



Sable Mining Afr.Ltd

Interim Results

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 Sable Mining Africa Limited
 21 December 2012

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Sable Mining Africa Ltd ('Sable Mining' or 'the Company') Interim Results

Sable Mining Africa Ltd, the AIM listed company focussed in the mining sector in Africa, announces its results for the period ended 30 September 2012.

OVERVIEW

- World class potential of Nimba Iron Ore Project in Guinea with near term Direct Shipping Ore ('DSO') production opportunity
- Metallurgical test results at Nimba indicate that a simple crush and screen processing will produce a high-grade, high-specification low-deleterious premium quality DSO product
- Significant tonnage potential in excess of 500 million tonnes from surface - very low strip ratio
- Low capital expenditure expected - no beneficiation required for a premium DSO product and proximal access to rail infrastructure
- Near term value triggers - maiden JORC Resource at Nimba expected in Q1 2013 followed by completion of a pre-feasibility study, Environmental Impact Assessment submission and mining licence application
- Additional West African iron ore projects and Southern African coal projects provide further attributable value to Sable Mining's portfolio

CHAIRMAN'S STATEMENT

Our focus remains centred on the rapid advancement of our 123.5 square kilometre ('sq km') Nimba Iron Ore Project in south-east Guinea ('Nimba'), where consistently high grades and widths have underpinned its status as one of the premier undeveloped DSO assets globally. Differentiating itself from its peers, Nimba benefits from having substantial tonnage at surface, with potential to be in excess of 500 million tonnes ('Mt'), with a considerable percentage being high grade DSO, as well as its close proximity to operating multi-user rail infrastructure with spare capacity. These important criteria reaffirm our confidence that Nimba is shaping up to be the most exciting undeveloped iron ore asset held by a junior mining company in West Africa. The Nimba project, together with additional assets in West and Southern Africa, reinforces our value proposition and provides considerable credence for a market re-rating.

Exploration work to date has focussed on two of the three plateaux at Nimba, the 35 sq km Plateau 2 and the 11 sq km Plateau 3.

Plateau 2, which includes the main channel fill area of Target 1 (T1, also known as the 'Planetaya') has been the primary area of focus ahead of the publication of a maiden JORC resource in Q1 2013. Assays have repeatedly demonstrated best-in-class results with an average depth (from surface) of 20.6 metres at 61.6% iron ('Fe') with minimal deleterious elements, the average being 3.6% SiO₂ and 2.8% Al₂O₃ below penalty thresholds and P of 0.09%, which is close to the penalty cut-off. Recently reported metallurgical work has also demonstrated that simple crush and screen processing produces an extremely high-grade, high-specification low-deleterious DSO product. These results indicate that Nimba could produce a premium product, with specification well ahead of major operations such as BHP's DSO production in Western Australia. With this in mind, Nimba has the potential to deliver some of the highest-quality DSO material globally placing it in an extremely strong position when negotiating off-take partners and project finance.

These metallurgical samples will form part of the analysis ahead of the maiden JORC resource, which is anticipated to be published in Q1 2013. These excellent results received to date have underpinned the quality of the asset and outlined an exploration target of 200Mt of DSO material on Plateau 2 alone. In light of the consistently exceptional results to date from Nimba, our focus remains on proving up a substantial JORC-compliant Resource and moving towards a pre-feasibility study as quickly as practicable. Xstract Mining Consultants, an Australia-based consultancy group and wholly-owned subsidiary of

engineering services company Calibre Group, which has significant expertise in iron ore, has been appointed to conduct the resource definition and pre-feasibility study.

The Company has recently announced the results of nine holes from its secondary focus, Plateau 3, with the highlight being 10.0m at 61.3% at surface. Results to date have averaged 59.3% Fe from DSO intersections and again benefit from low contaminant levels. Ground penetrating radar was only completed post identification of the drill hole locations, hence the deep channels were not targeted. However initial indications suggest that grades may increase at depth and, with 80% of the shallow material on Plateau 3 averaging 59.3% Fe, this provides further weight to the potential for most of Plateau 3 to host DSO-grade material which would substantially increase project tonnages.

