



Sable Metals & Minerals



**UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL RESULTS FOR THE SIX MONTHS ENDED
31 AUGUST 2015**



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")

COMMENTARY

1. Restatement of the results for the year ended 28 February 2015

The JSE advised Sable Metals and Minerals Limited ("Sable" or "the company") that they had reviewed the Integrated Annual Financial Statements ("AFS") as part of an ongoing proactive monitoring review process and disagreed with the board's judgmental decision on the classification of the Familia Asset Managers Proprietary Limited ("Familia") as a subscription for shares as equity. The opinion of the JSE was that this was not compliant with IAS 32.25. IAS 32.25 states that "A financial instrument may require the entity to deliver cash or another financial asset in the event of the occurrence or non-occurrence of uncertain future events or on the outcome of uncertain circumstances) that are beyond the control of both the issuer and the holder of the instrument" and "The issuer of such an instrument does not have the unconditional right to avoid delivering cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability)". Management has agreed to include this re-statement as per IAS 8 in the interim results for the 6 months ended 31 August 2015.

As a result of this the present value of the liability of R10 million at June 2017 is calculated as R6 295 056 as at 28 February 2015 and R6 951 382 as at 31 August 2015. These amounts have been reported as non-current liabilities as of the restated AFS for February 2015 and the interim results for 31 August 2015. Share capital at 28 February 2015 has been re-stated in order to account for the difference between the present value of the R10 million and the R10 million received.

Restatement of the 2015 AFS had the following changes to the 2015 AFS and the Interim Results for August 2015:

- Balance Sheet Items
 - Share capital was reduced from R97 889 857 to R91 594 801
 - The difference being the present value of the Familia loan, R6 295 056, is now reported as a non-current liability
- Income Statement items
 - There is no change to the 2015 Income Statement
 - The difference in the present value of the Familia loan at February 2015 and August 2015, R656 326, is now taken as an expense in the Income Statement to 31 August 2015
- Changes in Equity
 - Equity attributable to shareholders declines by the present value of the Familia loan, R6 295 056
- Cash flow Statement
 - There is no change to the Cash Flow Statement

2. Sable operational review

Retention Permit accepted

The application for a Retention Permit on the Abrina Project for Platinum Group Metals, Vanadium and Iron ore was accepted by the Department of Mineral Resources ("DMR") subject to the provision of certain documentation to the DMR. The required documentation in support of this application has already been submitted to the DMR.

Sable released a SENS announcement on 19 March 2015 wherein it was announced that the company had signed an agreement whereby an investor would provide funding to Sable on the basis that negotiations were being conducted with a view to the investor acquiring one or more assets from the company.

In the light of the above announcement the company ceased further exploration on the assets in question, pending finalisation of these negotiations.

SARS asset

The SARS tax asset of R3.2 million originating from the reverse listing of Sable into New Corpcapital Limited on 23 November 2012 has been reviewed by SARS and declined. This asset had already been impaired in full and thus has no impact on the AFS.

3. Financial overview

Sable is still in the exploration phase and does not generate cash from its activities. The group made a net loss of R4.0 million for the period (Aug 2014: R6.9 million). This includes R656 326 arising as a result of the increased present value calculated on the Familia funding referred to in the restatement of results above.

Management continue to monitor the cash flow situation on an ongoing basis.

As is common with many junior exploration and mining companies, the group raises capital for exploration and other projects as and when required.

4. Transactions

Shareholders are referred to the SENS announcements regarding a specific issue of shares, restructuring and a Scheme of Arrangement as well as a disposal of shares in three subsidiaries to Lemur Resources respectively ("the Lemur disposal") that was released on 13 August 2015 and 14 August 2015 respectively.

Due to the current cash constraints within the company, as reported on more fully in the 2015 integrated annual report, Broken Land Adventures Proprietary Limited ("BLA") offered to subscribe for 200 000 000 (two hundred million) new Sable shares at 4 cents per share for an aggregate amount of R8 000 000 (eight million rand) subject to certain conditions precedent.

