

# **SABLE EXPLORATION AND MINING LIMITED**

**(previously Middle East Diamond Resources Limited**

(Incorporated in the Republic of South Africa)

(Registration Number: 2001/006539/06)

JSE share code: SXM

ISIN: ZAE000303319

("SEAM" or "the company" or "the group")

## **SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2022**

## **PREPARER**

These results were prepared by Deon Botha CA (SA).

## **AUDITOR'S REPORT**

The summarized financial results are extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the abridged financial information and the correct extraction of the financial information included herein for the underlying annual financial statements. The financial statements were audited by Nexia SAB&T, the audit report thereon is available for inspection at the Company's registered office. The auditor's report contained the following paragraph with respect to material uncertainty relating to going concern:

"We draw attention to Note 21 in the financial statements, which indicates that the Group incurred a net loss for the year ended 28 February 2022 and, as of that date, the Group's total liabilities exceeded its total assets by R26 020 758 (2021: R19 864 827). As stated in Note 21, these events or conditions, along with other matters as set forth in Note 21, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

## OVERVIEW

### At a glance

	<b>Year ended 28 Feb 2022 (audited)</b>	<b>Year ended 28 Feb 2021 (audited)</b>
EBITDA	<b>(6 113 957)</b>	<b>(3 249 597)</b>
(Loss)/earnings per share (cents)	(141.76)	(76.21)
Headline loss per share (cents)	(141.76)	(76.21)
Net asset value per share (cents)	(598.1)	(456.6)
Tangible asset value per share (cents)	(598.1)	(456.6)

### Changes to the Board of directors

Sheikh Abdulla Khalfan Humaid Nasser was not re-elected to the Board at the meeting of 2 November 2021

<b>Director</b>	<b>Position</b>	<b>Appointment date</b>
James Allan	Chief executive officer	2012-11-23
Mohammed Bassam Al Mojarkesh	Non-executive director / shareholder representative	2016-07-29
Charles Mostert	Independent Chairman	2020-08-25
Eshaan Singh	Independent non-executive director	2020-08-25
Said Tinawi	Non-executive director	2016-02-16
Deon Botha	Part-time Financial Director	2020-11-04
Enver Motala	Non-executive director	2021-02-01

## **OVERVIEW (continued)**

### **Reporting period under review**

#### **Chief Executive Officers report 2022**

Following the agreement in November 2020 to acquire 50% of the Stepford Gold Project in Ghana the company set about finding a funding partner for this project. Unfortunately, during this search, on 24 March 2021, Resolute Mining announced that the Ghanaian government had unilaterally cancelled the Mining Lease for Bibiani Gold Mine. Apparently, this was in retaliation for Resolute announcing that they were selling their interest to a Chinese company.

As a result of this the company pursued the interest in the project to a South African company, Susannoholdings (Pty) Ltd, for a R10m loan and a royalty on future gold sales. Despite showing great interest in the project Susannoholdings failed to deliver the promised R10m and the Stepford Project was cancelled. This was a major disappointment as the geology of the project looked promising.

A joint venture was announced.

The Annual Financial statements for FY2021 were published in September 2021 and the name change to Sable Exploration and Mining was approved in general meeting by shareholders in November 2021.

The company signed a joint venture agreement with Moopetsi Chrome wherein SEAM will acquire 41% of Moopetsi Chrome in exchange for mobilizing and managing a mining fleet. SEAM will be responsible for marketing the ore from the mine. SEAM has agreed with a mining contractor that the mining contractor will provide the working capital required in order to bring the mine into production in exchange for 15% equity in the project. It transpired that some of the documentation submitted to the Department of Minerals and Energy did not meet their minimum requirements and the company had to re-submit documentation. The documentation now meets the requirements of the DMRE and a guarantee of approximately R1.8m has been requested by the Department prior to the granting of the right. The funds for this guarantee will come from the announced rights issue.

At the end of November 2021, the company announced the acquisition of a number of mining assets from Magni Investment Holdings (Pty) and Lurco Metals (Pty) Ltd for R1.2bn through an issue of shares at R5 per share. Magni undertook to subscribe for R20m in the R50m rights issue at R1 per share.

At the beginning of February 2022, the company announced an amendment to the acquisition. The transaction was amended to the acquisition of the Lurco Eswatini (Pty) Ltd and Vastek Trading (Pty) Ltd for a combined amount of R820m. Vastek owns a chrome beneficiation plant and various prospecting rights for chrome in the Brits area and Lurco Eswatini holds the prospecting right over a high-quality Anthracitic coal site in Eswatini that was previously mined by Gencor. This transaction is still subject to a number of conditions precedent.

