

Sable Exploration and Mining Limited
(previously known as Middle East Diamond Resources Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 2001/006539/06)
(Share Code: SXM ISIN Code: ZAE000303319)
("SEAM" or "the company")

Update to shareholders, lifting of suspension and cautionary announcement

1. Introduction

The trading of shares of the company on the JSE Limited ("JSE") was suspended on 6 December 2016 at a share price of 11 cents per share due to not releasing the company's financial statement within the required time period. The Company has worked hard to release all its outstanding financial reporting requirements and is now up to date in this regard. The financial statements for the years ended 2017 -2021 have now been released and the interims results for the six months ended 31 August 2021 was released on 6 October 2021

A share consolidation was concluded on 9 September 2020 on a 1:100 basis, consolidating the share capital of the company into 4,351,265 issued no par value shares and 1,500,000,000 authorised no par value shares, the resulting share price after the consolidation is expected to be adjusted accordingly.

The audit opinion for the financial statements for the year ended 28 February 2021 was not modified but contained a material uncertainty relating to going concern as the Group's total liabilities exceeded its total assets by R19 864 827 as at 28 February 2021. The Group's total liabilities exceeded its total assets by R21 444 316 as at 31 August 2021.

The company has been assessing various assets for acquisition and preparing for a rights offer once the trading suspension is lifted. A rights issue of R50 million has been announced with a substantial portion of this underwritten by current directors and Magni Investment Holdings. This will provide sufficient working capital for the company to proceed with the Acquisitions referred to in paragraph 3 below and to commence exploration on the acquired prospecting rights referred to in paragraph 2.2 below. It is the intention of the company to continue investigating acquisitions.

The directors are of the opinion that this year will see significant positive developments for the company.

Summary of board positions:

Executive directors

Name	Designation
James Allan	CEO
Deon Botha	Finance director

Non – executive directors

Name	Designation
Charles Philip Mostert	Independent non-executive chairman
Enver Motala	Non-executive director

Eshaan Singh	Non-executive director
Mohamed Said Tinawi	Non-executive director
Mohammed Bassam Al Mojarkesh	Independent non-executive director

Audit and risk committee

Name	Designation
Eshaan Singh	Chairman
Charles Philip Mostert	Member
Mohamed Said Tinawi	Member
Mohammed Bassam Al Mojarkesh	Member

Remuneration and nomination committee

Name	Designation
Charles Philip Mostert	Chairman (Nominations)
Mohamed Said Tinawi	Chairman (Remuneration)
Mohammed Bassam Al Mojarkesh	Member

Social and ethics committee

Name	Designation
Said Tinawi	Chairman
James Allan	Member
Charles Philip Mostert	Member

2. Exploration assets

2.1 Existing exploration assets

Below is a summary of the exploration assets owned by SEAM:

Company name	% held	Prospecting right reference	Status
Middelwade Trade and Invest 4 Proprietary Limited	74	LP 30/5/1/1/2/12527PR Iron Ore, Rutile, Phosphate ore, Platinum Group Metals, Gold, Chrome, Copper, Nickel and Cobalt.	Application made to DMR

		Farms Kaalvlakte 416 KQ and Leeuwkopje 415 KQ	<p>The application was made at least 6 years ago.</p> <p>The application is in progress.</p> <p>No rejection letter has been received from the DMR yet.</p>
Squirewood Investments 98 Proprietary Limited	74	LP 30/5/1/1/2/1043PR Gold, Chrome, Nickel, Copper, Molybdenum, Rare Earths, Silver, Cobalt, Zinc, Lead, Heavy Minerals, Vanadium and Iron. Farm Portion 2 Leeuwkopje 415 KQ	<p>Right granted pending provision of R200 000 guarantee provision relating to rehabilitation of the property.</p> <p>No rejection letter has been received from the DMR yet.</p>
Squirewood Investments 98 Proprietary Limited	74	LP 30/5/1/4/2/1101 PR Vanadium, Tin, Rutile and Iron ore. Farm Einde 420KQ	<p>Right granted subject to provision of R200 000 guarantee relating to rehabilitation of the property.</p> <p>No rejection letter has been received from the DMR yet.</p>
Squirewood Investments 98 Proprietary Limited	74	LP30/5/1/1/2/11032 PR Iron, Vanadium, Rutile and Lead. Farm Governementsplaats 417 KQ	<p>Application accepted and in progress at the DMR</p> <p>No rejection letter has been received from the DMR yet.</p>
Squirewood Investments 98 Proprietary Limited	74	LP30/5/1/1/2/11000PR Iron, Vanadium, Rutile and Lead Farm Witvley 423 KQ	<p>Right granted subject to provision of R200 000 guarantee provision relating to rehabilitation of the property.</p> <p>No rejection letter has been received from the DMR yet.</p>
Fast Pull Trade and Invest Proprietary Limited	74	NW 30/5/1/1/2/1227 PR Iron Ore. Farm Bierkraal 120 JQ	<p>Right granted subject to provision of R200 000 guarantee provision relating to</p>

			rehabilitation of the property. No rejection letter has been received from the DMR yet.
Writer Star Trade and Invest Proprietary Limited	10	NW 30/5/1/1/2/546 PR Iron Ore Farms Zandbult 119 JQ and Zandfontein 124 JQ	Application accepted and in progress No rejection letter has been received from the DMR yet.

