

Sable Metals & Minerals

SABLE METALS AND MINERALS LIMITED

(formerly Sable Platinum Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 2001/006539/06)
JSE share code: SMM ISIN: ZAE000185674
("Sable" or "the company" or "the group")

ABRIDGED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2014

GROUP HIGHLIGHTS

- In order to further diversify the company's activities, a number of prospecting rights for vanadium, iron ore and rutile were applied for during the year.
 - Prospecting rights for these minerals were granted on the Abrina project area during June 2013 and on the Doornpoort project areas during July 2013.
 - An application for vanadium, iron ore and rutile was accepted on the farm Einde in July 2013.
 - Subsequent to year-end:
 - the prospecting right for vanadium was granted on Portion 3 of the farm Uitvalgrond.
 - Sable was notified that the application for iron ore on the farm Bierkraal was accepted by the DMR during December 2013.
 - Sable was notified that the application for vanadium, iron ore and rutile was accepted on the farm Witvley in February 2014.
- Negotiations with the community members on the Syferfontein project area were conducted throughout the year and a memorandum of understanding was signed with the various parties at the beginning of November 2013. This paves the way to concluding a final agreement on this project, a withdrawal of the court proceedings and the grant of a mining right on this project.
- A letter agreement was concluded with Global Initiatives (Pty) Ltd ("Global") in April 2013 to acquire a stake in the Selebi Phikwe tailings deposit, subject to a financial, legal and technical due diligence and the conclusion of comprehensive agreements.
 - This project was to produce pig-iron from the slag dump at BCL Limited's ("BCL") copper, nickel and cobalt mine at Selebi Phikwe.
 - A project team was appointed to undertake a scoping study on the production of pig iron and it was concluded that this was uneconomic. However, if the scope of the project was changed to include a steel plant and produce wire rod and rebar, then the project may be viable.
 - The revised project was presented to the board in August 2013 and authority was given to conclude final agreements with Global.
 - Negotiations with Global on the final structure and funding of the transaction have not progressed to a conclusion and subsequent to year-end, the board has decided to suspend negotiations with Global.
- Shareholders approved the change of name to Sable Metals and Minerals Ltd in January 2014.

CORPORATE PROFILE

Sable Platinum Holdings (Pty) Ltd reverse listed into New Corpcapital Ltd on 23 November 2012. New Corpcapital duly changed its name to Sable Platinum Ltd and on 3 March 2014 changed its name to Sable Metals and Minerals Ltd, to more fully reflect the diverse nature of the company, hereafter referred to as "the company" or "Sable".

Application will be made to the JSE to change the classification on the JSE from the platinum and precious metals sector to the general mining sector in due course.

The company's primary business objective is the exploration, evaluation and development of several exploration projects, situated mainly on the western limb of the Bushveld Complex. In the process of conducting its exploration program for platinum group metals ("PGMs"), the company discovered that many of the properties over which it has a prospecting right contained the Vanadium Magnetite Reef ("VMR") in what appear to be significant proportions. Following a preliminary report prepared by one of the company's directors, René Hochreiter, the decision was taken that the company should apply for the rights to explore the VMR's for vanadium, iron ore and rutile. Prospecting rights for these minerals have been granted during the year on the Abrina and Doornpoort project areas. Subsequent to year-end, a prospecting right for vanadium was granted on Portion 3 of the farm Uitvalgrond. These grants are considered to be significant because VMR outcrops on these properties, Abrina and Doornpoort are on rail line and the Uitvalgrond property is contiguous with that of Evraz Vametco Alloys (Pty) Ltd which been mining and processing this reef for forty years.

Whilst further exploration of these reefs will be required, the company is of the view that they have the potential to add significant value to shareholders. It is the opinion of the board that the vanadium and magnetite reefs could represent an earlier entry to cash flow than the longer term platinum projects.

The company is continuing to explore all avenues for a capital raise which, if completed, will provide the company with sufficient cash to bring at least one mining operation into production, after the necessary licences are granted.

BASIS OF PREPARATION

The abridged annual financial statements for the year ended 28 February 2014 have been prepared in accordance with the JSE Listings Requirements, the South African Companies Act (Act 71 of 2008) ("the Companies Act") as amended, the recognition and measurement requirements of International Financial Reporting Standards, IAS 34: Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee. These financial statements have been prepared under the supervision of M van Tonder, Chartered Accountant (S.A.), the financial director. The full report is available at the company's registered office.

