

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 2015 AND NOTICE OF ANNUAL GENERAL MEETING

GROUP HIGHLIGHTS

- Sable changed its name to Sable Metals and Minerals Limited to more fully describe the diversification of the company.
- Sable changed its classification with the JSE Limited to general mining to ensure the diversification of the company into other minerals.
- R10 million capital was raised during May 2014.
- Shareholders agreement with the community landowners of the Uitvalgrond Portion 3 project was concluded.
- The prospecting right for vanadium on the Uitvalgrond Portion 3 project became unconditional.
- Magnetometer surveys and surface mapping on Uitvalgrond Portion 3, Doornpoort and Abrina projects showed the extent of the vanadium magnetite reef on these properties.
- Subsequent to year-end a competent person's report (CPR) on these deposits was conducted and a South African Code for reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC) defined inferred resource has been declared on Uitvalgrond Portion 3.

CORPORATE PROFILE

Sable Platinum Limited changed its name to Sable Metals and Minerals Limited, to more fully reflect the diverse nature of the company. The classification on the JSE was changed from the platinum and precious metals sector to the general mining sector on 17 September 2014.

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.

MAGNETIC SURVEYS

During the period under review, magnetic surveys were conducted in the Doornpoort, Uitvalgrond Portion 3 and the Abrina projects. These surveys proved the continuity of the outcropping magnetite reefs on all three projects as parts of the areas that are covered by soil and alluvium. The drilling results were incorporated into a CPR.

The first phase of drilling on the Uitvalgrond Portion 3 commenced on 3 February 2015 and was completed on 11 February 2015. The drill core of borehole UUG302 was submitted to Setpoint Laboratories for assaying. The results of the assaying are included in the Minxcon CPR. The complete report is available on the company's website, www.sablemetal.co.za.

BASIS OF PREPARATION

The group's financial results for the year ended 28 February 2015 constitute a summary (prepared in accordance with the JSE Listing Requirements, the South African Companies Act, 2008 as amended and the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and the presentation and disclosure requirements of IAS 34 and the SAICA Financial Reporting Guide as issued by the Accounting Practices Board or its successors) of the group's audited financial statements.

The accounting policies applied by the group in these summarised consolidated financial statements are consistent with those applied in the previous year. The financial results were prepared under supervision of Marietjie van Tonder, a Chartered Accountant (SA) and James Allan (chief executive officer and acting financial director).

This abridged report is extracted from audited information, but is not itself audited. The directors take full responsibility for the preparation of the abridged report and for ensuring that the financial information has been correctly extracted from the underlying audited financial statements. A copy of the audit opinion, together with the underlying audited financial statements, are available for inspection at the company's registered office.

AUDIT OPINION

Grant Thornton (Jhb) Inc. audited the annual financial statements and expressed an opinion that they present fairly, in all material respects, the financial position of Sable Metals and Minerals Limited as at 28 February 2015, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

The audit opinion paragraph as it appears in the audited financial statements reads as follows:

"In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of Sable and Metals Minerals Limited as at 28 February 2015, and its consolidated and separate financial performance and consolidated and separate 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 our opinion, we draw attention to Note 29 to the financial statements which indicates that the group and company incurred net losses of R15 337 277 and R95 370 023 respectively for the year ended 28 February 2015 and, as at that date, the group's total liabilities exceeded its total assets by R1 348 997. Note 29 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 and company's ability to continue as a going concern."

GOING CONCERN

The group and company continued to incur losses in the current year. 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 exploring the options available to it to enable it to raise further capital in order to continue its exploration programme and to cover all general and administration costs. Sable's future prospects and stability rely on its ability to raise further capital for the ensuing year.

At 28 February 2015 Sable had equity attributable to equity holders of R62 353 230 and the group had negative equity attributable to equity holders of R1 260 419. The group and company incurred net losses of R15 337 277 and R95 370 023 respectively for the year ended and, at that date, the group's total liabilities exceeded its total assets by R1 348 997.