This subscription will be subject to Sable divesting of all its assets and liabilities, with the exception of its shareholding in Sable Platinum Holdings Proprietary Limited ("SPH"). SPH will acquire and retain the shares in Roan Platinum Proprietary Limited, Sable Platinum Joint Venture Proprietary Limited, Middelwave Trade and Invest 4 Proprietary Limited, Fast Pace Trade and Invest 32 Proprietary Limited, Coveway Trade and Invest 46 Proprietary Limited, Ochre Shimmer Trade and Invest 72 Proprietary Limited, Rickshaw Trade and Invest 86 Proprietary Limited, Squirewood Investments 98 Proprietary Limited, Bridge Line Proprietary Limited, Saddle Path Props 54 Proprietary Limited, Fast Pull Trade and Invest Proprietary Limited, Dotfull Trading Proprietary Limited and Writer Star Trade and Invest Proprietary Limited, ("the retained companies"). Sable and BLA entered into a Heads of Agreement on 11 August 2015 and a subscription agreement on 14 September 2015, more fully described in the above SENS announcements.

Sable undertook to restructure the group by deregistering Corpcapital Investments Proprietary Limited, Corpcapital Investments 2 Proprietary Limited and Withdrawn Investments Limited, or, if possible, transferring those shares owned by Sable to Sable Platinum Mining Limited (SPM) which will complete the deregistration of the said companies. As part of the restructuring it is proposed that shareholders approve and authorise that the 41 648 396 Sable shares held in escrow by Java Capital Limited be released, and that the 7 214 709 share rights vest on the effective date.

A scheme of arrangement is also proposed between BLA, Sable, SPH and SPM in order for Sable to divest itself of all its assets and liabilities, rights and obligations, with the exception of its shareholding in SPH and for SPH to divest itself of all its assets and liabilities, rights and obligations. SPH will however acquire the shares in the retained companies from SPM. SPM will repurchase its shares issued to SPH and issue shares in SPM to all shareholders in Sable pro rata to their current shareholding in Sable.

More detail on the above can be found on the SENS announcements released on 13 August 2015 and 14 August 2015 as well as the Circular to be posted to Shareholders in due course. The circular is currently with the JSE and TRP for comments and approval and will be released no later than 31 January 2016.

Sable announced on 13 August 2015 that agreement had been reached with Lemur Resources Limited ("Lemur") wherein Sable would sell 65% of Great 1 Line Invest Proprietary Limited, 74% of Gemsbok Magnetite Proprietary Limited and 51% of Caber Trade and Invest 1 Proprietary Limited to Lemur Resources for a consideration of \$600 000 (six hundred thousand US dollars). The disposal is subject to shareholder approval, and details are contained in the circular referred to above. Lemur has already advanced R5million as at 31 August 2015 and this is shown as a liability in the interim results. Once approved by shareholders, this will convert from being a liability to income on disposal of assets.

5. Dividend Policy

No dividend has been declared for the interim period.

6. Changes to the board of directors

On 1 June 2015, René Hochreiter changed from executive director to non-executive director. The board agreed that his employment contract be terminated effective 31 May 2015. It is believed that René could still add value on the board and therefore remain as a non-executive director.

The resignations of Willie Thabe and Botha Schabort were accepted on 16 July 2015 and 1 September 2015 respectively. The board wishes to thank Willie and Botha for their contributions to the Sable board and wishes them well for their future.

Eshaan Singh was appointed on 1 September 2015 as part time financial director as endorsed by the JSE. The board would like to welcome Eshaan into his new role within the group. Consequently James Allan will now only fulfil the role of chief executive officer.

Subsequent to Willie Thabe's resignation, the Board agreed not to fill his vacancy on the audit and risk committee. The audit and risk committee still comprises three independent non-executive directors, namely Mpho Mokgatlhe (chairman), Charles Mostert and Mike Rogers, therefore complying with the requirements of the Companies Act, 2008 as amended.

Charles Mostert was appointed as chairman of the remuneration and nominations committee as well as the social and ethics committee and these committees still comply with all the relevant legislative and regulatory requirements.