The metallurgical testwork has demonstrated that with a simple crush and screen, and without the need for beneficiation, Nimba has the potential to deliver some of the highest quality DSO material globally. The geology of Nimba is thought to be conducive to a traditional drill blast and haul mining operation, a proven and flexible approach which will allow optimal ore blending from operating pits. It is currently anticipated that Nimba will be able to support an initial mining operation of 3.0Mt per annum with potential to expand to 5.0Mt per annum. With relatively simple extraction methods and minimal processing requirements, in addition to its proximity to rail infrastructure, Nimba has the potential to become a significant low cost iron ore producer in the near term.

Due to the significant potential of Nimba to rapidly become a world class iron ore production asset, the Board has taken the decision to focus the Company's resources on the advancement of the project. However, there remains significant attributable value and onward development potential in Sable Mining's additional projects, which include the Kpo Iron Ore Project in Liberia and the Lubu and Lusulu Coal Projects in Zimbabwe.

The 532 sq km Kpo Iron Ore Project is situated between the Western Cluster and Wologisi Range in northern Liberia, 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. Now the rainy season has finished, a ground mapping and surface sampling programme will commence shortly to provide further information on the resource potential of the orebody, which has an apparent initial strike of 36km, modelled widths ranging from 100m to 750m, out of an overall target strike length in excess of 65km.

The Lubu and Lusulu Coal Projects are located in the highly prospective Karro Mid Zambezi coal basin in the established Hwange (Wankie) mining district in north-western Zimbabwe. Work completed to date at Lubu has enabled the Company to model in-situ seam tonnage of 786Mt from the initial blocks drilled, with potential for considerable expansion to the resource tonnage through additional drilling on further blocks. Significant additional resource potential is also derived from the more recently acquired Lusulu project which we believe has the potential to host over 1.2 billion tonnes of good quality coal. Importantly, results from each project have demonstrated good quality and continuity, with shallow coal and high coking deposits across multiple seams.

Financial Review

Sable Mining is reporting for the six months ended 30 September 2012 a pre-tax loss on continuing activities of US\$9.9m (2011: pre-tax loss on continuing activities of US\$11.9m). As at 30 September 2012 cash balances were US\$23.4m (2011: US\$79.7m).

Outlook

Nimba, as a potential world class hematite asset, will continue to dominate our operational development during this financial year. We have an ambitious schedule in place, with the objective to rapidly move into production in the near term. With this in mind, the next few months will yield key value triggers including the publication of a maiden JORC resource statement and further metallurgical results from Nimba in Q1 2013, followed by the completion of a pre-feasibility study and submission of an Environmental Impact Assessment and mining licence application. The next year will also see work advancing on a Preliminary Feasibility Study and Bankable Feasibility Study ahead of the commencement of mining in 2014.

This is set to be a transformational period for Sable Mining as the advancement of our development schedule at Nimba translates into enhanced shareholder value. I would like to thank our valued shareholders for their continued support and look forward to providing further updates regarding our development over the coming months.

Phil Edmonds
Chairman
20 December 2012

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Condensed Consolidated Income Statement

For the six month period ended 30 September 2012

Note	Unaudited 6 months to 30 September 2012 \$'000	Unaudited 6 months to 30 September 2011 \$'000	Audited year to 31 March 2012 \$'000	
Continuing Operations				
Operating expenses	(9,153)	(12,285)	(19,045)	
Re-measurement of available for sale investment	-	-	(5,703)	
Impairment of available for sale investment	-	-	(416)	
Impairment of intangible assets	(804)	-	(5,227)	
Impairment of goodwill	-	-	(13,705)	
Impairment of other receivables	-	-	(140)	
Operating loss	(9,957)	(12,285)	(44,236)	
Other gains and losses	(309)	(281)	236	
Net finance income	381	628	1,020	
Loss before taxation	(9,885)	(11,938)	(42,980)	
Income tax credit	-	-	213	
Loss for the period from continuing operations	(9,885)	(11,938)	(42,767)	
Discontinued Operations				
Loss for the period from discontinued operations	-	-	(2)	
Loss for the period	(9,885)	(11,938)	(44,769)	
Loss for the period attributable to owners of the parent company	(7,871)	(11,828)	(40,012)	
Loss for the period attributable to non- controlling interests	(2,014)	(110)	(2,757)	
Loss for the period	(9,885)	(11,938)	(42,769)	
Loss per share				
- Basic and diluted (cents)	5	(0.8 cents)	(1.3 cents)	(4.3 cents)
Loss per share from continuing operations				
- Basic and diluted (cents)	5	(0.8 cents)	(1.3 cents)	(4.3 cents)
Gain per share from discontinued operations				
- Basic and diluted (cents)	5	-	-	-

