



Sable Mining Afr.Ltd

Final Results

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Sable Mining Africa Limited
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Sable Mining Africa Ltd ('Sable Mining' or 'the Company') Final Results

Sable Mining Africa Ltd, the AIM listed company focussed in the mining sector in Africa, announces its results for the year ended 31 March 2012.

HIGHLIGHTS

- Primary value driver is the 123.5 square kilometre Nimba Iron Ore Project in south-east Guinea
- Significant Direct Shipping Ore ('DSO') tonnage potential and exploration target for DSO material up to 200Mt at more than 58% iron on one of three plateaux
- Drilling results demonstrated wide haematite bearing intersections of up to 33.4m from surface and grades of up to 69.1% iron with low contaminant percentages
- Established infrastructure - only 30km from the newly reopened standard gauge railway in Liberia, which extends 260km from Nimba to the deep water port on the coast at Port Buchanan
- Wider portfolio includes Kpo Iron Ore Project located in the highly prospective West African Shield - rock samples have returned grades of up to 62.4% iron
- Portfolio includes significant Zimbabwean coal assets with an attributable resource of 1.75 billion tonnes
- Strong cash treasury at end of period of US\$37.9 million through which to fund rapid development schedule at Nimba Iron Ore Project
- Key corporate appointments strengthened the Board - West African mining and finance specialist Aboubacar Sampil and high profile southern African coal specialist Peet Snyders

Sable Mining CEO Andrew Groves said, "The results that we have received to date from our Nimba Iron Ore Project have highlighted its position as one of the most exciting projects being developed globally. For this reason, we have re-focussed our exploration activities on to this project, and have so far been rewarded with outstanding haematite bearing intersections of up to 33.4m from surface with grades of up to 69.1% iron. Our rapid exploration programme is set to continue over the coming months with a near term objective of delivering a JORC resource by the end of 2012.

"Importantly, Nimba benefits from established proximal infrastructure which should enable us to bring the project up the value curve with an ambitious production schedule. With the upcoming JORC resource and further value trigger developments at Nimba anticipated in the coming months, I look forward to providing shareholders with further news in due course."

CHAIRMAN'S STATEMENT

Our 123.5 square kilometre ('sq km') Nimba Iron Ore Project in south-east Guinea ('Nimba') is rapidly developing into a world class asset with the potential to be a company maker. The size and grades received to date place Nimba amongst one of the most significant iron ore projects being developed worldwide. With the strong potential for a major Direct Shipping Ore ('DSO') resource, coupled with the presence of existing infrastructure in the area, we are confident that we have a globally significant asset in the rapidly developing West African iron ore region.

The Nimba Iron Ore Project

With such potential, we have re-focussed our efforts and treasury on rapidly developing Nimba. The project stretches over three plateaux with a total combined aerial extent delineated of approximately 35 sq km and is adjacent to the 600 million tonne ('Mt') EuroNimba iron ore project. It is located approximately 30 kilometres ('km') from the newly reopened and under-utilised standard gauge railway in Liberia, which extends 260km from Nimba to the deep water port on the coast at Port Buchanan.

54 exploration drill holes totalling 1,032 metres ('m') have been completed to date in the exploration drilling campaign which commenced in April 2012 to target the Canga-type iron ore accumulations present at Nimba. Results have been outstanding with wide haematite bearing intersections of up to 33.4m identified from surface and grades being reported of up to 69.1% iron ('Fe'), with low contaminant percentages. Assay results from the first holes of the drilling campaign returned broad intersections of high grade iron ore, with highlights of 33.38m at 62.28% Fe. Initial drill holes returned composite grades of more than 59.5% Fe, with an average mineralised width of 16.4m and an average grade of 62.8% Fe. Importantly low contaminants were returned with the possibility to further improve through screening of the coarse material. The potential for significant DSO tonnage was again highlighted and an exploration target for DSO material up to 200Mt at more than 58% Fe on Plateau 2 alone was declared.