The company acquired 49% of Swing Curve 345 (Pty) Ltd and 49% of AEE Thabametsi for the payment of R98 (98 shares at R1 each to be issued to Magni). Both companies hold various prospecting rights granted by the DMRE and details are in the SENS announcement dated 11 February 2022.

Application was made to the Johannesburg Stock Exchange for the suspension in the trading of shares to be lifted given the Financial Statements were up to date, the company was in the process of undertaking a partially underwritten rights issue and had valid prospecting rights and was in the process of acquiring mining assets. The suspension was listed on 16 February 2022.

Subsequent to year-end on 2 March 2022 the company announced that the Board of Directors had approved a rights issue of 52 215 180 ordinary shares at R1 per share to raise R52 215 180. This is the ratio of 12 shares per ordinary share held. Of this amount the directors have underwritten directly or indirectly 25 364 907 shares.

On 25 May 2022 the company announced that the transaction with Magni had lapsed due to non-fulfilment of various conditions precedent by Magni. In the same announcement shareholders were informed that various companies had approached SEAM with a view to a reverse listing of their assets.

Shareholders have the first right of subscribing for shares at R1 per share which is considered to be a deep discount to the traded price and the price at which the transaction with Magni was proposed. Directors will only be able to subscribe for shares **after** shareholders have taken up shares in the rights issue.

I would like to thank the Board for their ongoing assistance and support in the process of getting the company to this important juncture.

Various service providers have provided support during this difficult period and, in particular, I thank Exchange Sponsors for their unwavering support during the various investigations into various acquisition targets.

I am confident that the company will grow following the successful conclusion of the rights issue and acquisition of assets in 2022.

James Allan

30 June 2022

**SUMMARISED AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 28 FEBRUARY 2022**

	GROUP		COMPANY	
	Year ended 28 Feb 2022 (audited)	Year ended 28 Feb 2021 (audited)	Year ended 28 Feb 2022 (audited)	Year ended 28 Feb 2021 (audited)
Figures in Rands				
<b>Assets</b>				
<b>Non-current assets</b>				
Investment in associates	98	-	-	-
	98	-	-	-
<b>Current assets</b>				
Trade and other receivables	395 145	2 056 645	-	-
Cash and cash equivalents	4 425	5 561	-	-
	399 570	2 062 206	-	-
<b>Total assets</b>	<b>399 668</b>	<b>2 062 206</b>	<b>-</b>	<b>-</b>
<b>Equity and liabilities</b>				
<b>Capital and reserves</b>				
Share capital	99 468 435	99 468 435	317 605 140	317 605 140
Accumulative loss	(125 488 032)	(119 320 293)	(323 276 140)	(322 239 435)
<b>Equity attributable to owners of the parent</b>	<b>(26 019 597)</b>	<b>(19 851 858)</b>	<b>(5 671 000)</b>	<b>(4 634 295)</b>
Non-controlling interests	(1 161)	(12 969)	-	-
<b>Total equity</b>	<b>(26 020 758)</b>	<b>(19 864 827)</b>	<b>(5 671 000)</b>	<b>(4 634 295)</b>
<b>Non-current liabilities</b>				
Other financial liabilities	22 941 609	19 155 850	3 120 782	2 950 000
	22 941 609	19 155 850	3 120 782	2 950 000
<b>Current liabilities</b>				
Trade and other payables	3 478 564	2 757 784	2 550 218	1 684 295
Taxation	-	13 399	-	-
Bank overdraft	253	-	-	-
	3 478 817	2 771 183	2 550 218	1 684 295
<b>Total liabilities</b>	<b>26 420 426</b>	<b>21 927 033</b>	<b>5 671 000</b>	<b>4 634 295</b>
<b>Total equity and liabilities</b>	<b>399 668</b>	<b>2 062 206</b>	<b>-</b>	<b>-</b>