As noted in the 2014 annual financial statements, during the current financial year, Sable concluded a funding arrangement raising R10 million which amount has been applied during the year under review to finance operations of the group. Thirty one million forty one thousand nine hundred and seventy one (31 041 971) shares were issued by the company to Familia Asset Managers Proprietary Limited (previously Orange Oak Investments 16 Proprietary Limited) and the conditions relating to this share issue are as follows:

- Familia Asset Managers Proprietary Limited will be entitled to a receipt of a commission on the sales of ore from any of the properties over which the Sable group has a mineral right. If Sable sells the right to an ore body or sells a company holding a mineral right, then Familia Asset Managers Proprietary Limited shall be entitled to a maximum of 5% of the proceeds. If the group has not been granted a mining right and concluded an off take agreement for the sale of a 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 2 June 2014, a penalty of R2.5 million will accrue to Familia Asset Managers Proprietary Limited, which amount shall be credited to a loan account.
 - within a period of two years and nine months from 2 June 2014, a further penalty of R2.5 million will accrue and be credited to Familia Asset Managers Proprietary Limited loan account.
 - within a period of three years from 2 June 2014, a further penalty of R5 million will accrue and be credited to the loan account of Familia Asset Managers Proprietary Limited.
- The loan account will be payable upon demand from 2 June 2017.

-No account has been taken of the above in the statements of financial position.

As noted in the 2014 integrated annual report, the directors are still of the opinion that one of the group subsidiary companies has a claim against SARS of approximately R3.2 million relating to overpaid tax during the 2001 year of assessment. The directors remain in discussion 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 position. 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 R1 million per month until August 2015 and thereafter, R620 000 per month. The company will be taking steps to reduce this cash requirement.

Sable is currently in discussions with a potential acquirer for certain prospecting rights of the group. Shareholders are referred to the SENS cautionary announcement dated 19 March 2015 and its subsequent renewal of 7 May 2015. In addition to this discussions are being held with another acquirer for certain prospecting rights.

In the event that neither of the potential sales as referred to above are successful and the company does not raise additional capital, the group will cease to be a going concern.

EVENTS AFTER THE REPORTING PERIOD

The directors have submitted an objection to SARS and requested an alternative dispute resolution in respect of the R3.2 million relating to overpaid tax.

On 19 March 2015, the group signed an agreement in terms of which a potential acquirer has provided funding to the group on the basis that negotiations are being conducted with the potential acquirer with the view to it acquiring one or more prospecting rights of the group. Shareholders are referred to the SENS cautionary announcement dated 19 March 2015 and the subsequent renewal of 7 May 2015.

CONTINGENT LIABILITIES

Certain staff members and directors accepted decreases in their salary to preserve working capital and this will stay in effect until further capital is raised.

The amount forfeited during the reporting year is R4 614 400 (2014: R3 650 400). To date the amount forfeited is R8 264 800. The board may consider payment of the amount forfeited when sufficient capital is raised.

The head office rent payable to a related party has been forgiven until the group obtains sufficient funding to continue with operations. The amount forgiven to date is R220 000. The board may consider payment of the amount forgiven when sufficient capital is raised.

Allan Hochreiter Proprietary Limited forfeited amounts during the reporting year of R295 217 (2014: R2 324 638). To date the amount forfeited is R2 653 002. The board may consider payment of the amount forfeited when sufficient capital is raised.

In terms of the circular to shareholders dated 26 September 2014, if the group has not been granted a mining right and has not concluded an off take agreement for the sales of a minimum of 50 000 tonnes of ore per month, supplied from the property holding the right, amounts totalling R10 million will be credited to a loan account over a period of 3 years, to the shareholder Familia Asset Managers Proprietary Limited and will be payable upon demand from 2 June 2017.

CHANGES TO THE BOARD

During the reporting period, Tom Wixley and Neil Lazarus resigned as independent chairman and independent non-executive director, effective 12 June 2014 and 10 July 2014 respectively. Mike Rogers was appointed as independent chairman on 7 August 2014. Two additional independent non-executive directors, Willie Thabe and Mpho Mokgatlhe were appointed effective 12 June 2014 and 7 August 2014 respectively.

Marietjie van Tonder resigned as financial director on 27 February 2015. The company is in the process of finding a suitably qualified replacement. David Levithan's role changed from executive director to non-executive director on 14 January 2015.