During the reporting period, the company changed sponsors and Exchange Sponsors (2008) Proprietary Limited was appointed as sponsors of the company with effect from 12 August 2015.

7. Litigation

The company is not aware of any legal or arbitration proceedings (including any such proceedings which are pending or threatened), which may have or may have had, in the last 12 months, a material effect on the group's financial position save for the Syferfontein litigation:

- this litigation concerns a joint venture agreement concluded between Caber Trade and Invest 1 (Pty) Ltd ("Caber") and MKR Bakwena Tribal Minerals NPC ("MKR") on 19 February 2008. It was envisaged that the prospecting right issued by the DMR to MKR in respect of all minerals to be found over the farms Portion 2 Uitvalgrond and Syferfontein ("the Syferfontein properties") would be ceded to Caber. The transaction was subject to Section 11 approval being obtained. Section 11 approval was duly granted.
- the Section 11 approval has been placed in issue by MKR, alleging that the party who concluded the joint venture agreement and the addenda thereto in respect of the Syferfontein properties with SPM on MKR's behalf was not authorised to do so. Accordingly, so MKR alleges, Section 11 approval ought not to have been granted.
- The aforesaid allegations have been made by MKR despite a two year investigation conducted by the DMR, and a consultative meeting at the DMR with the Chairman of MKR, prior to recommending that Section 11 approval be granted. This investigation confirmed that both MKR and the community whom it purports to represent were in agreement with the grant of Section 11 approval. In the application brought by SPM in the North Gauteng High Court under case number 26513/2011 and heard on 27 and 28 February 2012, SPM sought to entrench its pre-emption right to apply for a mining right over the Syferfontein properties based upon Section 19(1)(b) of the MPRDA. This litigation is currently pending. Caber applied for a mining right in August 2011.
- Although negotiations with the affected parties have taken place from time to time these negotiations have now stalled and the matter has been enrolled for hearing on 14 June 2016.

8. Going concern

As Sable is an exploration company and is not yet in a cash-generating position; it is obliged to fund its exploration program out of capital. The group is currently raising capital in order to continue its exploration programme and to cover all general and administration costs. The company's future prospects and stability relies on its ability to raise capital for the ensuing year.

At 31 August 2014, the group had accumulated losses of R105 257 855.

As at 30 November 2015, the group had a cash balance of R1 023 818 but also creditors due of R134 789.

Lemur Resources paid a further R1 000 000 to Sable on 6 November and a further balance of approximately R2 640 000 will be paid upon approval by shareholders of the Lemur disposal. The final amount is calculated on an exchange rate of R14.40 and the final amount will depend on the exchange rate at the time of the shareholders meeting. The company has a cash burn rate of approximately R450 000 per month.

Agreement has been reached with BLA to provide further funding in the form of equity or shareholder loans, with a minimum amount of R1 000 000 and to provide additional funding as and when required to fund the company.

The interim 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.

9. Segment reporting

During the period under review, the board reviewed the segmental reporting and made the decision that, due to the operating circumstances, it was decided to assess the operations based on operating profit and loss of the entity as one operating segment.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 31 August 2015