The abridged annual financial statements have been derived from the audited financial statements for the year ended 28 February 2014 but is not itself audited. The auditor's report does not necessarily cover all the information contained in these abridged annual financial statements and accordingly, a copy of the auditor's report is available for inspection at Sable's registered offices.

The directors take full responsibility for the preparation of the abridged annual financial statements and that the financial information has been correctly extracted from the underlying audited annual financial statements.

The accounting policies applied by the group in these abridged annual financial statements are consistent with those applied in the previous year. The new standards and interpretations that became effective in the current year and adopted by the group did not have a material effect on the annual financial statements. More details on these standards and interpretations can be found in the integrated report.

AUDIT OPINION

Grant Thornton (Jhb) Inc. audited the annual financial statements and expressed an opinion that it presents fairly, in all material respects, the financial position of Sable Metals and Minerals Limited as at 28 February 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Without qualifying their opinion, the auditors draw attention to the disclosure on going concern which indicates that the group incurred a net loss of R10 701 271 for the year ended 28 February 2014. This disclosure also indicates that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the group's ability to continue as a going concern. The going concern assumption is subject to the successful outcome of the matters referred to in the going concern disclosure in note 30 of the annual financial statements and detailed below.

GOING CONCERN AND SPECIFIC ISSUE OF SHARES FOR CASH

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Sable is an exploration company not yet in a cash-generating position which is obliged to fund exploration by equity. Sable is currently raising capital in order to continue its exploration programme and to cover all general and administration costs. Sable's future prospects and stability relies on its ability to raise capital for the ensuing year.

The ability of the group to continue as a going concern is dependent on, and subject to, the successful outcomes of the matters detailed below.

At 28 February 2014, Sable had accumulated losses of R160 081 928 and the group had accumulated losses of R85 592 340.

Sable is currently in discussions with a number of investors to subscribe for additional shares.

In addition to this, Sable concluded a funding arrangement on 31 May 2014 with one of its non-executive directors, Mr Botha Schabort, who may assign such benefits to a nominee of his choosing.

In terms of this arrangement R10 million is payable in tranches over the course of the next four months. In return, and subject to what follows below, Mr. Schabort will receive ordinary shares in Sable at the lesser of 54.09529 cents per share or at a 10% discount to the 30 day VWAP on the day the funds are received.

In addition and upon receipt of the initial tranche of R1.5 million (already paid) he will be entitled to a commission of 2% on the gross proceeds received by Sable (or its subsidiaries) ("the group") on ore to be sold by it.

This commission shall increase pro-rata to the additional tranches received to a maximum aggregate commission of 5%.

Mr Schabort also has the right to a like commission on any ore body sold by the group or on the sale of any mineral right held by it.

Sable has the right exercisable entirely at its discretion but on prior notice to Mr Schabort to raise alternate capital and elect not to receive any further financing from him. Mr. Schabort in turn has the right to accelerate his investment prior to receipt of this notice.

Presuming that the entire subscription of R10 million has been made by Mr. Schabort, if the group has not been granted a mining right and concluded an offtake agreement for the sale of a minimum of 50 000 tonnes of ore per month, which ore is to be supplied from the property holding the mining right:

- within a period of two and a half years from the date of first payment, a penalty of R2.5 million will accrue to Mr Schabort which amount shall be credited to his loan account;
- within a period of two years and nine months from the date of first payment, a further penalty of R2.5 million shall be credited to his loan account;
- within a period of three years from the date of first payment, a further penalty of R5 million will accrue which amount shall also be credited to his loan account.

In the event that Sable has exercised its right to seek alternate funding, thereby precluding any further subscription for shares by Mr Schabort the above penalties shall be pro-rated to the actual investment made by him.

This agreement is subject to approval by shareholders in a general meeting and all regulatory approvals being obtained by Sable. A circular to shareholders is currently being prepared. Shareholders, independent of the transaction, holding 122 214 824 shares representing 84 % of the shares eligible to vote have given an irrevocable undertaking to approve the transaction.

The directors believe that one of the group companies has a claim against SARS of approximately R 3.2 million relating to overpaid tax during the 2001 year of assessment. The directors are in discussions with SARS relating to this claim. The directors have no reason to believe that this claim does not have merit. The timing of the refund (if approved) is uncertain at this point and therefore is not recorded as an asset on the statement of financial provision.

The directors are doing everything they can to expedite receipt of the money from SARS.