**SUMMARISED AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	GROUP			COMPANY	
	Year ended 28 Feb 2022 (audited)	% change	Year ended 28 Feb 2021 (audited)	Year ended 28 Feb 2022 (audited)	Year ended 28 Feb 2021 (audited)
Figures in Rands					
Finance income	-		47 855	-	-
Operating expenses	(6 113 957)		(3 297 452)	(882 943)	(480 531)
<b>Operating loss</b>	<b>(6 113 957)</b>		<b>(3 249 597)</b>	<b>(882 493)</b>	<b>(480 531)</b>
Impairment loss	-		-	(100 000)	(3 103 437)
Finance costs	(53 782)		(52 907)	(53 762)	(50 327)
<b>Loss before income tax</b>	<b>(6 167 739)</b>		<b>(3 302 504)</b>	<b>(1 036 705)</b>	<b>(3 634 295)</b>
Taxation	-		13 399	-	-
<b>Total comprehensive loss for the year</b>	<b>(6 167 739)</b>		<b>(3 315 903)</b>	<b>(1 036 705)</b>	<b>(3 634 295)</b>
<b>Total comprehensive loss attributable to:</b>					
Owners of the parent	(6 167 739)		(3 315 903)		
Non-controlling interest	-		-		
	<b>(6 167 739)</b>		<b>(3 315 903)</b>		
EBITDA	(6 113 957)	(88,2%)	(3 249 597)		
Earnings and Diluted Earnings per share					
Loss per share (cents)	(141,76)	(86,0%)	(76,21)		
Headline loss per share (cents)	(141,76)	(86,0%)	(76,21)		
Net Asset Value per Share	(598.1)	(30.99%)	(456.6)		
Net Tangible Value per Share	(598.1)	(30.99%)	(456.6)		

**SUMMARISED AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 28 FEBRUARY 2022**

Figures in Rands	Attributable to the parent			Non-controlling interest	Total equity
	Share capital	Accumulated loss	Total		
<b>Group</b>					
<b>Balance at 1 March 2020</b>	<b>99 468 435</b>	<b>(116 004 390)</b>	<b>(16 535 955)</b>	<b>(12 969)</b>	<b>(16 548 924)</b>
Total comprehensive loss	-	(3 315 903)	(3 315 903)	-	(3 315 903)
<b>Balance at 28 February 2021</b>	<b>99 468 435</b>	<b>(119 320 293)</b>	<b>(19 851 858)</b>	<b>(12 969)</b>	<b>(19 864 827)</b>
Total comprehensive loss	-	(6 167 739)	(6 167 739)	-	(6 167 739)
Adjustment to non-controlling interest on disposal of subsidiaries				11 808	11 808
<b>Balance at 28 February 2022</b>	<b>99 468 435</b>	<b>(125 488 032)</b>	<b>(26 019 957)</b>	<b>(1 161)</b>	<b>(26 020 758)</b>
<b>Company</b>					
<b>Balance at 1 March 2020</b>	<b>317 605 140</b>	<b>(318 605 140)</b>	<b>(1 000 000)</b>	-	<b>(1 000 000)</b>
Total comprehensive loss	-	(3 634 295)	(3 634 295)	-	(3 634 295)
<b>Balance at 1 March 2021</b>	<b>317 605 140</b>	<b>(322 239 435)</b>	<b>(4 634 295)</b>	-	<b>(4 634 295)</b>
Total comprehensive loss	-	(1 036 705)	(1 036 705)	-	(1 036 705)
<b>Balance at 28 February 2022</b>	<b>317 605 140</b>	<b>(323 276 140)</b>	<b>(5 671 000)</b>	-	<b>(5 671 000)</b>



## SUMMARISED AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2022

	GROUP		COMPANY	
	Year ended 28 Feb 2022 (audited)	Year ended 28 Feb 2021 (audited)	Year ended 28 Feb 2022 (audited)	Year ended 28 Feb 2021 (audited)
Figures in Rands				
<b>Cash flows from operating activities</b>				
Cash utilised by operations	(1 333 268)	(354 005)	(17 020)	50 327
Finance income received	-	47 855	-	-
Finance costs paid	(53 782)	(52 907)	(53 762)	(50 327)
<b>Net cash used in/generated from operating activities</b>	<b>(1 387 050)</b>	<b>(359 057)</b>	<b>(70 782)</b>	<b>-</b>
<b>Cash flows from investing activities</b>				
Acquisition of associates	(98)	-		
Loans advanced to subsidiary			(100 000)	-
Proceeds from restricted cash	-	249 517	-	-
<b>Net cash from investing activities</b>	<b>(98)</b>	<b>249 517</b>	<b>(100 000)</b>	<b>-</b>
<b>Cash flows from financing activities</b>				
Proceeds from financial liabilities	1 385 759	508 866	170 782	100 000
Loans advanced to subsidiary			-	(100 000)
Payment of financial liabilities	-	(395 000)		
<b>Net cash from financing activities</b>	<b>1 385 759</b>	<b>113 866</b>	<b>170 782</b>	<b>-</b>
<b>Total cash movement for the period</b>	<b>(1 389)</b>	<b>4 326</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the period	5 561	1 235	-	-
<b>Total cash at the end of the period</b>	<b>4 172</b>	<b>5 561</b>	<b>-</b>	<b>-</b>

# NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS

For the year ended 28 February 2022

## 1. Basis of preparation and Accounting Policies

### Presentation of annual financial statements

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

The consolidated financial statements of Sable Exploration and Mining Limited have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS and JSE Securities Exchange ("JSE") Listings Requirements. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB") and in the manner required by the Companies Act, 71 of 2008 as amended.