Condensed Consolidated Statement of Comprehensive Income

For the six month period ended 30 September 2012

	Unaudited 6 months to 30 September 2012 \$'000	Unaudited 6 months to 30 September 2011 \$'000	Audited year to 31 March 2012 \$'000
Foreign exchange translation differences	(3,334)	10	2,768
Other comprehensive (loss)/gain for the period	(3,334)	10	2,768
Loss for the period	(9,885)	(11,938)	(42,769)
Total comprehensive loss for the period	(13,219)	(11,928)	(40,001)
Total comprehensive loss for the period attributable to owners of the parent company	(11,205)	(11,818)	(37,244)
Total comprehensive loss for the period attributable to non-controlling interests	(2,014)	(110)	(2,757)
	(13,219)	(11,928)	(40,001)

**Condensed Consolidated Balance Sheet
As at 30 September 2012**

Note	Unaudited As at 30 September 2012 \$'000	Unaudited As at 30 September 2011 \$'000	Audited As at 31 March 2012 \$'000
Assets			

Non-current assets				
Intangible assets	140,324	58,083	141,279	
Property, plant and equipment	10,681	7,027	11,721	
Finance asset investment	1,043	25,190	980	
Loan receivable	81	12,642	131	
Total non-current assets	152,129	102,942	154,111	
Current assets				
Inventory	4	-	4	
Trade and other receivables	4,158	3,765	4,356	
Cash and cash equivalents	23,393	79,711	37,889	
Total current assets	27,555	83,476	42,249	
Total assets	179,684	186,418	196,360	
Liabilities				
Non-current liabilities				
Deferred tax liability	(15,121)	-	(15,886)	
Total non-current liabilities	(15,121)	-	(15,886)	
Current liabilities				
Short-term borrowings	(13,703)	-	(14,821)	
Trade and other payables	(2,408)	(3,153)	(4,136)	
Total current liabilities	(16,111)	(3,153)	(18,957)	
Total liabilities	(31,232)	(3,153)	(34,843)	
Net Assets	148,452	183,265	161,517	
Equity				
Issued share capital	6	248,624	248,623	248,623
Share based payment reserve	7	1,064	17,316	1,064
Warrant reserve		7,186	-	7,033
Translation reserve		(590)	(14)	2,744
Retained earnings		(125,908)	(89,853)	(118,037)
Total equity attributable to the owners of the parent company		130,376	176,072	141,427
Non-controlling interests		18,076	7,193	20,090
Total Equity		148,452	183,265	161,517

Condensed Consolidated Statement of Changes in Equity

	Share Capital \$'000	Share-based payment reserve \$'000	Warrant reserve	Translation reserve \$'000	Retained earnings \$'000	Total	Non-controlling interests \$'000	Total \$'000
Balances at 01 April 2011	248,623	1,048	944	(24)	(78,025)	172,566	5,861	178,427
Loss for 6 months to 30 September 2011	-	-	-	-	(11,828)	(11,828)	(110)	(11,938)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	10	-	10	-	10
Total comprehensive income for the period	-	-	-	10	(11,828)	(11,818)	(110)	(11,928)
Transactions with owners								
Share based payment charge	-	16	15,308	-	-	15,324	-	15,324
Non-controlling interest on asset acquisitions	-	-	-	-	-	-	1,442	1,442
Total transactions with owners	-	16	15,308	-	-	15,324	1,442	16,766
Balances at 30 September 2011	248,623	1,064	16,252	(14)	(89,853)	176,072	7,193	183,265
Loss for 6 months to 31 March 2012	-	-	-	-	(28,184)	(28,184)	(2,647)	(30,831)
Non-controlling interest on formation of subsidiary	-	-	-	-	-	-	-	-
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	2,758	-	2,758	-	2,758
Total comprehensive income for the period	-	-	-	2,758	(28,184)	(25,426)	(2,647)	(28,073)
Transactions with owners								
Share issues	-	-	-	-	-	-	-	-
Share based payment charge	-	-	(9,219)	-	-	(9,219)	-	(9,219)
Non-controlling interest on asset acquisitions	-	-	-	-	-	-	-	-