The group currently has a cash burn rate of approximately R700 000 per month and is taking steps to reduce this to R620 000 per month from September 2014.

STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2014

	Group		Company	
	2014	2013	2014	2013

Figures in Rand

ASSETS

Non current assets

Plant and equipment	576 896	790 117	-	-
Intangible assets	1 200 000	1 200 000	-	-
Investments in subsidiaries	-	-	181 322 745	182 526 810
Loans to subsidiaries	-	-	3 356 401	-
Other financial assets	563 506	249 517	-	-
	2 340 402	2 239 634	184 679 146	182 526 810
Current assets				
Current tax receivable	-	1 166 824	-	-
Trade and other receivables	990 794	1 077 426	-	-
Cash	30 767	4 730 620	9 576	191 609
	1 021 561	6 974 870	9 576	191 609
Total assets	3 361 963	9 214 504	184 688 722	182 718 419
EQUITY AND LIABILITIES				
Equity				
Stated capital	85 747 232	82 747 232	303 883 938	300 883 938
Accumulated loss	(85 592 340)	(74 891 069)	(160 081 928)	(157 867 281)
Equity attributable to equity holders of the parent	154 892	7 856 163	143 802 010	143 016 657
Non controlling interest	(87 855)	(85 615)	-	-
Total shareholders' interest	67 037	7 770 548	143 802 010	143 016 657
LIABILITIES				
Non current liabilities				
Loans from subsidiaries	-	-	40 806 417	39 621 468
Other financial liabilities	523 014	443 014	-	-
	523 014	443 014	40 806 417	39 621 468
Current liabilities				
Trade and other payables	1 547 159	1 000 942	80 295	80 294
Loan from director	1 100 000	-	-	-
Bank overdraft	124 753	-	-	-
	2 771 912	1 000 942	80 295	80 294
Total liabilities	3 294 926	1 443 956	40 886 712	39 701 762
Total equity and liabilities	3 361 963	9 214 504	184 688 722	182 718 419
Net asset value per share (cents)	0.10	5.39	-	-
Tangible net asset value per share (cents)	(0.69)	4.57	-	-

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2014

	Group		Company	
	2014	2013	2014	2013
Figures in Rand				
Revenue	247 847	711 498	-	-
Other income	18 261	743 455	-	-
Operating expenses	(586 812)	-	-	-
Exploration costs	-	(13 839 245)	-	-
General and administration costs	(10 448 392)	(23 729 262)	(2 261 454)	(30 728 324)
Operating loss	(10 769 096)	(36 113 554)	(2 261 454)	(30 728 324)
Investment revenue	66 118	616 815	46 807	-
Finance costs	(533)	(2 884)	-	-
Loss before taxation	(10 703 511)	(35 499 623)	(2 214 647)	(30 728 324)
Taxation	-	(60 093)	-	-
Loss for the year	(10 703 511)	(35 559 716)	(2 214 647)	(30 728 324)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	(10 703 511)	(35 559 716)	(2 214 647)	(30 728 324)
Loss attributable to:				
Owners of the parent	(10 701 271)	(35 480 808)	(2 214 647)	(30 728 324)
Non controlling interest	(2 240)	(78 908)	-	-
	(10 703 511)	(35 559 716)	(2 214 647)	(30 728 324)
Loss per share (cents)	(7.22)	(21.67)	-	-
Headline loss per share (cents)	(7.22)	(21.67)	-	-

STATEMENTS OF CHANGES IN EQUITY

	Stated capital	Accumulated loss to equity holders of the parent	Total attributable interest	Non controlling	Total equity
Figures in Rand					
GROUP					
Balance at 1 March 2012	48 552 160	(39 410 261)	9 141 899	(6 707)	9 135 192
Loss for the year	-	(35 480 808)	(35 480 808)	(78 908)	(35 559 716)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(35 480 808)	(35 480 808)	(78 908)	(35 559 716)
Issue of shares	15 152 410	-	15 152 410	-	15 152 410
Listing fees on issue of shares	(5 987 215)	-	(5 987 215)	-	(5 987 215)
Share-based payment on reverse listing	25 029 877	-	25 029 877	-	25 029 877
Total contributions by and distributions to owners of company recognised directly in equity	34 195 072	-	34 195 072	-	34 195 072
Balance at 1 March 2013	82 747 232	(74 891 069)	7 856 163	(85 615)	7 770 548
Loss for the year	-	(10 701 271)	(10 701 271)	(2 240)	(10 703 511)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	(10 701 271)	(10 701 271)	(2 240)	(10 703 511)
Issue of shares	3 000 000	-	3 000 000	-	3 000 000
Total contributions by and distributions to owners of company recognised directly in equity	3 000 000	-	3 000 000	-	3 000 000
Balance at 28 February 2014	85 747 232	(85 592 340)	154 892	(87 855)	67 037