### Historical cost convention

The financial statements have been prepared on the historical cost basis.

### Standards and interpretations

No standards and interpretations effective and not yet effective would have a material impact on the financial statements of the Group and Company.

## 2. Earnings and headline earnings per share

	Year ended 28 Feb 2022 (audited)	Year ended 28 Feb 2021 (audited)
<b>Loss and Headline Loss per share and Diluted Loss and Diluted Headline Loss per share</b>		
Attributable to the ordinary equitable holders of the Company	(141,76)	(76.21)
<b>Reconciliation of loss used in calculating earnings per share and headline loss per share</b>		
Profit attributable to the ordinary equity holders of the company used in calculating basic loss per share		
Loss for the year	(6 167 739)	(3 315 903)
Adjusted for: No adjustments required	-	-
	(6 167 739)	(3 315 903)
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	4,350,872	4,350,872
Adjusted for calculation of diluted earnings per share: No adjustments required	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	4,350,872	4,350,872

## NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS

For the year ended 28 February 2022

(CONTINUED)

### 3. FINANCIAL RISK MANAGEMENT AND FAIR VALUE

There has been no material change in the Group's financial risk management objectives and policies compared to those disclosed in the consolidated annual financial statements as at and for the year ended 28 February 2022.

The Group does not currently carry any assets or liabilities at fair value which required any disclosure on its fair value measurement.

The directors are of the opinion that the carrying amount of the financial assets and financial liabilities approximate their fair values.

### 4. CONTINGENCIES

In terms of a scheme of arrangement approved on 25 February 2016, the Group and Company have ceded and assigned all current contingent liabilities to Sable Platinum Mining Limited. The exposure to the Group is limited to R1 000 000 which is included in other payables.

### 5. SEGMENT REPORTING

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker. Furthermore, a segment is a distinguishable component of the Group that is engaged in either providing related products and services (business segments), in providing products or services within a particular economic environment (geographic segment), which is subject to risks and returns that are different to those of other segments. The Chief Executive Officer is the chief operating decision maker and evaluates the financial information of the Group as one operating unit.

No segment information has been provided as the Group is currently not trading.

### 6. RELATED PARTIES

#### Relationships

Subsidiaries	Refer to Note 3 of financial statements
Directors and members of key management	James Gordon Allan Deon Botha Mohammed Bassam Al Mojarkesh Mohamed Said Tinawi Eshaan Singh Charles Philip Mostert Enver Mohamed Motala
Other	Kim Botha - wife of Deon Botha

## NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS

For the year ended 28 February 2022

(CONTINUED)

### 6 RELATED PARTIES (continued)

Related party balances and transactions with entities with control, joint control or significant influence over the company

Related party balances	Year ended 28 Feb 2022 (audited)	Year ended 28 Feb 2021 (audited)
<b>Transactions with directors</b>		
<b>Loans payable</b>		
Sable Platinum Mining Limited (JG Allan director)	18 857 276	16 249 048
J G Allan	1 034 333	-
Shenver Investments (Pty) Ltd (EM Motala director)	1 000 000	856 802
Mohamed Said Tinawi	800 000	800 000
<b>Trade payables</b>		
Eshaan Singh / Noah Capital	252,203	252 203
Deon Botha	210 825	99 575
Kim Botha - wife of Deon Botha	114 100	119 100
<b>Related party transactions</b>		
<b>Management and accounting fees</b>		
Sable Platinum Mining Limited (JG Allan director)	2 400 000	1 800 000
Deon Botha	211 250	65 000
Kim Botha	45 000	29 250
<b>Directors' remuneration</b>		
<b>Executive</b>		
J G Allan	-	-
D Botha	-	-
<b>Total executive</b>	-	-
<b>Non-executive fees</b>		
C P Mostert	116 500	-
E Singh	99 000	-
M Bassam Al Mojarkesh	103 500	-
M S Tinawi	78 500	-
E M Motala	75 000	-
<b>Total non-executive fees</b>	470 500	-

## **NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS**

**For the year ended 28 February 2022**

**(CONTINUED)**

### **7 GOING CONCERN**

The 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.