	-	-	-	-	-	(1,638)	(1,638)	
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	17,182	17,182	
Total transactions with owners	-	-	(9,219)	-	-	(9,219)	15,544	6,325
Balance at 31 March 2012	248,623	1,064	7,033	2,744	(118,037)	141,427	20,090	161,517
Loss for 6 months to 30 September 2012	-	-	-	-	(7,871)	(7,871)	(2,014)	(9,885)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	(3,334)	-	(3,334)	-	(3,334)
Total comprehensive income for the period	-	-	-	(3,334)	(7,871)	(11,205)	(2,014)	(13,219)
Transactions with owners								
Share issues	1	-	-	-	-	1	-	1
Share based payment charge	-	-	153	-	-	153	-	153
Total transactions with owners	1	-	153	-	-	154	-	154
Balance at 30 September 2012	248,624	1,064	7,186	(590)	(125,908)	130,376	18,076	148,452

Condensed Consolidated Statement of Cash Flows
For the six months to 30 September 2012

	Unaudited 6 months to 30 September 2012 \$'000	Unaudited 6 months to 30 September 2011 \$'000	Audited year to 31 March 2012 \$'000
OPERATING ACTIVITIES			
Loss for the period from continuing operations before taxation	(9,885)	(11,938)	(42,980)
Adjustments for:			
- Depreciation of property, plant and equipment	1,298	245	912
- Amortisation of intangible assets	22	-	11
- Loss/(gain) on foreign exchange	45	281	(618)
- Share based payment charge	153	3,065	1,508
- Net interest income	(381)	(628)	(1,020)
- Re-measurement of available for sale investment	-	-	5,703
- Impairment of available for sale investment	-	-	416
- Impairment of intangible assets	804	-	5,227
- Impairment of goodwill	-	-	13,705
- Impairment of other receivables	-	-	140
Operating cash flow before movements in working capital	(7,944)	(8,975)	(16,996)
Working capital adjustments:			
- Increase in receivables	198	(1,488)	(1,260)
- Decrease in payables	(2,846)	(412)	(140)
Cash used in operations	(10,592)	(10,875)	(18,396)
Finance cost	-	-	(393)
Interest received	381	628	1,413
Net cash used in continuing operating activity	(10,211)	(10,247)	(17,376)
Net cash used in operating activities	(10,211)	(10,247)	(17,376)
INVESTING ACTIVITIES			
Purchase of intangible assets	(3,808)	(9,036)	(18,389)
Purchase of property, plant and equipment	(425)	(5,401)	(6,813)
Purchase of subsidiary, net of cash received	-	-	(24,419)
Purchase of investment	(108)	(734)	(145)
Increase in loans and other long term receivables	-	(3,590)	(3,920)
Net cash used in investing in continuing activities	(4,341)	(18,761)	(53,686)
Net cash used in investing in discontinued activities	-	-	-
Net cash used in investing activities	(4,341)	(18,761)	(53,686)
FINANCING ACTIVITIES			
Proceeds from issue of share capital	1	-	-
Net cash flow from financing activities	1	-	-
Net decrease in cash and cash equivalents	(14,551)	(29,008)	(71,062)
Cash and cash equivalents at start of the period	37,889	108,989	108,989
Effect of foreign exchange rate changes	55	(270)	(38)
Cash and cash equivalents at the end of the period	23,393	79,711	37,889

Notes to the Unaudited Interim Consolidated Financial Statements

1. General information

Sable Mining Africa Limited is incorporated in the British Virgin Islands under the British Virgin Islands Business Companies Act 2004. The address of the registered office is Commerce House, Wickhams Cay 1, PO Box 3140, Road Town, Tortola, British

Virgin Islands. The Company was incorporated on 27 April 2007.

The Company is listed on the AIM Market of London Stock Exchange plc.

The unaudited interim consolidated financial statements for the six months ended 30 September 2012 were approved for issue by the board on 20 December 2012.

The figures for the six months ended 30 September 2012 and 30 September 2011 are unaudited and do not constitute full accounts. The comparative figures for the period ended 31 March 2012 are extracts from the annual report and do not constitute statutory accounts.

The interim consolidated financial statements have been prepared in US Dollars as this is the currency of the primary economic environment in which the Group operates.

2. Basis of preparation

The basis of preparation and accounting policies set out in the Annual Report and Accounts for the year ended 31 March 2012 have been applied in the preparation of these interim condensed consolidated financial statements. These are in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and with those of the Standing Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the International Accounting Standards Board ("IASB"). References to "IFRS" hereafter should be construed as references to IFRSs as adopted by the EU

3. Accounting policies

The accounting policies and methods of calculation adopted are consistent with those of the financial statements for the year ended 31 March 2012.

