
**ACQUISITION OF AN EQUITY INTEREST IN GLOBAL INITIATIVES PROPRIETARY LIMITED
("GLOBAL") AND CAUTIONARY ANNOUNCEMENT**

1. Introduction

Shareholders are advised that Sable has entered into a letter agreement with Mr Atang Makgekgenene ("**Atang**") pursuant to which:

- subject to the fulfilment of certain conditions, Sable will acquire 4% of the equity interest in Global from Atang for a purchase price of \$4 000 000 (the "**share acquisition**");
- Sable has been granted an option to acquire a further 6% of the equity interest in Global from Atang on the terms and conditions set out below (the "**first option**");
- Sable has been granted an option to acquire a further 5% of the equity interest in Global from Atang on the terms and conditions set out below (the "**second option**");
- Sable has been granted an option to acquire a further 11% of the equity interest in Global from Atang on the terms and conditions set out below (the "**third option**").

Comprehensive sale and shareholders' agreements expanding upon the terms and conditions of the share acquisition, the first option, the second option and the third option, including a management contract between Global and Sable in terms of which Sable is to manage the Selebi Phikwe project, referred to below, are to be prepared and executed in due course.

2. Rationale

Global has the rights to the tailings and slag dump at the BCL Limited's nickel and copper mine situated near Selebi Phikwe in Botswana (the "**Selebi Phikwe project**").

The board of Sable is satisfied that because the Selebi Phikwe operation has been producing slag for some 40 years there is significant potential for metals including iron in the slag heap and Sable is investigating alternative methods to economically recover any such metals.

Sable has already started investigating the possibility of mining vanadium and iron ore present on four of the five project areas on the Western Limb of the Bushveld Complex. It is believed that development of these properties will provide an earlier route to cash flow. The Selebi Phikwe project is a logical extension of this strategy. Early assessment of this project indicates that the acquisition of up to 26% of Global and a management contract on the Selebi Phikwe project will provide a significant uplift to Sable shareholders.

3. The share acquisition

Subject to the fulfilment of the conditions referred to below, Sable will acquire a 4% equity interest in Global from Atang for a purchase price of \$4 000 000 payable in cash within a reasonable period of time after the fulfilment of the conditions set out below (or as expressly agreed to between the parties and recorded in the comprehensive sale of shares and shareholders agreements, also as referred to below),

against delivery of the relevant documents of title, from which date Sable shall have and receive all benefits of ownership in and to those shares.

The share acquisition is subject to the fulfilment of the following conditions:

- all requisite regulatory approvals being obtained;
- the placement by Sable of the requisite number of Sable shares required to raise sufficient capital to discharge the purchase price;
- the completion of a legal, financial and technical due diligence by Sable on Global and the Selebi Phikwe project to the sole satisfaction of Sable; and
- the completion of comprehensive sale of shares and shareholders agreements (including the detailed terms and conditions applicable to the first, second and third options) with Global.

4. The first option

Sable has been granted an option to acquire a further 6% of the equity interest in Global from Atang at a price equal to the lesser of:

- \$6 000 000; and
- an amount equal to 24.9% of the market capitalisation of Sable at the time (being the aggregate market value of all the listed shares of Sable (excluding treasury securities),

which price shall be payable in cash within a reasonable period of time after the fulfilment of any conditions to the resulting sale (or as expressly agreed to between the parties and recorded in the comprehensive sale of shares and shareholders agreements referred to above), against delivery of the relevant documents of title, from which date Sable shall have and receive all benefits of ownership in and to those shares.

The first option may be exercised by Sable at any time after the later of one year and one day after the payment of \$4 000 000 pursuant to the share acquisition and the commencement of the construction of a blast furnace for the Selebi Phikwe project.

The resulting sale from the exercise of the first option shall be subject to, *inter alia*, the fulfilment of the conditions that all requisite regulatory approvals are obtained; and the placement by Sable of the requisite number of shares required to raise sufficient capital to discharge the price payable for the 6% equity interest in Global under the first option.

To the extent that the price payable in respect of the 6% equity interest in Global under the first option is less than \$6 000 000, the shortfall shall be included in the price of the second option (the “**first option shortfall**”).

5. The second option

Sable has been granted an option to acquire a further 5% equity interest in Global from Atang at a price equal to the lesser of:

- \$15 000 000 (plus the amount of the first option shortfall); and
- an amount equal to 24.9% of the market capitalisation of Sable at the time (being the aggregate market value of all the listed shares of Sable (excluding treasury securities),

which price shall be payable as indicated below.

The second option may be exercised by Sable at any time after the later of one year and one day after the payment of the price payable in respect of the 6% equity interest in Global under the first option and the date of production of the first pig iron from the blast furnace. The resulting sale from the exercise of the second option shall be subject to, *inter alia*, the fulfillment of the condition that all requisite regulatory approvals are obtained.

To the extent that the consideration payable in respect of the 5% equity interest in Global under the second option is less than \$15 000 000 (plus the amount of the first option shortfall), the shortfall shall be included in the purchase price of the third option (the “**second option shortfall**”).

6. The third option

Sable has been granted an option to acquire a further 11% equity interest in Global from Atang at a price equal to the lesser of:

- \$27 000 000 (plus the amount of the second option shortfall); and
- an amount equal to 24.9% of the market capitalisation of Sable at the time (being the aggregate market value of all the listed shares of Sable (excluding treasury securities),

which price shall be payable as indicated below.

The third option may be exercised by Sable at any time after one year and one day after the payment of the price payable in respect of the 5% equity interest in Global under the second option.

The resulting sale from the exercise of the third option shall be subject to, *inter alia*, the fulfilment of the condition that all requisite regulatory approvals are obtained.

The discharge of the price payable by Sable in respect of the equity interests acquired by it under the second and third option is to be made from (and shall never exceed) 85% of the dividends received by Sable from Global in the period from the date of Sable’s acquisition of the 4% equity interest in Global pursuant to the share acquisition until the expiry of 5 years immediately after the commencement of the production of pig iron at the Selebi Phikwe project. If at the expiry of such period there is still money owed to Atang in respect of the price/s payable under any of the second and third options, this money will be “written off” and Sable will be deemed to have paid for those equity interests in Global in full.

7. Categorisation

The share acquisition is classified as a Category 2 transaction in terms of the JSE Listings Requirements.

The granting of each of the first option, the second option and the third option to acquire the relevant equity interests in Global will only be categorised in terms of the JSE Listings Requirements on exercise of each of the first option, the second option and the third option, respectively.

8. Financial effects and cautionary

The financial effects of the share acquisition are still in the process of being finalised and will be published in due course.

Sable shareholders are advised to exercise caution when dealing in their shares until the financial effects of the share acquisition are announced.

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