With the continuity of mineralisation being confirmed we are rapidly advancing towards the publication of a JORC compliant resource, which we believe will confirm the scale and world class nature of this haematite project. Indeed, the near surface nature of the mineralisation and proximity of infrastructure sets Nimba apart from many of its peers and we believe we can fast track Nimba to production with relatively low capital expenditure.

The Kpo Iron Ore Project

The 532 sq km Kpo Iron Ore Project situated between the Western Cluster and Wologisi Range in northern Liberia ('Kpo') is also yielding excellent results. Located in the highly prospective West African Shield, where a number of world class iron ore projects are currently being developed, rock samples have returned grades of up to 62.4% Fe and an average grade of 43.9% Fe, with the geophysical signatures reflecting the presence of a major iron ore anomaly. Indeed work to date has confirmed an apparent initial strike of 36km, with modelled widths ranging from 100m to 750m, out of an overall target strike length in excess of 65km. If extrapolated, this represents an iron ore deposit that has the potential to yield 13 billion tonnes ('Bt'). Importantly, as with Nimba, the prospect is supported by established infrastructure, being located 45km north-east of the existing Bong Mine rail link which terminates in the port of Monrovia and is in close proximity to the proposed Bomi rail link that will link the Western Cluster of iron ore projects to the port of Monrovia. A helicopter supported drilling campaign is anticipated to commence in Quarter 4 of 2013 which we hope will confirm the prospective nature and scale of Kpo based on the initial ground mapping programme undertaken.

Zimbabwe Coal

In Zimbabwe we continue to advance our coal projects and have defined a total coal resource in excess of 1.75Bt. We have invested significant funds in the development of our portfolio and are at a stage where we are consolidating our position and processing the significant amount of data generated from our exploration campaign. We are cognisant of present investor appetite for Zimbabwe however the potential remains huge and we continue to monitor the situation.

The Lubu Coal Project ('Lubu') continues to look exciting. Covering 19,236 hectares of the highly prospective Karro Mid Zambezi coal basin in the established Hwange (Wankie) mining district in north-western Zimbabwe, we already have a modelled in-situ seam tonnage of 786Mt. We have completed an intensive 36 hole drilling campaign at Lubu commenced in October 2010, results from which have already emphasised the quality and continuity of Lubu's shallow deposit, the grade parameters, as well as the high coking coal deposits across multiple seams. The results have been incorporated into the existing seam correlation work and when used in conjunction with the borehole geological logs and the downhole geophysical logs, have enabled Sable Mining's geologists to better understand the lithological sequences and correlate and model the seams more accurately.

During the period we secured an additional licence in the Karro Mid Zambezi coal basin covering the Lusulu Coal Project. The licence area was explored by Shell Developments Zimbabwe in 1975 and 1976 and again from 1980 to 1982 and recorded the drilling of some 185 boreholes. From the work completed at Lusulu by Shell Developments, the potential for the licence to host a conservative estimate of 1.2 billion tonnes of good quality coal has been demonstrated.

Timbo and Bopolu Iron Ore

Following the completion of a 7,006m, 33 hole diamond drill campaign and subsequent review of assay results from the initial holes drilled, which targeted one of the two iron ore anomalies identified in the airborne geophysical survey in October 2011, a decision was taken to suspend operations at Timbo, while we further evaluate the data. Although primary magnetite iron formation was intercepted at depth, this was largely low grade, and there was no DSO at surface. In line with this re-evaluation process we are currently conducting a ground mapping survey to increase our understanding of the project which to date has been disappointing.

At Bopolu we commenced a regional ground mapping programme at the end of February 2012. The main thrust of the programme is to target the main iron ore targets identified by the airborne geophysical survey previously completed over the area. Mapping is being undertaken concurrently with a systematic laterite and rock sample survey over cut lines completed to confirm the possible width, strike length and dip of a historically mapped itabirite body. To date we have completed a total of 28 lines for a total of 52.6 line kilometres, and collected 950 soil samples and 37 rock samples. The soil samples will be analysed for iron using the recently acquired hand held Niton spectrometer. Rock samples have been submitted for analysis at the ALS laboratories and were pending at the time of writing.