4. Segment reporting

The directors consider that the Group's continuing activities comprise one business segment, exploration and other unallocated expenditure in one geographical segment, Africa.

	Exploration	Unallocated	Total
	\$'000	\$'000	\$'000
Period ending 30 September 2012			
Revenue	-	-	-
Segment results			
- Operating loss	(11,876)	1,919	(9,957)
- Other gains	27	354	381
- Net finance income	(68)	(241)	(309)
Loss before tax from continuing activities	(11,917)	2,032	(9,885)
	Exploration	Unallocated	Total
	\$'000	\$'000	\$'000
Period ending 30 September 2011			
Revenue	-	-	-
Segment results			
- Operating loss	(6,878)	(5,407)	(12,285)
- Other gains/ (losses)	54	(335)	(281)
- Net finance income	-	628	628
Loss before tax from continuing activities	(6,824)	(5,114)	(11,938)

The segment items included in the income statement for the period are as follows:

	Continuing	Discontinued	Group
	Exploration	Unallocated	Bio-energy
	\$'000	\$'000	\$'000
2012			
Depreciation	1,294	4	-
Amortisation	22	-	-
2011			
Depreciation	241	4	-

The segment assets and liabilities at 30 September and the capital expenditure for the period then ended are as follows:

Continuing Discontinued Group

	Exploration \$'000	Unallocated \$'000	Bio-energy \$'000	\$'000
2012				
Assets	156,764	22,890	30	179,684
Liabilities	(30,180)	(498)	(554)	(31,232)
Capital Expenditure - Property, plant and equipment	425	-	-	425
Capital Expenditure - Intangible assets	3,808	-	-	3,808
2011				
Assets	80,494	105,897	27	186,418
Liabilities	(2,387)	(766)	-	(3,153)
Capital Expenditure - Property, plant and equipment	5,401	-	-	5,401
Capital Expenditure - Intangible assets	22,736	-	-	22,736

Segment assets comprise intangible assets, property, plant and equipment, trade and other receivables and cash and cash equivalents.

Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to intangible assets and to property, plant and equipment.

5. Loss per share

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

	Unaudited 6 months to 30 September 2012 \$'000	Unaudited 6 months to 30 September 2011 \$'000	Audited year to 31 March 2011 \$'000
Loss			
Loss for the purpose of basic loss per share (loss for the period attributable to owners of the parent company)	(7,871)	(11,828)	(40,012)
Loss for the purpose of basic loss per share on continuing activities (result for the period on continuing activities attributable to owners of the parent company)	(7,871)	(11,828)	(40,010)
Loss/ (gain) for the purpose of basic loss/ (gain) per share on discontinued activities (result for the period on discontinued activities attributable to owners of the parent company)	-	-	(2)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic loss per share	927,531,967	927,473,474	927,473,474
Weighted average number of ordinary shares for the purposes of diluted loss per share	953,091,168	977,471,281	975,228,721
Basic and diluted loss per share	(0.8 cents)	(1.3 cents)	(4.3 cents)
Basic and diluted loss per share on continuing activities	(0.8 cents)	(1.3 cents)	(4.3 cents)
Basic and diluted gain per share on discontinued activities	-	-	-

Due to the loss incurred in the current and prior interim period, there is no dilutive effect of share options and warrants.

6. 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 30 September 2011 and 31 March 2012	927,473,474	248,623

Issue of shares on exercise of warrants	50,000	1
	927,523,474	248,624

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

Between incorporation and 18 February 2008, 20,000,000 ordinary shares were issued for nil consideration to Ely Place Nominees Limited to be held in trust to be allocated at the discretion of the Board as incentives to employees or in connection with future transactions by the Company.

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.

50,000 new ordinary shares were issued pursuant to the exercise of warrants on 29 May 2012, under the block admission dated 29 May 2012.

