

SABLE METALS AND MINERALS LIMITED

(formerly Sable Platinum Limited)

(Incorporated in the Republic of South Africa)

(Registration number 2001/006539/06)

(JSE code: SMM ISIN: ZAE000185674)

("Sable" or the "Company")

TRANSACTION TO ACQUIRE THE DIAMOND DUMP PROCESSING OPERATION OF BLAIN CAPITAL SOLUTIONS (PTY) LTD

1. INTRODUCTION

Shareholders are advised that Sable Platinum Holdings (Pty) Ltd, a wholly owned subsidiary of Sable has entered into a heads of agreement on 4 December 2015 to acquire the sale assets of Blain Capital Solutions (Pty) Ltd ("Blain")("the Seller") ("the transaction").

2. RATIONALE AND BACKGROUND FOR THE TRANSACTION

Sable is an exploration company and raises capital on an as and when required basis for the various exploration projects. Depressed commodity prices have had a negative effect on the capital markets and Sable believes it is in the best interests of the company to acquire a cash generating asset in order to cover expenses and provide cash flow to enable the company to continue developing the assets in its portfolio.

3. TERMS AND CONDITIONS OF THE TRANSACTION

3.1 In terms of the heads of agreement Sable will acquire the sale assets of Blain in order to conduct the business of exploration, mining, recovery and sale of diamonds from the dumps. The sale assets include DMS plant, pans, grease tables, dump trucks, a front-end loader, an excavator and screening equipment as well as the residue deposits in situ on or around the dumps situated at remaining Extent of Portion 4 of the Farm Roode Pan No.70, Kimberley owned by Kamfersdam Diamond Mining (Pty) Ltd.

3.2 The purchase price of R14 000 000 will be payable via the issue of the following shares:

3.2.1 Sable will issue 20 000 000 shares at 35 cents per share to the Seller on fulfilment of the conditions precedent below;

3.2.2 Sable will issue 10 000 000 shares at 35 cents per share to the Seller upon the First Profit Target being met, being the achievement of R6.9 million profit before tax in the first 12 months of operation of the business; and

3.2.3 Sable will issue 10 000 000 shares at 35 cents per share to the Seller upon the Second Profit Target being met, being the achievement of R6.9 million profit before tax in the second 12 months of operation of the business.

3.3 The transaction is subject to the following conditions precedent:

3.3.1 by no later than 15 February 2016, successful conclusion of the due diligence to be conducted on Blain;

3.3.2 by no later than 15 February 2016, the transaction be approved by all regulatory authorities, including the JSE; and

3.3.3 by no later than 29 February 2016, the parties concluding formal agreements.

3.4 The effective date is the date all conditions precedent are fulfilled.

4. FINANCIAL INFORMATION IN RESPECT OF THE ACQUISITION

The net asset value of Blain was R15.4 million as at 28 February 2015 and the profits before taxation for the same period was R9.7 million. These figures are based on the unsigned and unaudited financial statements which will be interrogated as part of the due diligence process.

5. CATEGORISATION OF THE TRANSACTION

The transaction is a category 2 transaction and does not require shareholders' approval.

Sponsor
Exchange Sponsors

8 December 2015
Johannesburg