STATEMENTS OF FINANCIAL POSITION AS AT 28 FEBRUARY 2015

Figures in Rand	Group			Company	
	2015	2014	2015	2014	2014
Assets					
Non Current Assets					
Plant and equipment	238 993	576 897	-	-	-
Intangible assets	1 200 000	1 200 000	-	-	-
Investments in subsidiaries	-	-	46 865 696	181 322 745	
Loans to group companies	-	-	15 663 703	3 356 401	
Other financial assets	687 033	563 506	-	-	-
	2 126 026	2 340 403	62 529 399	184 679 146	
Current Assets					
Trade and other receivables	251 681	990 794	-	-	-
Cash and cash equivalents	33 198	30 767	-	9 576	
	284 879	1 021 561	-	9 576	
Total Assets	2 410 905	3 361 964	62 529 399	184 688 722	
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	97 889 857	85 747 232	316 026 563	303 883 938	
Reserves	1 778 618	-	1 778 618	-	
Accumulated loss	(100 928 894)	(85 592 340)	(255 451 951)	(160 081 928)	
	(1 260 419)	154 892	62 353 230	143 802 010	
Non controlling interest	(88 578)	(87 855)	-	-	
	(1 348 997)	67 037	62 353 230	143 802 010	
Liabilities					
Non Current Liabilities					
Loans from group companies	-	-	-	40 806 417	
Other financial liabilities	250 924	523 013	-	-	
Loan from director	1 097 638	1 100 000	-	-	
	1 348 562	1 623 013	-	40 806 417	

Current Liabilities

Trade and other payables	1 444 251	1 547 160	176 169	80 295
Other financial liabilities	967 089	-	-	-
Bank overdraft	-	124 754	-	-
	2 411 340	1 671 914	176 169	80 295
Total Liabilities	3 759 902	3 294 927	176 169	40 886 712
Total Equity and Liabilities	2 410 905	3 361 964	62 529 399	184 688 722

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2015

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Revenue	-	247 847	-	-
Other income	2 092 182	18 261	-	-
Operating expenses	(17 315 336)	(586 812)	(136 601 287)	-
General and administration costs	-	(10 448 392)	-	(2 261 454)
Operating loss	(15 223 154)	(10 769 096)	(136 601 287)	(2 261 454)
Investment revenue	-	66 118	41 231 264	46 807
Finance costs	(114 123)	(533)	-	-
Loss for the year	(15 337 277)	(10 703 511)	(95 370 023)	(2 214 647)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	(15 337 277)	(10 703 511)	(95 370 023)	(2 214 647)
Loss attributable to:				
Owners of the parent	(15 336 554)	(10 701 271)	(95 370 023)	(2 214 647)
Non controlling interest	(723)	(2 240)	-	-
	(15 337 277)	(10 703 511)	(95 370 023)	(2 214 647)
Total comprehensive loss attributable to:				
Owners of the parent	(15 336 554)	(10 701 271)	(95 370 023)	(2 214 647)
Non controlling interest	(723)	(2 240)	-	-
	(15 337 277)	(10 703 511)	(95 370 023)	(2 214 647)
Loss and diluted loss per share (cents)	(7.43)	(7.22)		
Headline loss and diluted headline loss per share (cents)	(7.43)	(7.22)		
Reconciliation between basic loss and headline loss				
Basic (loss)	(15 337 277)	(10 703 507)		
Adjusted for:				
Less: Non controlling interest	723	2 240		
	(15 336 554)	(10 701 267)		
Weighted average number of shares	206 406 866	148 172 085		
Number of shares in issue at the end of the period	227 911 808	192 392 244		

STATEMENTS OF CHANGES IN EQUITY

Figures in Rand	Stated Capital	Share based Payment Reserve	Accumulated loss	Total attributable to equity holders of the parent	Non controlling interest	Total equity
Group						
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							
1 March 2014	85 747 232	-	(85 592 340)	154 892	(87 855)	67 037	
Loss for the year	-	-	(15 336 554)	(15 336 554)	(723)	(15 337 277)	
Other comprehensive income	-	-	-	-	-	-	
Total comprehensive loss for the year	-	-	(15 336 554)	(15 336 554)	(723)	(15 337 277)	
Issue of shares	12 142 625	-	-	-	-	-	
Share incentive scheme	-	1 778 618	-	1 778 618	-	1 778 618	
Total contributions by and distributions to owners of company recognised directly in equity	12 142 625	1 778 618	-	13 921 243	-	13 921 243	
Balance at							
28 February 2015	97 889 857	1 778 618	(100 928 894)	(1 260 419)	(88 578)	(1 348 997)	