Delta Mining Consolidated Limited

With such prodigious projects in Guinea, Liberia and Zimbabwe, we are currently evaluating various commercial opportunities through which to realise the value of the Rietkuil Coal Project in South Africa held through our 63.5% interest in Delta Mining Consolidated Ltd ('DMC'). The project has a current SAMREC compliant gross in-situ tonnage resource of 199Mt of coal (156.9Mt in Measured and 42Mt in Indicated categories) and a Bankable Feasibility Study was completed in May 2011. It is located 80 kilometres east of Johannesburg, 8km south of Delmas and is adjacent to Exxaro Resources Limited's Leeuwpan Colliery and Kuyasa Mining (Pty) Limited's Delmas Colliery, in the Mpumalanga Province of South Africa.

Corporate

We have appointed Mr Aboubacar Sampil as a Non-executive Director to the Board. Mr Sampil, who has over 20 years' experience in the West African financial and mining industries, will be in particular a valuable addition as we develop our Guinean and Liberian iron ore projects. We also appointed Mr Peet Snyders to the Board, a 30 year industry veteran, who joined as an Executive Director and Chief Operations Officer of the Company's coal division. Additionally Mr Mark Biddulph joined as Head Geologist in Liberia, he previously worked for AngloGold Ashanti and more recently was Chief Operating Officer for African Aura Mining and Exploration Manager with Afferro Mining.

Financial Review

Sable Mining is reporting for the year ended 31 March 2012 a pre-tax loss on continuing activities of US\$43 million (2011: US\$11.5 million). The Group has a strong treasury and as at 31 March 2012 cash balances were US\$37.9 million (2011: US\$108.9 million).

Outlook

Nimba is a world class haematite iron ore project which we are aiming to fast track into production. With large tonnage DSO potential, low contaminants and access to infrastructure, which all translate into relatively low capital expenditure; it sets itself apart from many of the other large scale African iron ore projects. We maintain a tight control on our finances and we are well capitalised to advance our primary projects.

The year ahead is set to be extremely exciting and we would expect a significant re-rating in our share price as we de-risk our project portfolio and investors realise the true potential of our assets.

Phil Edmonds
Chairman
24 August 2012

CONSOLIDATED INCOME STATEMENT For the year ended 31 March 2012

	Note	Year ended 31 March 2012 \$'000	Year ended 31 March 2011 \$'000
Continuing Operations			
Operating expenses		(19,045)	(14,202)
Re-measurement of available for sale investment		(5,703)	-
Impairment of available for sale investment		(416)	-
Impairment of intangible assets		(5,227)	-
Impairment of goodwill		(13,705)	-
Impairment of other receivables		(140)	-
Operating loss		(44,236)	(14,202)
Other gains and losses		236	1,392
Finance income		1,413	1,314
Finance cost		(393)	-
Loss before taxation		(42,980)	(11,496)

Income tax credit	2	213	-
Loss for the year from continuing operations		<u>(42,767)</u>	<u>(11,496)</u>
Discontinued Operations			
(Loss)/ gain for the year from discontinued operations		(2)	300
Loss for the year		<u>(42,769)</u>	<u>(11,196)</u>
Loss for the year attributable to owners of the parent company		(40,012)	(11,091)
Loss for the year attributable to non-controlling interests		(2,757)	(105)
Loss for the year		<u>(42,769)</u>	<u>(11,196)</u>
Loss per share			
- Basic and diluted	3	(4.3 cents)	(1.2 cents)
Loss per share from continuing operations			
- Basic and diluted	3	(4.3 cents)	(1.3 cents)
(Loss)/ earnings per share from discontinued operations			
- Basic and diluted	3	(0.0 cents)	0.03 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2012

	2012 \$'000	2011 \$'000
Loss for the year	(42,769)	(11,196)
Foreign exchange translation differences	2,768	(24)
Other comprehensive income for the year	2,768	(24)
Total comprehensive income for the year	<u>(40,001)</u>	<u>(11,220)</u>
Attributable to the owners of the parent company	(37,244)	(11,115)
Attributable to non-controlling interests	(2,757)	(105)
Total comprehensive income for the year	<u>(40,001)</u>	<u>(11,220)</u>