<i>Figures in Rand</i>	GROUP			
	Unaudited 31 August 2015	Unaudited 31 August 2014	Restated 28 February 2015	AFS as reported 28 February 2015
Assets				
Non-current assets				
Plant and equipment	143 316	473 603	238 993	238 993
Intangible assets	1 200 000	1 200 000	1 200 000	1 200 000
Other financial assets	829 664	563 506	687 033	687 033
	2 172 980	2 237 109	2 126 026	2 126 026
Current assets				
Current tax receivable	54 229	-	-	-
Trade and other receivables	70 000	274 584	251 681	251 681
Cash and cash equivalents	1 546 286	1 509 000	33 198	33 198
	1 670 515	1 783 584	284 879	284 879
Total assets	3 843 495	4 020 693	2 410 905	2 410 905
Equity and Liabilities				
Equity				
Share capital	91 594 801	87 889 857	91 594 801	97 889 857
Reserves	1 778 618	-	1 778 618	1 778 618
Accumulated loss	(105 057 855)	(92 465 402)	(100 928 894)	(100 928 894)
Cash received on shares to be sold	614 170	5 645 000	-	-
Equity attributable to equity holders of the parent	(11 070 266)	1 069 455	(7 555 475)	(1 260 419)
Non-controlling interest	(88 578)	(87 855)	(88 578)	(88 578)
Total shareholders' interest	(11 158 844)	981 600	(7 644 053)	(1 348 997)
Liabilities				
Non-current liabilities				
Loan from Familia	6 951 382	-	6 295 056	-
Other financial liabilities	281 529	523 014	250 924	250 924
Loan from director	1 056 138	1 097 638	1 097 638	1 097 638
	8 289 049	1 620 652	7 643 618	1 348 562
Current liabilities				
Trade and other payables	713 290	1 418 441	1 444 251	1 444 251
Other financial liabilities	6 000 000	-	967 089	967 089
Bank overdraft	-	-	-	-
	6 713 290	1 418 441	2 411 340	2 411 340
Total liabilities	15 002 339	3 039 093	10 054 958	3 759 902
Total equity and liabilities	3 843 495	4 020 693	2 410 905	2 410 905

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the 6 months ended 31 August 2015

	GROUP		
	Unaudited 6 months ended 31 August 2015	Unaudited 6 months ended 31 August 2014	Audited Year ended 28 February 2015
<i>Figures in Rand</i>			
Revenue	-	-	-
Other income	167 700	-	2 092 182
Re-imburement of expenses			
Operating expenses			
- Exploration costs			
- General and administration costs	(4 296 661)	(6 775 417)	(17 315 336)
Operating loss	(4 128 961)	(6 775 417)	(15 223 154)
Investment revenue		-	-
Finance costs	-	(97 645)	(114 123)
Loss before taxation	(4 128 961)	(6 873 062)	(15 337 277)
Taxation	-	-	-
Loss for the period	(4 128 961)	(6 873 062)	(15 337 277)
Other comprehensive income			-
Total comprehensive loss for the period	(4 128 961)	(6 873 062)	(15 337 277)
Total comprehensive loss attributable to:			
Owners of the parent	(4 128 961)	(6 873 062)	(15 336 554)
Non-controlling interest	-	-	(723)
	(4 128 961)	(6 873 062)	(15 337 277)
Loss attributable to:			
Owners of the parent	(4 128 961)	(6 873 062)	(15 336 554)
Non-controlling interest	-	-	(723)
Headline loss attributable to ordinary shareholders	(4 128 961)	(6 873 062)	(15 337 277)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Unaudited for the 6 months ended 31 August 2015	Unaudited for the 6 months ended 31 August 2014	Restated for the year ended 28 February 2015	Audited for the year ended 28 February 2015
<i>Figures in Rand</i>				
Total attributable to equity holders of the parent				
Opening balance	(7 644 053)	154 892	67 037	67 037
Loss for the period / year	(4 128 961)	(6 873 062)	(15 337 277)	(15 337 277)
Other comprehensive income			-	-
Total comprehensive loss for the period / year	(4 128 961)	(6 873 062)	(15 337 277)	(15 337 277)
Issue of shares		2 142 625	-	-
Cash received for shares to be issued	614 170	5 645 000	12 142 625	12 142 625
Share Incentive scheme			1 778 618	1 778 618
Total contributions by and distributions to owners of company recognised directly in equity	614 170	7 787 625	13 921 243	13 921 243
Familia Loan PV as per agreement	-		(6 295 056)	-
Closing balance	(11 158 844)	1 069 455	(7 644 053)	(1 348 997)
Non-controlling interest				
Total equity	(11 158 844)	1 069 455	(7 644 053)	(1 348 997)