STATEMENTS OF CHANGES IN EQUITY

Figures in Rand	Stated Capital	Other NDR	Accumulated loss	Total attributable to equity holders of the group/ company	Minority interest	Total equity
Company						
Balance at						
1 March 2013	300 883 938	-	(157 867 281)	143 016 657	-	143 016 657
Loss for the 6 months ending 28 February 2013	-	-	(2 214 647)	(2 214 647)	-	(2 214 647)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(2 214 647)	(2 214 647)	-	(2 214 647)
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						
1 March 2014	303 883 938	-	(160 081 928)	143 802 010	-	143 802 010
Loss for the year	-	-	(95 370 023)	(95 370 023)	-	(95 370 023)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(95 370 023)	(95 370 023)	-	(95 370 023)
Issue of shares	12 142 625	-	-	12 142 625	-	12 142 625
Share incentive scheme	-	1 778 618	-	1 778 618	-	1 778 618
Total contributions by and distributions to owners of company recognised directly in equity	12 142 625	1 778 618	-	13 921 243	-	13 921 243
Balance at						
28 February 2015	316 026 563	1 778 618	(255 451 951)	62 353 230	-	62 353 230

STATEMENTS OF CASH FLOWS

Figures in Rand	Group		Company	
	2015	2014	2015	2014
Cash used in operations	(12 619 551)	(9 892 627)	(269 745)	(1 057 388)
Interest income	-	66 118	-	46 807
Dividends received	-	-	41 231 264	-
Finance costs	(114 123)	(533)	-	-
Tax refunded	-	1 166 824	-	-
Net cash from operating activities	(12 733 674)	(8 660 218)	40 961 519	(1 010 581)
Cash flows from investing activities				
Purchase of plant and equipment	-	(30 400)	-	-
Sale of plant and equipment	149 122	-	-	-
Loan advanced from subsidiary	-	-	520 721	1 184 949
Loan advanced to subsidiary	-	-	(53 634 441)	(3 356 401)
Increase in financial assets	(123 527)	(313 990)	-	-

Net cash from investing activities	25 595	(344 390)	(53 113 720)	(2 171 452)
Cash flows from financing activities				
Proceeds on share issues	12 142 625	3 000 000	12 142 625	3 000 000
Loan advanced from related party	695 000	80 000	-	-
Loan (repaid to) received from director	(2 362)	1 100 000	-	-
Net cash from financing activities	12 835 263	4 180 000	12 142 625	3 000 000
Total cash movement for the year	127 184	(4 824 608)	(9 576)	(182 033)
Cash at the beginning of the year	(93 986)	4 730 621	9 576	191 609
Total cash at end of the year	33 198	(93 987)	-	9 576

LOOKING FORWARD

It has been a difficult year for the mining industry in general and for the company. The company's difficulty in raising capital is a significant and substantial risk factor. Additional mineral rights have been granted for vanadium magnetite and negotiations for the sale of this mineral and/or project are at an advanced stage and further announcements are anticipated in the coming months.

INTEGRATED REPORT AND NOTICE OF ANNUAL GENERAL MEETING

The company's integrated annual report, together with a notice convening the annual general meeting, will be mailed to shareholders on Friday, 29 May 2015. The annual general meeting will be held on Thursday, 16 July 2015 at 11h00 at the offices of the company, Kingsley Office Park, 85 Protea Road, Chistlehurst, Sandton.

The last day to trade in order to be eligible to participate in and vote at the annual general meeting is Friday, 3 July 2015 and the record date for voting purposes is Friday, 10 July 2015.

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

For and on behalf of the Board

James Allan
Chief executive officer

Mike Rogers
Independent chairman

Sandton

29 May 2015

Directors:

Mike Rogers (chairman)*#, James Allan (chief executive officer and acting financial director), René Hochreiter, David Levithan*, Mpho Mogatlhe*#, Charles Mostert*#, Willie Thabe*#, Botha Schabort*
(* non-executive)
(# independent)

Company secretary: JUBA Statutory Services Proprietary Limited

Registered office: Kingsley Office Park, 85 Protea Road, Chistlehurst, Sandton, 2196

Transfer secretaries: Computershare Investor Services Proprietary Limited

29 May 2015

Sponsor
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