CONSOLIDATED BALANCE SHEET
As at 31 March 2012

	Note	2012 \$'000	2011 \$'000
ASSETS			
Non-current assets			
Intangible assets		141,279	35,347
Property, plant and equipment		11,721	1,871
Available for sale investment		980	24,456
Loans and other receivables		131	9,052
Total non-current assets		<u>154,111</u>	<u>70,726</u>
Current assets			
Inventory		4	-
Trade and other receivables		4,356	2,277
Cash and cash equivalents		37,889	108,989
Total current assets		<u>42,249</u>	<u>111,266</u>

TOTAL ASSETS		<u>196,360</u>	<u>181,992</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liability		(15,886)	-
Total non-current liabilities		<u>(15,886)</u>	<u>-</u>
Current liabilities			
Short-term borrowings		(14,821)	-
Trade and other payables		(4,136)	(3,565)
Total current liabilities		<u>(18,957)</u>	<u>(3,565)</u>
TOTAL LIABILITIES		<u>(34,843)</u>	<u>(3,565)</u>
NET ASSETS		<u>161,517</u>	<u>178,427</u>
EQUITY			
Issued capital	4	248,623	248,623
Share based payment reserve		1,064	1,048
Warrant reserve		7,033	944
Translation reserve		2,744	(24)
Retained earnings		(118,037)	(78,025)
Total equity attributable to the owners of the parent company		141,427	172,566
Non-controlling interests		20,090	5,861
TOTAL EQUITY		<u>161,517</u>	<u>178,427</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the parent					Total \$'000	Non- controlling interests \$'000	Total \$'000
	Share capital \$'000	Share- based payment reserve \$'000	Warrant reserve \$'000	Translation reserve \$'000	Retained earnings \$'000			
Balances at 01 April 2010	118,228	289	944	-	(66,934)	52,527	-	52,527
Loss for the year	-	-	-	-	(11,091)	(11,091)	(105)	(11,196)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	(24)	-	(24)	-	(24)
Total comprehensive income for the year	-	-	-	(24)	(11,091)	(11,115)	(105)	(11,220)
Transactions with owners								
Share-based payment charge	-	759	-	-	-	759	-	759
Share issues	130,395	-	-	-	-	130,395	-	130,395
On formation of subsidiaries	-	-	-	-	-	-	14	14
Non-controlling interest on asset acquisitions	-	-	-	-	-	-	5,952	5,952
Total transactions with owners	130,395	759	-	-	-	131,154	5,966	137,120
Balances at 31 March 2011	248,623	1,048	944	(24)	(78,025)	172,566	5,861	178,427
Loss for the year	-	-	-	-	(40,012)	(40,012)	(2,757)	(42,769)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	2,768	-	2,768	-	2,768
Total comprehensive income for the year	-	-	-	2,768	(40,012)	(37,244)	(2,757)	(40,001)
Transactions with owners								

Share based payment charge	-	16	6,089	-	-	6,105	-	6,105
On acquisition of subsidiary	-	-	-	-	-	-	17,685	17,685
On consolidation of subsidiary	-	-	-	-	-	-	(503)	(503)
Non-controlling interest on asset acquisitions	-	-	-	-	-	-	(196)	(196)
Total transactions with owners	-	16	6,089	-	-	6,105	16,986	23,091
Balance at 31 March 2012	248,623	1,064	7,033	2,744	(118,037)	141,427	20,090	161,517

