

Sable Metals & Minerals



Sable Metals & Minerals

Iron Ore Developments

July 2014



COMPANY PROFILE

INTRODUCTION

- Sable has five project areas on the Bushveld Complex with 20km of iron ore on surface
- Local sales would be independent of the export market price
- Iron ore price over \$100/tonne makes these profitable as export mines
- Each project could export/sell to local steel producers ~1-2 Mtpa
- Projects are either on or close to rail
- Off-take agreements at an advanced stage

KEY MANAGEMENT

Executive	Non- Executive
James Allan (CEO)	Botha Schabort (Acting Chairman)
Marietjie van Tonder (Financial Director)	Neil Lazarus
René Hochreiter (Technical Director)	Charles Mostert
David Levithan (Corporate and Legal Affairs Director)	Willie Thabe



TARGET IS TO BE AN INDEPENDENT IRON-ORE PRODUCER BY 2015

■ SIGNIFICANT RESOURCE BASE

- 5 iron-ore projects
- 70m tonnes estimated to 30m depth

■ GRADE

- ~52% Iron
- ~2% Vanadium

■ DEVELOPMENT 3 MONTHS TO 12 MONTHS

- Staged development of Doornpoort, Uitvalgrond 3, Abrina and Bank
- Simple, low capital intensity mining
- Free digging ore, in-pit crushing and screening using contractors
- High IRR's

■ OFF-TAKE CONTRACTS

- Under negotiation at an advanced stage
- Bulk samples required for metallurgical testing

■ CLOSE TO CUSTOMER BASE

- Doornpoort project closest orebody to SA customer and ports
- Uitvalgrond 3 adjacent to potential customer
- Rail on site to Doornpoort and Abrina

■ COMPETITIVE COST PROFILE AND LOW CAPITAL COST

- PAT estimated at USD10-20 /tonne
- Low capital cost
- Simple mining- open cut operations



IRON-ORE INDUSTRY OVERVIEW

STRUCTURE OF IRON-ORE INDUSTRY

- The Chinese iron ore operations are unprofitable at prices below \$100/tonne.
- Increased (Cheaper) imports from Australia, Africa and South America.
- Growth in Chinese GDP is estimated as:

2014	2015	2016	2017
7,0%	6,8%	6,5%	6,0%

- Sea-borne trade in iron ore 340 Million tonnes per annum growing at 6% per annum
- The iron ore market is likely to recover above \$100/tonne

STRONG IRON ORE DEMAND

- Project delays likely in many of the 380 million tonnes expected to be added to the supply side over the next 3 years because of high capital and infrastructure costs
- Iron ore demand growing
- China alone, even at a growth rate of 6% p.a. sufficient to absorb this
- Report from Deutsch Bank indicates floor price >\$112/tonne 2014/2015
- Current spot price lower than this is unlikely to be sustainable



SOUTH AFRICA OVERVIEW

POLITICAL

- General elections in May 2014 went peacefully
- ANC is still the "name of the game" and likely to remain so
- Growing opposition

MINING INDUSTRY

- Platinum strike finally resolved
- NUMSA now out on strike
- Mining accounts for over 70% of country's exports
- Several 'majors' present in country: Anglo American, BHP Billiton, Glencore, Rio Tinto
- Deposits of iron ore, gold, platinum, coal, manganese and diamonds with significant geological potential
- Country accounts for circa 20% of global iron ore resources if the Bushveld Complex resources are added

SOUTH AFRICAN MINING CODE

- 26% BEE
- Royalty on profits varying on profit margins capped at 7% for ore and 5% for beneficiated products
- Tax rate 28%

SOUTH AFRICAN IRON ORE



MINING COMPANIES OPERATING IN SOUTH AFRICA



GlencoreXstrata

RioTinto



OVERVIEW OF ASSETS AND ACHIEVEMENTS TO DATE

LOCATION OF PROJECTS

- Five Project areas
- All close to rail and infrastructure
- One Mining Right Application
- Three Prospecting Rights granted
- One Prospecting Right applied for
- Mining Right under dispute