The Group incurred a loss for the year ending 28 February 2022 of R6 167 739 (2021 - R3 315 903) and, as of those dates, the Group's total liabilities exceeded its total assets by R26 020 758 (2021 - R19 864 827).

The Group has the right to defer payment of non-current liabilities of R22 941 609 (2021 - R16 249 048) until such time as the Group is able to repay the loans from available cash resources.

These events or conditions, along with other matters set forth in this note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The directors will continue to source financial resources to continue as a going concern despite the historical losses incurred. The ability of the Group and Company to be a going concern is dependent on the success of the rights issue as follows:

#### **Rights issue**

The SENS announcement on 02 March 2022 informed shareholders that the SEAM board of directors approved a partially underwritten rights offer of 52 215 180 ordinary shares, in the ratio of 12 new ordinary shares for each existing ordinary share, at a price of R 1 per share. The company aims to raise R52,2 million before any costs to assist in paying outstanding creditors and assist SEAM with future acquisitions.

The directors of the company have underwritten, direct and indirectly, a total of 25 364 907 shares which in total amounts to R 25.36 million representing 48,6% of the approved rights issue. It should be noted that shareholders have the first right to subscribe for shares at R1 each and the underwriting can only be exercised if shareholders do not take up the shares being offered in the rights issue.

It anticipated that the rights issue circular will be sent to shareholders as soon rights offer has been approved by the JSE.

#### **Mining and prospecting risk**

The Group and Company works within the framework of the Mineral and Petroleum Resources Development Act, 28 of 2002 and other applicable legislation in order to remain therewith and to retain its granted rights. The failure of the Group and Company to meet its obligation to the Department of Mineral Resources (DMR) may negatively impact on its holding of the prospecting rights and hence its core business. The impact of any legislative changes as to the risk they may pose to the Group and Company's operation will be assessed as and when they occur. The communities with whom the Group and Company deals with are often fractured. The Group and Company, through ongoing negotiation with these communities, attempts to anticipate and resolve any such issues as and when they occur and prior to them becoming material.

## **NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS**

**For the year ended 28 February 2022**

**(CONTINUED)**

### **8 EVENTS AFTER THE REPORTING PERIOD**

On 24 May 2022 the company announced that the transaction with Magni Investment Holdings (Pty) Ltd ("Magni") referred to in SENS announcements of 28 February 2022, 1 February 2022 and 24 November 2021 was not proceeding because of certain conditions precedent not being fulfilled by Magni. Shareholders were advised that the company has been approached by a number of companies regarding a potential reverse listing into SEAM. Shareholders will be updated accordingly.

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Covid-19 has no influence or impact on the business or operations of the Group.

**For and behalf of the Board of directors**

**James Gordon Allan**

*Chief Executive Officer*

**Mohamed Said Tanawi**

*Independent Non-Executive Director*

# SABLE EXPLORATION AND MINING LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 2001/006539/06

JSE share code: SXM

ISIN: ZAE000303319

("SEAM" or "the Company" or "the Group")

## Directors:

James Gordan Allan (Chief Executive Officer), Deon Botha (Financial Director (part-time)),  
Charles Phillip Mostert (Independent Chairman)\*,  
Eshaan Singh\*, Mohamed Said Tinawi\* and Mohammed Bassam Al Mojarkesh\*

\* *Independent Non-Executive Directors*

## Registered address:

Kingsley Office Park, 85 Protea Road, Chislehurst, Sandton, 2196

## Postal Address:

PO Box 411130, Craighall, 2024

## Company Secretary:

Ms. Claire Middlemiss, 4 Sirius Avenue, Morehill, Benoni, 1500

## Sponsor:

Exchange Sponsors (2008) Proprietary Limited, 44a Boundary Road, Inanda, 2196,  
(P O Box 411216, Craighall, 2024)

## Auditor:

Nexia SAB&T, 119 Witch-Hazel Avenue, Highveld Technopark, Centurion, 0157  
(PO Box 10512, Centurion, 0046)

## Transfer Secretaries:

CTSE Registry Services Proprietary Limited, Woodstock Exchange 5<sup>th</sup> Floor Block B,  
66-68 Albert Road, Woodstock, 7925

These results and an overview of SEAM are available from the CEO at [james@sabemetals.co.za](mailto:james@sabemetals.co.za)

30 June 2022