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2012

	2012 \$'000	2011 \$'000
OPERATING ACTIVITIES		
Loss before tax	(42,980)	(11,496)
Adjustments for:		
- Depreciation of property, plant and equipment	912	131
- Amortisation of intangible assets	11	-
- Share based payment charge	1,508	759
- Gain on foreign exchange	(618)	(26)
- Net interest income	(1,020)	(1,314)
- Re-measurement of available for sale investment	5,703	-
- Impairment of available for sale investment	416	-
- Impairment of intangible assets	5,227	-
- Impairment of goodwill	13,705	-
- Impairment of other receivables	140	-
Operating cash flow before movements in working capital	(16,996)	(11,946)
Working capital adjustments:		
- Increase in receivables	(1,260)	(2,070)
- Increase in payables	(140)	2,346
Cash used in operations	(18,396)	(11,670)
Finance cost	(393)	-
Interest received	1,413	1,314
Net cash used in continuing operating activity	(17,376)	(10,356)
Net cash used in discontinued operating activity	-	(465)
Net cash used in operating activities	(17,376)	(10,821)
INVESTING ACTIVITIES		
Purchase of intangible assets	(18,389)	(21,741)
Purchase of property, plant and equipment	(6,813)	(1,965)
Purchase of subsidiary, net of cash received	(24,419)	-
Purchase of investment	(145)	(712)
Increase in loans and other long term receivables	(3,920)	(9,052)
Net cash used in investing in continuing activities	(53,686)	(33,470)
Net cash used in investing in discontinued activities	-	-
Net cash used in investing activities	(53,686)	(33,470)
FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	125,659
Share issue costs	-	(2,917)
Increase in loans and other long term payables	-	-
Net cash flow from financing activities	-	122,742
	(71,062)	78,451

Net (decrease)/ increase in cash and cash equivalents

Cash and cash equivalents at start of the year	108,989	30,334
Effect of foreign exchange rate changes	(38)	204
Cash and cash equivalents at end of the year	<u>37,889</u>	<u>108,989</u>

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2012****1. General information**

Sable Mining Africa Limited is incorporated in the British Virgin Islands under the British Virgin Islands Business Companies Act 2004. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement above.

These financial statements have been presented in US Dollars because this is the currency of the primary economic environment in which the Group operates. The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The non statutory financial statements for the year ended 31 March 2012 have been reported on by Sable Mining's auditors and contain an unqualified opinion (31 March 2011: unqualified opinion).

The full audit report is contained in the Company's Annual Report, which will be available on the Company's website by 30 September 2011.

The financial information contained in this document does not constitute statutory financial statements.

2. Income tax expense

	2012 \$'000	2011 \$'000
Loss before tax:	<u>(42,980)</u>	<u>(11,496)</u>
Expected tax @ weighted average tax rate (8.51%)	(3,658)	(1,662)
Tax effect of expenses that are not deductible in determining taxable profit	9	2
Tax effect of losses not allowable	1,723	918
Tax effect of losses recognised (note 20)	221	-
Tax effect of losses not recognised in overseas subsidiaries (net of effect of different rates)	1,918	742
Tax credit for the year	<u>213</u>	<u>-</u>

The tax reconciliation has been prepared using the weighted average tax rates of the jurisdictions where the principal assets of its continuing activities are located.

The Group has operations in a number of overseas jurisdictions where it has incurred taxable losses on continuing operations of \$28,107,000 (2011: \$5,566,000).

The Company is resident for taxation purposes in the British Virgin Islands and its income is subject to BVI income tax, presently at a rate of zero.

3. Earnings/ (loss) per share

The calculation of the basic and diluted loss per share is based on the following data:

	2012 \$'000	2011 \$'000
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Loss for the purposes of basic earnings per share (loss for the year attributable to equity holders of the parent)	(40,012)	(11,091)
Loss for the purposes of basic earnings per share on continuing activities (loss for the year on continuing activities attributable to equity holders of the parent)	(40,010)	(11,496)
Profit for the purposes of basic earnings per share on discontinued activities (loss for the year on discontinued activities attributable to equity holders of the parent)	(2)	300
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	927,473,474	898,992,346
Weighted average number of ordinary shares for the purposes of diluted loss per share	975,228,721	906,669,373
Basic and diluted loss per share	(4.3 cents)	(1.2 cents)
Basic and diluted loss per share on continuing activities	(4.3 cents)	(1.3 cents)
Basic and diluted earnings per share on discontinued activities	-	0.03 cents

No dilution arises as a result of the total loss and the loss on continuing activities for the year (2011: loss).