OFF-TAKE CONTRACTS

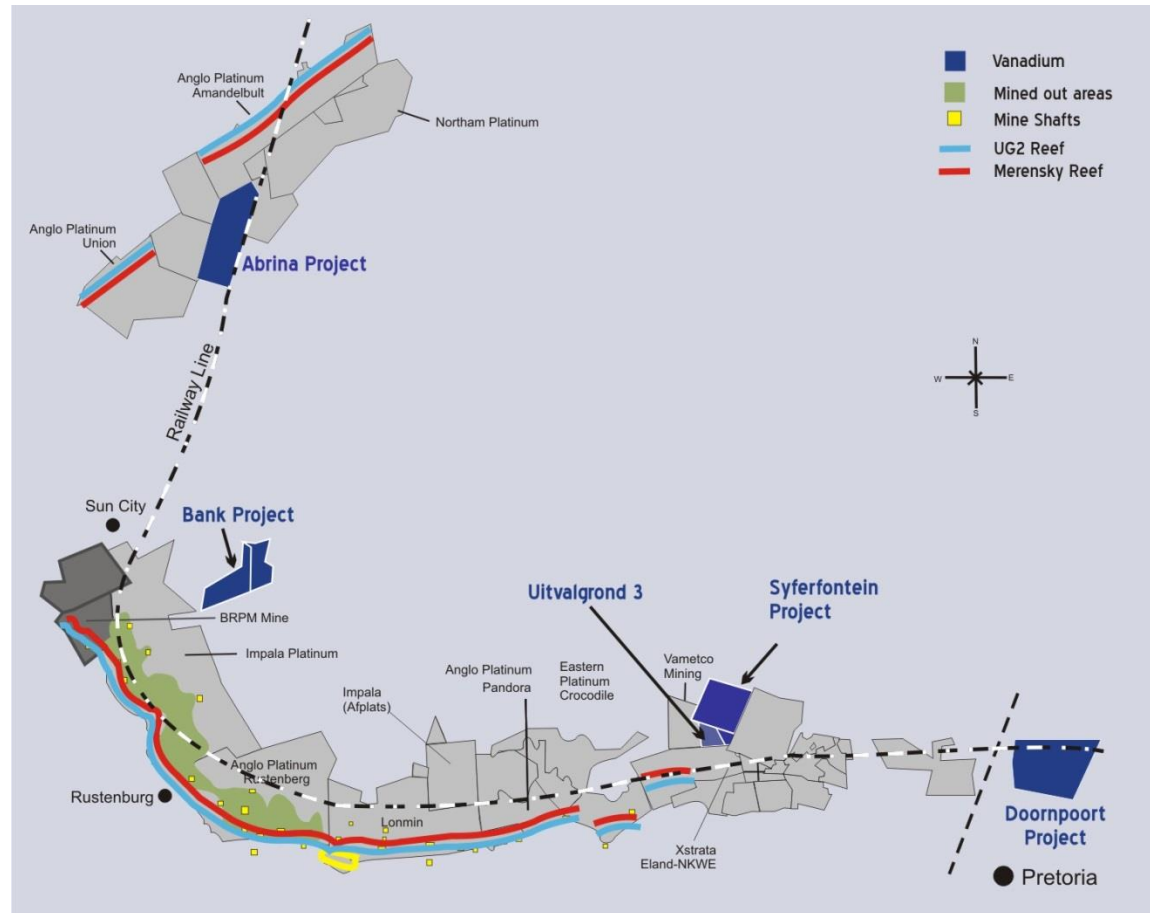
- Local ore supply
- Exports
- Under negotiation - advanced

EXPLORATION PLAN

- Outcrops mapped on all project areas
- Magnetic Survey on Abrina and Doornpoort projects completed.
- Bulk sampling applications

MINING AND TRANSPORT CONTRACTORS

- Contracts under discussion with experienced reputable companies
- Costing of mining projects completed



STRATEGY

- Rename and move sector
 - Shareholders agreed to name change to Sable Metals and Minerals (Done)
 - Application made to JSE to move sectors (At the JSE)

- Restructure Sable
 - Possibility to raise capital at subsidiary level/ Joint Ventures (In discussions)

- Apply for bulk sampling permits (Underway)

- Conclude off-take agreements (In discussions – requirement for bulk sample)

