



Announcement of:

- **remuneration earned by LNM Holdings NV ("LNM") in terms of the Business Assistance Agreement ("BAA") dated 22 November 2001 with Iscor;**
- **settlement of BAA remuneration in cash rather than by issue of shares;**
- **amendment of dividend policy; and**
- **withdrawal of cautionary announcement.**

Iscor shareholders are referred to the cautionary announcement dated 12 December, 2003 whereby shareholders were advised that the measurement of sustainable annual cost savings generated by Iscor with the assistance of LNM Holdings NV up to 30 June 2003 and remuneration therefore in terms of the BAA would be completed shortly. Accordingly, shareholders are referred to the announcement detailed below:

1. Remuneration earned by LNM

The measurement of sustainable annual cost savings generated by Iscor with the assistance of LNM up to 30 June 2003 in terms of the BAA has been completed and audited.

The savings of R388 million, measured against the index adjusted target scale, entitle LNM to remuneration of R613,3 million for the period 1 July 2002 to 31 December 2002 which have been sustained for the period 1 January 2003 to 30 June 2003 ("the second period") calculated at 5,77% of Iscor's issued shares immediately after the April 2002 rights issue, valued at the twenty day volume weighted average Iscor share price prior to this announcement.

Future BAA remuneration will depend on savings achieved during the six-month periods ending 31 December 2003, 30 June 2004 and 31 December 2004 each of which must be sustained for a further period of six months commencing immediately thereafter. The first possible future remuneration qualification will be determined after measuring the sustainability of the savings for the December 2003 six monthly period sometime after June 2004.

2. Settlement of remuneration due

At the time that the BAA was concluded, provision was made for settlement of the BAA remuneration by way of the issue of shares due to the challenging conditions facing Iscor at that time:

- Iscor had a significant debt burden;
- Saldanha Steel was experiencing technical difficulties, hindering ramp-up to full production, and was incurring losses; and
- global steel prices were at historically low levels, with no clear sign of improvement.

Since entering into the BAA, Iscor's financial position has improved significantly.

Iscor now has adequate cash resources to settle the BAA remuneration being the sum of R613,3 million in respect of the second period in cash without prejudicing dividend payments or future growth opportunities. Cash settlement will benefit all Iscor shareholders by avoiding both immediate and permanent dilution of earnings. The parties have amended the BAA agreement so as to enable Iscor at the election of its board of directors, subject to agreement with LNM, to make payment of the BAA remuneration either by the allotment and issue of Iscor shares or payment in cash. Iscor's board of directors has accordingly approved and LNM has agreed to a settlement in cash for the second period rather than by issue of shares.

3. Amendment of dividend policy

Iscor's current dividend policy is to distribute approximately one third of headline earnings.

The BAA remuneration will be charged against headline earnings in terms of circular 7/2002 of the South African institute of Chartered Accountants.

In order to preserve a more even dividend payout pattern, Iscor's board of directors has decided that the net remuneration charge will be excluded from headline earnings for purposes of determining the dividend distribution.

4. Withdrawal of cautionary

Shareholders of Iscor are no longer required to exercise caution in their dealings in their securities.

Pretoria
17 December 2003

Sponsor to Iscor

Deutsche Securities 
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