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

Share Options

At 30 September 2012, the following options over ordinary shares of the Company had been granted and not yet exercised:

Date of Grant	Number of shares	Exercise price	Exercise period
31 July 2008	4,000,000	30p	31 July 2008 to 30 July 2013
01 December 2008	4,000,000	12.5p	01 December 2008 to 30 November 2013
17 March 2010	1,000,000	28p	17 March 2011 to 16 March 2016
01 September 2010	2,000,000	20p	01 September 2011 to 31 August 2016
01 October 2010	600,000	20p	01 October 2011 to 30 September 2016
01 October 2010	500,000	20p	01 October 2012 to 30 September 2017

Warrants

At 30 September 2012, the following warrants over ordinary shares of the Company had been granted and not yet exercised:

Date of grant	Number of shares	Exercise price	Exercise period
12 January 2010	4,000,000	10p	Until 12 January 2015
12 January 2010	4,000,000	20p	Until 12 January 2015
16 February 2010	500,000	12p	Until 2 February 2015
16 February 2010	500,000	22p	Until 2 February 2015
11 May 2011	15,450,000	2p	Until 10 December 2015
5 September 2012	2,000,000	2p	Until 10 December 2015
1 March 2012	5,000,000	2p	Until 10 December 2015
26 September 2012	500,000	2p	Until 10 December 2015

7. Share based payment

Equity-settled share option plan

The Group unapproved share option scheme was established to provide equity incentives to the directors of, employees of and consultants to the Company. The scheme is administered by the Board. Awards to directors are recommended by the Remuneration Committee. The options are exercisable during a period (being not less than one year), such period to commence on a date determined by the Board, but not longer than five years from the date that they first become exercisable. Options are forfeited if the employee leaves the Group before the options vest.

At 30 September 2012, the following options over ordinary shares of the Company had been granted and not yet exercised:

Date of grant	Number of options	Weighted average Exercise price
Outstanding at 1 April 2011	14,100,000	21.3p
Granted during the period	-	-
Lapsed during the period	2,000,000	20.0p
Outstanding at 30 September 2011	12,100,000	21.5p
Granted during the period	-	-
Lapsed during the period	-	-
Outstanding at 1 April 2012	12,100,000	21.5p
Granted during the period	-	-
Lapsed during the period	-	-
Outstanding at 30 September 2012	12,100,000	21.5p
Exercisable at 30 September 2011	11,000,000	21.6p
Exercisable at 31 March 2012	12,100,000	21.5p
Exercisable at 30 September 2012	12,100,000	21.5p

At 30 September 2012, the weighted average remaining contractual life of the options outstanding was 1.96 years (2011: 3 years)

Equity settled warrants

At 30 September 2012, the following warrants have been issued and remain unexercised:

Date of grant	Number of options	Weighted average Exercise price
Outstanding at 1 April 2011	9,000,000	15.2p
Granted during the period	-	-
Lapsed during the period	-	-
Outstanding at 30 September 2011	9,000,000	15.2p
Granted during the period	22,500,000	2p
Lapsed during the period	-	-
Outstanding at 1 April 2012	31,500,000	5.8p
Granted during the period	500,000	2p
Exercised during the period	(50,000)	2p
Outstanding at 30 September 2012	31,950,000	5.7p
Exercisable at 30 September 2011	9,000,000	15.2p
Exercisable at 31 March 2012	31,500,000	5.8p
Exercisable at 30 September 2012	31,950,000	5.7p

Warrants not issued

Ely Place Nominees Limited holds an additional 2,000,000 warrants to be distributed among the employees of, directors of and consultants to the Company as instructed by the Board.

In addition, Monford Holdings Limited holds an additional 25,000,000 warrants to be distributed among the employees of, directors of and consultants to the Company as instructed by the Board and Letsun Limited holds an additional 9,000,000 warrants to be distributed among the employees of, directors of and consultants to the Company as instructed by the Board.

At 30 September 2012, the weighted average remaining contractual life of the warrants outstanding was 2.52 years (2011: 3.6 years).

The fair value of the options and warrants was determined using the Black-Scholes option pricing model using the following assumptions:

	2012	2011
Share price at the date of grant - options issued	-	Market price
Share price at the date of grant - warrants issued	2p	-
Risk free interest rate	2.14%	1.69% - 2.14%
Annual dividend yield	Nil	Nil
Expected volatility	53%	52% - 53%
Expected period until exercise after vesting	4.6 years	2 - 4.6 years
Fair value at the date of grant - options	-	9p
Fair value at the date of grant - warrants	18.7p	1.9p

Risk free interest rate is based on the 5 year gilt rate at the date of grant. Annual dividend yield is based on management's immediate intention to re-invest operating cash flows. Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous year. The expected period until exercise is based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

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