

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
("SMM" or "the company")

Disposal of shares in three subsidiaries to Lemur Resources and withdrawal of cautionary announcement

1. Introduction and withdrawal of cautionary announcement

Shareholders are referred to the cautionary announcements released by the company since 19 March 2015, the last of which was renewed on 31 July 2015 and which are hereby withdrawn. Caution is no longer required to be exercised by Shareholders when dealing in their securities.

This announcement should also be read with the announcement released by the company on 13 August 2015 in respect of a proposed specific issue of shares for cash, restructuring and scheme of arrangement. This announcement relates to one of the preparatory transactions referred to in paragraph 5.1.3 of the said announcement.

2. Background and rationale

2.1. SMM is an exploration company listed in the general mining sector on the exchange operated by the JSE Limited ("JSE").

2.2. It has a wholly owned subsidiary, Sable Platinum Holdings Proprietary Limited ("SPH"), which holds 100% of the issued shares of Sable Platinum Mining Proprietary Limited ("SPM").

2.3. SPM, *inter alia*, owns the following shares:

- 65% of the issued shares of Great 1 Line Invest Proprietary Limited;
- 74% of the issued shares of Gemsbok Magnetite Proprietary Limited; and
- 51% of the issued shares of Caber Trade and Invest 1 Proprietary Limited

(which companies are jointly hereinafter referred to as "the Project Companies"). (The said shares will be referred to as "the Project Companies Shares").

2.4. SMM and Lemur Resources Limited ("Lemur") entered into a loan agreement on 19 March 2015 ("the loan agreement") in terms of which Lemur advanced an amount of R 2 000 000 (two million Rand) to SMM on certain terms and conditions. The loan agreement provided, *inter alia*, that the parties would explore the possibility of Lemur acquiring the Project Companies Shares.

2.5. On 21 July 2015 Lemur agreed to increase the loan amount by an additional R1 500 000 (one million five hundred thousand Rand).

2.6. On 12 August 2015 SMM and Lemur signed a term sheet for the disposal by SPM of the Project Companies Shares to Lemur, the salient features of which are set out below.

3. Description of the business of the Project Companies

Great Line 1 Invest Proprietary Limited is the registered holder of a prospecting right for Uitvalgrond Portion 3 held under Department of Mineral Resources ("DMR") reference number NW 30/5/1/1/2/11124 PR.

Gemsbok Magnetite Proprietary Limited is the registered holder of a prospecting right for the remaining extent of Doornpoort 295 JR held under DMR reference number 30/5/1/1/02/10142 PR.

Caber Trade and Invest 1 Proprietary Limited holds the application for a mining right NW 30/5/1/1/2/10004 MR, which application had been suspended pending resolution of a dispute with the community.

The projects undertaken by the Project Companies in terms of their respective mineral titles ("the Projects") are more fully described on the company website www.sablemetals.co.za.

4. Disposal

SPM will sell all the Project Companies Shares to Lemur for US\$600 000 (six hundred thousand United States Dollars) as one indivisible transaction, subject to the conditions precedent being fulfilled ("the disposal"), with effect from the date of signature of the comprehensive agreement referred to in 6.1 below ("CA Signature Date").

The purchase price is payable in instalments. Ownership of the shares shall pass when the purchase price has been paid in full. It was agreed in the loan agreement that should the Project Companies Shares be acquired by Lemur, the outstanding loan amount shall be set off against the purchase price.

In addition to the purchase price, Lemur shall pay SPM a royalty of an amount equal to 1.75% of the gross sales of products yielded from the Projects, quarterly in arrears, subject to a certain maximum and minimum per tonne of product sold.

SPM will apply the sales proceeds to repay the loan referred to in 2.4 and 2.5 above and to redeem debt.

SMM provided warranties to Lemur that are customary in transactions of this nature.

5. Categorisation of transaction

The disposal will be a category 1 transaction in terms of the JSE's Listings Requirements as well as a fundamental transaction in terms of section 112 of the Companies Act, 2008, as amended.

6. Conditions precedent

The term sheet will be subject to fulfilment of the following conditions precedent:

- 6.1. the entering into of a comprehensive agreement ("the Comprehensive Agreement") by the parties by no later than 18 September 2015, or such later date as the parties may agree to in writing;
- 6.2. that Lemur advises SPM by no later than 18 September 2015 that it is satisfied with the outcomes of a legal and financial due diligence investigation into the affairs of the Project Companies.

7. Resolutive conditions

The Comprehensive Agreement will come into full force and effect on the date of signature thereof ("CA Signature Date"), but the continued operation thereof shall be subject to the following resolutive conditions:

- 7.1. that the required approval of the DMR pursuant to the provisions of section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002 ("Section 11 Approval"), in respect of the change in ownership of the Project Companies in terms of the disposal, be granted within 6 (six) months of the CA Signature Date;
- 7.2. that within 30 Business Days of the CA Signature Date, SMM furnishes Lemur with the written waiver that the other shareholders in the Project Companies (other than SMM) have not given notice of their intention to exercise their respective pre-emptive rights to obtain any of the Project Company Shares;
- 7.3. that within 10 (ten) Business Days of the CA Signature Date, the boards of directors and shareholders (to the extent required by law) of SPM, LR and each of the Project Companies respectively approve the disposal in writing; and
- 7.4. that within 10 (ten) Business Days of the CA Signature Date, the board of directors and shareholders representing 60% of the voting shares of SMM approve the disposal in

writing and undertake to vote in favour of the disposal in general meeting.

8. Completion

On the CA Signature Date, SPM shall deliver to an escrow agent agreed to in writing by Lemur, pending final payment of the Purchase Price:

- 8.1. its share certificates in respect of the Project Companies Shares;
- 8.2. share transfer forms in respect of the Project Companies Shares, duly signed by SPM as the transferor and blank as to transferee;
- 8.3. the written resignations of all of SMM's appointees as directors of the Project Companies;
- 8.4. resolutions by the boards of directors of the Project Companies:
 - authorising registration of transfer of the relevant Project Companies Shares to Lemur, the issue of new share certificates to Lemur, and the updating of the relevant Project Company's register of members accordingly; and
 - appointing Lemur's nominee(s) as directors of the Project Companies.

9. Financial information

The value of the net assets that are the subject of the disposal has been assessed as US\$600 000 (six hundred thousand United States Dollars) plus a net present value of US\$2 100 000 (two million one hundred thousand United States Dollars) on a real discount rate of 10%. There are currently no profits attributable to the net assets that are the subject of the disposal.

10. Circular

A circular setting out the transaction will be prepared and sent to shareholders in due course.

Johannesburg

13 August 2015

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