EARNINGS PER SHARE CALCULATION

	31 August 2015	31 August 2014	28 February 2015
<i>Figures in Rand</i>			
Loss after taxation	(4 128 961)	(6 873 062)	(15 337 277)
Less: non-controlling interest	-	-	(723)
Loss attributable to the owners of the parent	(4 128 961)	(6 873 062)	(15 336 554)
Headline Loss	(4 128 961)	(6 873 062)	(15 336 554)
Number of shares in issue	227 911 808	196 869 837	227 911 808
Weighted average number of shares at the end of the period	227 911 808	155 038 152	206 406 866
Adjusted weighted average number of shares at the end of the period	227 911 808	155 038 152	206 406 866
Loss per share (cents)	(1.81)	(4.43)	(7.43)
Headline loss per share (cents)	(1.81)	(4.43)	(7.43)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	GROUP		
	Unaudited 6 months ended 31 August 2015	Unaudited 6 months ended 31 August 2014	Audited Year ended 28 February 2015
<i>Figures in Rand</i>			
Cash flows from operating activities			
Cash used in operations	(4 254 881)	(6 084 639)	(12 619 551)
Interest income		-	-
Finance costs		-	(114 123)
Net cash from operating activities	(4 254 881)	(6 084 639)	(12 733 674)
Cash flows from investing activities			
Sale of plant and equipment	70 299		149 122
Loan advanced form related party			-
Loans from Director	(41 500)		-
Increase in other financial assets		-	(123 527)
Net cash from investing activities		-	25 595
Cash flows from financing activities	28 799		
Proceeds on share issue		8 142 625	12 142 625
Loan received from director		(100 000)	(2 362)
Loan advanced from related party	125 000		695 000
Loan advanced from Lemur	5 000 000		
Share issue listing expenses		(355 000)	
Proceeds of share to be issued	614 170	-	
Net cash from financing activities	5 739 170	7 687 625	12 835 263
Total cash movement for the period	1 513 088	1 602 986	127 184
Cash at the beginning of the period	33 198	(93 986)	(93 986)
Total cash at end of the period	1 546 286	1 509 000	33 198

NOTES TO THE FINANCIAL STATEMENTS

BASIS OF PREPARATION

These unaudited consolidated interim financial statements for the six months ended 31 August 2015 have been prepared in accordance with the conceptual framework and the recognition and measurement requirements of International Financial Reporting Systems ("IFRS"), the presentation and disclosure requirements of IAS34 Interim Financial Reporting, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee, the JSE listing requirements and the Companies Act (Act 71 of 2008). The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements comply with IFRS and are consistent with those used in the annual financial statements for the year ended February 2015. These results have not been reviewed or audited by the groups auditors Grant Thornton Inc. the interim financial statements have been prepared under the supervision of Eshaan Singh (B Compt), the financial director.

LITIGATION

Shareholders are referred to the Syferfontein litigation so defined and detailed previously in the integrated report as well as the reverse listing circular and are advised that settlement of this matter has still not been concluded and the litigation is ongoing. The matter has been enrolled for hearing on 14 June 2016.

Sable's erstwhile joint venture partners in Coveway Trade and Invest 46 (Pty) Ltd, Mineral Capital Assets (Pty) Ltd and Platinum Mile (Pty) Ltd, have initiated an appeal to the Minister in terms of Section 96 of the Mineral and Petroleum Resources Development Act against the decision of the Regional Manager (North West Province) to accept an application for a prospecting right for vanadium, iron ore and rutile lodged by the company's subsidiary Writer Star Trade and Invest (Pty) Ltd over the properties Zandbult 119JQ and Zandfontein 124 JQ. This appeal has been opposed by Sable.

Save as set out above the directors are not aware of any legal or arbitration proceedings that are pending or threatened that may have or have had in the recent past, being the previous 12 months, a material effect on the company's financial position.

By order of the board
Sandton
4 December 2015

Executive directors: James Allan (chief executive officer); Eshaan Singh (part time financial director)

Non-executive directors: René Hochreiter; David Levithan

Independent non-executive directors: Mike Rogers (chairman); Charles Mostert; Mpho Mokgatlhe

Registration number: 2001/006539/06

Registered address: 85 Protea Road, Chislehurst, 2196

Business postal address: PO Box 411130, Craighall, 2024

Company secretary: Juba Statutory Services Proprietary Limited

Transfer secretaries: Computershare Investor Services Proprietary Limited

Sponsor: Exchange Sponsors (2008) Proprietary Limited