Confirmation of the above status has not been forthcoming from the Department of Minerals and Energy (“DMRE”). The company will continue to pursue these assets at the DMRE. The company will be engaging a specialist consultant to engage with the DMRE in order to expedite and resolve any issues with the DMRE. This can only be done after the company has raised cash through the rights offer.

2.2 Recent acquired exploration assets

Company name	% held	Prospecting right reference	Status
Moopetsi Chrome Investment (Pty) Ltd	41	NW30/5/1/3/2/10802 MP on the farm Vogelstruisnek 173 JP for chrome ore	<i>Mining Permit application has been accepted at the DMRE and is in the process of being granted. It is anticipated that this right will be issued in the next 6 months.</i>
Swing Curve 345 (Pty) Ltd (“Swing Curve”) and AEE Thabametsi (Pty) Ltd (“AEE Thabametsi”).	49	MP 30/2/1/1/2/13715 PR on Portions 1, 2, 3 and 4 of the Farm Leiden 340 IT for coal and dimension stone MP 30/5/1/1/2/13895 PR on portion of portion 2, portions 4, 5, 6, 8, 9, 10, 11, 12 and 13 of the farm Van Wyksvlei 407 JT for silica and sand including coal only on portion 4 of Van Wyksvlei 407 JT	Both Prospecting Rights have been granted by the DMRE. The Prospecting Right for Swing Curve has been granted, and is valid, but the company awaits the signature of the Regional Manager on the Environmental Authorization before Prospecting can commence. It is

			<p>anticipated that this will be obtained before the end of February 2022.</p> <p>The Prospecting Right for AAE Thabametsi has no restrictions.</p>
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3. The acquisition of mining assets from Magni Investment Holdings (Pty) Ltd (“Magni”) and Lurco Metals (Pty) Ltd (“Lurco Metals”)

SEAM and Sable Platinum Holdings (Pty) Ltd, a wholly owned subsidiary of SEAM entered into an agreement with Magni and Lurco Metals on 23 November 2021 and an addendum to this agreement on 31 January 2022 regarding the proposed acquisition of the following assets:

- All the issued shares of, and claims on loan account against, Vastek Trading (Pty) Limited (“Vastek”) from Lurco Metals. Vastek operates a Chrome beneficiation project in the North West Province of South Africa that procures chrome ore from the community owned dumps and toll treats this feed at a 50t/hour plant to produce chrome concentrate. In addition the prospecting rights of NW 30/5/1/1/3/2/1/12546 PR and NW 30/5/1/1/2/12580 PR are included; and
- All the issued shares of, and claims on loan account against, Lurco Eswatini (Pty) Ltd (“Lurco”) from Magni. Lurco holds the Prospecting Right over a high quality Anthracitic Coal site (previously mined by Gencor) with a discard dump for reclamation and further development of an open cast mine.

for an amount of R820 000 000 (“the Acquisition”) (“the Assets”).

It is envisaged that SEAM will acquire these Assets via a reverse take-over, through a combination of cash, loans and issue of shares. Shares will be issued at R5 per share to acquire these Assets. This could result in a change in control depending on the number of shares to be issued to Lurco and Magni. A circular will be sent to shareholders incorporating a CPR for the Assets acquired. In terms of JSE Listings Requirements Sable and the Acquisition will be treated by the JSE as a new listing and must satisfy the conditions for a listing.

The focus of the company will be on progressing outstanding matters with the DMRE,, development of current prospecting rights with particular focus on the Anthracitic asset in the Kingdom of Eswatini and improving operations at Vastek. The company will also continue to investigate further acquisitions.

The Assets are detailed below:

Entity owning mining asset	Details of sale	Description of mining asset
Vastek Trading (Pty) Limited	All the issued shares of, and claims on loan account against, Vastek Trading (Pty) Limited from Lurco Metals	<p>A Chrome beneficiation project in the North West Province of South Africa that procures chrome ore from the community owned dumps and toll treats this feed to at 50t/hour to produce chrome concentrate.</p> <p>In addition all prospecting rights are also included:</p> <ul style="list-style-type: none"> • NW 30/5/1/1/3/2/1/12546 PR • NW 30/5/1/1/2/12580 PR

Lurco Eswatini	All the issued shares of, and claims on loan account against, Lurco Eswatini (Pty) Ltd from Magni	High Quality Anthracitic Coal site in eSwatini , currently under a prospecting license, with a discard dump of 4 million tonnes for reclamation and further development of an open cast mine.
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4. Rights offer

SEAM has previously announced it proposes to undertake a rights offer of R50 million underwritten by various shareholders including the SEAM CEO, James Allan for R20 million and Magni Investment Holdings Proprietary Limited for R20 million.

The proceeds of the rights offer will be used to:

1. repay debt of approximately R26 million;
2. provide working capital in order to progress the prospecting rights referred to in 2.1 above;
3. provide working capital to progress the rights referred to in 2.2 above; and
4. pay transaction costs for the acquisition of the Assets.

The JSE requires that the suspension in the trading of the shares has to be lifted before the company can proceed with a rights offer. Once the suspension is lifted, a rights offer circular will be sent to shareholders within two months of the lifting of the suspension.

5. Lifting of suspension

The JSE has approved the lifting of SEAM's suspension from the commencement of trading on 16 February 2022.

6. Cautionary announcement

Shareholders are advised to exercise caution when trading in Sable securities until the pro forma financial information on the Acquisition and the Rights offer is released.

11 February 2022
Sandton

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