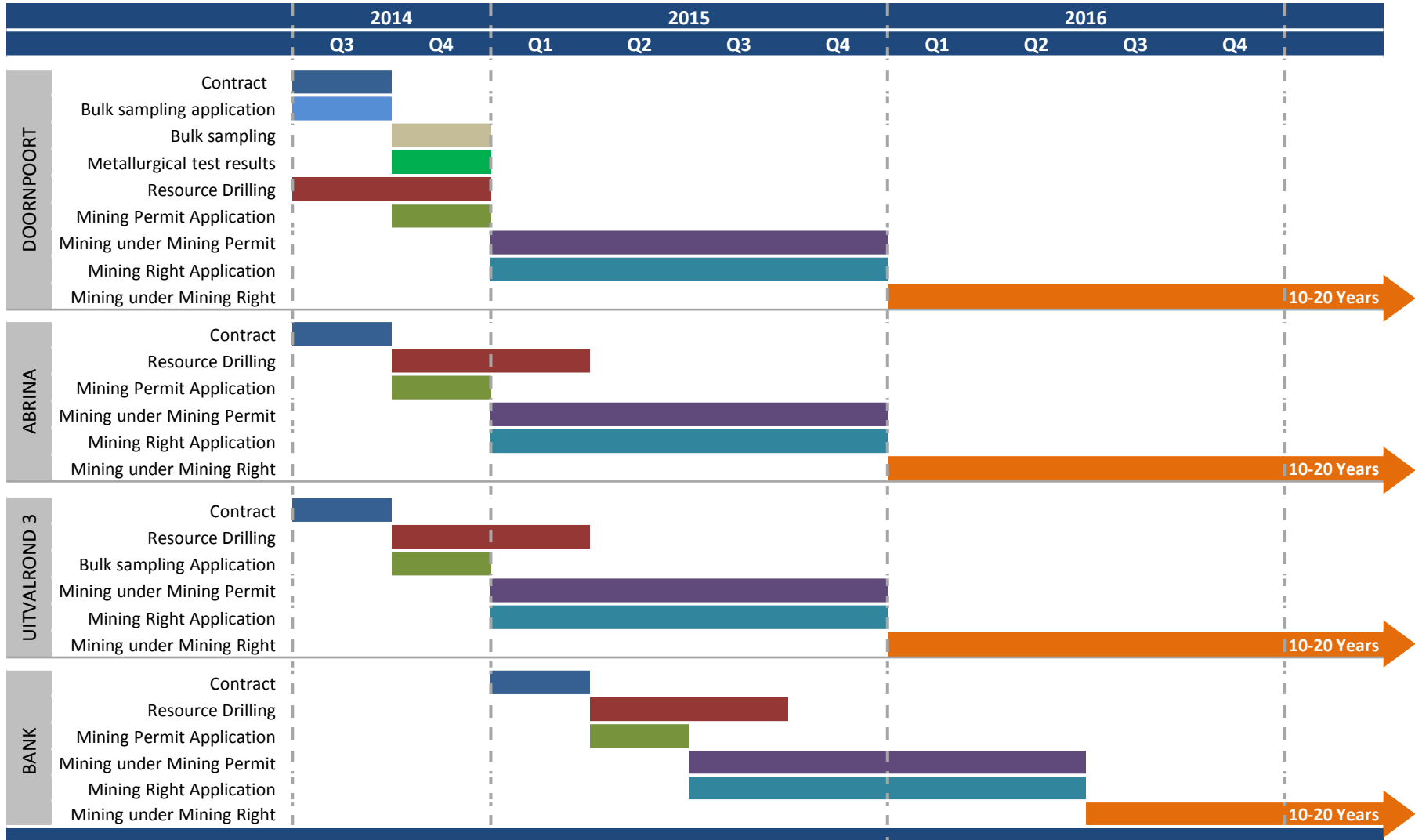
- Declare resources by end 1Q 2015 (Will follow bulk sampling)

- Focus on iron ore projects for cashflow



DEVELOPMENT TIMELINE FOR IRON-ORE ASSETS

THE DOORNPOORT, ABRINA, UITVALGROND 3 PROJECTS ARE SCHEDULED TO ACHIEVE FIRST PRODUCTION IN 2015



WHY SABLE METALS & MINERALS?

SIGNIFICANT QUALITY RESOURCE

- Vanadium and Iron ore deposits well known and defined
- Estimated 70 Mt Main Magnetite Layer down to 30m depth

ASSETS AT DIFFERENT STAGES OF DEVELOPMENT

- Phased approach to development

EXCELLENT LOGISTICS AND OPERATING ENVIRONMENT

- On tarred roads and either on or close to rail infrastructure
- Access to local customers
- Port infrastructure in Maputo and Richards Bay

