultural projects and skills development initiatives. The Community Trusts are managed by community-representing Trustees in terms of the trust deeds and are funded through the Foskor dividends when the Company is profitable.

Our corporate social investment includes investments in sports, arts and culture, health and food security, and the support of vulnerable groups.

There are no disputes with communities relating to land use, customary rights of local communities and indigenous people. There is one pending land claim in Phalaborwa.

Notes

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