	Stated capital	Accumulated loss	Total equity
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Figures in Rand

COMPANY			
Balance on 1 September 2012	169 201 552	(127 138 957)	42 062 595
Loss for the 6 months ended 28 February 2013	-	(30 728 324)	(30 728 324)
Other comprehensive income	-	-	-
Total comprehensive loss for the 6 months ended 28 February 2013	-	(30 728 324)	(30 728 324)
Odd lot offer	(74 494)	-	(74 494)
Repurchase offer	(20 488 765)	-	(20 488 765)
Issue of shares on reverse listing	199 912 310	-	199 912 310
Treasury shares	(47 666 665)	-	(47 666 665)
Total contributions by and distributions to owners of company recognised directly in equity	131 682 386	-	131 682 386
Balance at 1 March 2013	300 883 938	(157 867 281)	143 016 657
Loss for the year	-	(2 214 647)	(2 214 647)
Other comprehensive income	-	-	-
Loss for the year	-	(2 214 647)	(2 214 647)
Issue of shares	3 000 000	-	3 000 000
Total contributions by and distributions to owners of company recognised directly in equity	3 000 000	-	3 000 000
Balance at 28 February 2014	303 883 938	(160 081 928)	143 802 010

STATEMENTS OF CASH FLOWS

	Group		Company	
	2014	2013	2014	2013
Figures in Rand				
Cash flows from operating activities				
Cash used in operations	(9 892 626)	(21 036 170)	(1 057 388)	(215 702)
Interest income	66 118	313 183	46 807	-
Finance costs	(533)	(2 884)	-	-
Tax received (paid)	1 166 824	(60 093)	-	-
Net cash from operating activities	(8 660 217)	(20 785 964)	(1 010 581)	(215 702)
Cash flows from investing activities				
Purchase of plant and equipment	(30 400)	(81 850)	-	-
Loan advanced from subsidiary	-	-	1 184 949	39 621 468
Loan advanced to subsidiary	-	-	(3 356 401)	(18 842 508)
Loan advanced from related party	80 000	-	-	-
Increase in other financial assets	(313 989)	-	-	-
Net cash from investing activities	(264 389)	(81 850)	(2 171 452)	20 778 960
Cash flows from financing activities				
Proceeds on share issue	3 000 000	10 629 060	3 000 000	-
Repayment of other financial liabilities	-	(290 861)	-	-
Loan received from director	1 100 000	-	-	-
Repurchase of shares and odd lot offer	-	-	-	(20 563 258)
Share issue listing expenses	-	(5 987 215)	-	-
Cash on reverse listing of New Corpcapital Limited	-	20 855 157	-	-
Net cash from financing activities	4 100 000	25 206 141	3 000 000	(20 563 258)
Total cash movement for the year	(4 824 606)	4 338 327	(182 033)	-
Cash at the beginning of the year	4 730 620	392 293	191 609	191 609
Total cash at the end of the year	(93 986)	4 730 620	9 576	191 609

INTEGRATED REPORT AND NOTICE OF AGM

The company's integrated annual report, together with a notice convening the annual general meeting, will be mailed to shareholders on Wednesday 11 June 2014. The annual general meeting will be held on Thursday, 10 July 2014 at 10h00 at the offices of the company, 4 Fricker Road, Illovo.

The last day to trade in order to be eligible to participate in and vote at the annual general meeting is Friday, 27 June 2014 and the record date for voting purposes is Friday, 4 July 2014.

An electronic copy of the company's integrated annual report is available on the company's website, www.sablemetals.co.ca

For and on behalf of the Board

Executive directors: JG Allan (Chief Executive Officer); RC Hochreiter; DN Levithan; M van Tonder (Financial Director)

Non-executive director: PB Schabort

Independent non-executive directors: TA Wixley (Chairman); NN Lazarus; CP Mostert

Company registered address: 4 Fricker Road, Illovo, 2196

Company postal address: PO Box 411130, Craighall, 2024

4 June 2014
Sponsor

JAVACAPITAL