EXPOSURE TO IRON ORE INDUSTRY

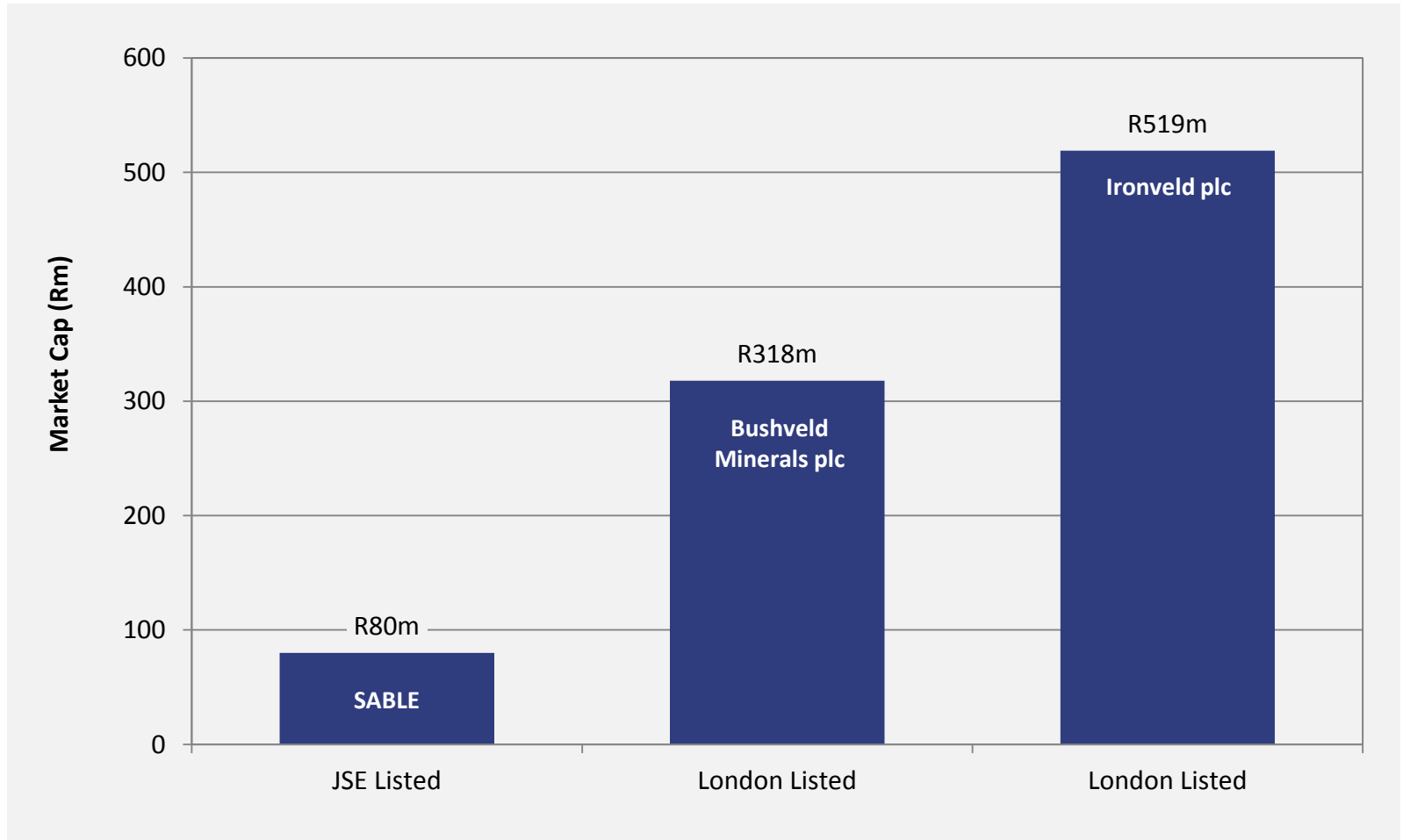
- Growing market for seaborne trade in iron ore
- Shortage of high quality ores leading to demand for lower quality ores
- Infrastructure is the key

COMPANY WITH MASSIVE GROWTH POTENTIAL

- Strong track record, significant commodity, in-country and industry experience
- National and local support from the South African government
- Potential to be London listed in addition to its South African Listing



SABLE METALS & MINERALS COMPARED



CONCLUSION

- Five vanadium and iron ore project areas in South Africa
- These can be developed into iron ore export mines or pig iron projects
- Off-take agreements under discussion in advanced stage



CONTACT DETAILS

- James Allan (CEO)
 - + 27 82 565 4507
 - james@sablemetals.co.za
- René Hochreiter (Technical Director)
 - +27 83 633 6677
 - rene@sablemetals.co.za
- Marietjie van Tonder (Financial Director)
 - +27 82 873 0460
 - marietjie@sablemetals.co.za