4. Share capital

	Ordinary shares of no par value	
	Allotted and fully paid	
	Number	\$'000
At 27 April 2007	1,000	-
Issue of shares to fund group activities	127,250,200	27,814
Acquisition of Procana Limitada	185,180,000	44,385
At 1 April 2009	312,431,200	72,199
Issue of shares to fund group activities	295,334,822	46,029
At 1 April 2010	607,766,022	118,228
Issue of shares to fund group activities	299,707,452	122,742
Issue of incentive shares	20,000,000	7,653
At 31 March 2011 and 31 March 2012	927,473,474	248,623

On incorporation on 27 April 2007, the company had an authorised share capital of 500,000,000 ordinary shares of no par value.

Between 21 February 2008 and 12 August 2008, a further 58,425,600 ordinary shares were issued fully paid for cash at a price of 12.5 pence per ordinary share constituting the pre IPO funding round.

On 21 July 2008 at an extraordinary general meeting the authorised share capital was increased to 1,000,000,000 ordinary shares of no par value.

On 12 August 2008, 185,180,000 ordinary shares were issued fully paid in consideration for the acquisition of 94% of the issued share capital of Procana Limitada.

On 1 September 2008, 68,825,600 ordinary shares were issued fully paid for cash at 12.5 pence per ordinary share.

On 15 December 2009, 270,000,000 ordinary shares were issued fully paid for cash at 10 pence per ordinary share.

On 22 January 2010, 25,334,822 ordinary shares were issued fully paid for cash at 11 pence per ordinary share.

On 16 April 2010, 299,707,452 ordinary shares were issued fully paid for cash at 28 pence per ordinary share.

On 21 January 2011, 20,000,000 ordinary shares held by Ely Place Nominees Limited were allocated to consultants to the Company for services provided relating to acquisitions of intangible exploration interests during the year.

There was no share capital issued during the period. Share capital issued during the prior period is stated net of share issue costs of \$7,447,000.

The Company has one class of ordinary share which carries no right to fixed income.

5. Acquisition of subsidiary

On 3 October 2011, a further 27% of the share capital of Delta Mining Consolidated Limited ("DMC") was acquired for cash of \$24,760,562.

	Book value at acquisition \$'000	Fair value at adjustment \$'000	Fair value at acquisition \$'000
Year ending 31 March 2012			
Exploration and evaluation assets	23,079	64,998	88,077
Other intangible assets	10	-	10
Property, plant and equipment	447	-	447
Trade and other receivables	1,421	-	1,421
Cash	328	-	328
Inventories	4	-	4
Investments and long term receivables	1,332	-	1,332
Trade and other payables	(1,057)	-	(1,057)
Long-term borrowings	(12,889)	-	(12,889)
Short-term borrowings	(13,801)	-	(13,801)
Deferred tax liability	-	(15,421)	(15,421)
Net assets acquired			48,451
Goodwill			13,122
Non-controlling interests			(17,685)
Fair value of the total consideration, satisfied by cash			<u>43,888</u>

Negative non-controlling interests of \$504,000, relating to losses in periods prior to acquisition of DMC are included in net assets acquired.

	DMC \$'000
Post-acquisition results	
Revenue	-
Loss before tax since acquisition included in the Consolidated Income Statement	<u>1,152</u>

If the acquisition had been completed on the first day of the financial year, there would have been no affect on Group revenues and the Group loss before tax would have been \$46,298,000.

In respect of the acquisition made during the year, the following amounts were paid and acquired:

	\$'000
Total consideration paid	49,591
Less: re-measurement of available for sale investment in DMC	(5,703)
Fair value of consideration	<u>43,888</u>
Cash and cash equivalents acquired	328
Assets acquired	91,619
Liabilities acquired	(43,168)
Acquisition costs included in the Consolidated Income Statement	<u>57</u>

The amount of goodwill that is expected to be deducted for tax purposes is \$nil.

This information is provided by RNS
The company news service from the London Stock Exchange

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