



## Sable Mining Afr.Ltd

### Final Results

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Sable Mining Africa Limited  
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10 September 2013

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

Sable Mining Africa Ltd, the AIM listed exploration company, announces its results for the year ended 31 March 2013.

#### HIGHLIGHTS

- Heightened focus on the high grade, high margin, low capital expenditure 123.5km<sup>2</sup> Nimba Iron Ore Project in Guinea ('Nimba') and rationalised investment strategy for wider asset portfolio
- Significant progress made towards defining resource potential at Nimba - project already the second largest undeveloped on- or near-rail DSO project to be held outside the major mining companies in West Africa and drilling on-going to test resource extension area
- Maiden JORC Resource at Nimba of 121.5Mt at an in-situ grade of 57.8% iron and a resource exploration target of 45-80Mt on a 200m extension to the original licence area
- Simple "crush and screen" process only with no beneficiation demonstrating low cost production during early years of production at Nimba
- Existing nearby under-utilised, standard gauge railway infrastructure to facilitate low capital expenditure development at Nimba
- Rapid development of Nimba to continue with receipt of mining and export licences targeted before the end of 2013
- Strategic review of additional iron ore and coal assets to ensure prioritised development of Nimba - expenditure minimised and write down of value of the non-core projects at the end of the period to reflect market and investment sentiment

Sable Mining CEO Andrew Groves said, "The outstanding discovery that Sable Mining has made at the Nimba Iron Ore Project in Guinea remains the focus of our attention and activities, and in line with this, we have made significant headway during the period to delineate its resource potential and advance towards production. Coupling both operational successes, including the declaration of a maiden JORC Resource of 121.5Mt at an in-situ grade of 57.8% iron, with the considerable progress made with regards to a mining licence application and Preliminary Feasibility Study, we are well positioned to continue development during the remainder of 2013.

"Nimba continues to differentiate itself from its West African iron ore peers; with a significant high grade direct shipping ore ('DSO') resource already demonstrated, combined with simple metallurgical properties and existing rail infrastructure nearby, we are confident that we can develop this project into a world-class, low cost mine. With this in mind, we are targeting obtaining mining and export-licences before the end of the year, ahead of expediting production."

#### CHAIRMAN'S STATEMENT

##### Introduction

As investors in the resource sector will know, the past 12 months have been a tumultuous time for commodities, and in turn, for mining companies, explorers and resource developers. With this in mind, it falls to the Board to identify the most prospective assets, with the most attractive economic fundamentals, through which to generate meaningful value for shareholders. In this vein, our flagship project, the 123.5 km<sup>2</sup> MountNimba iron ore project in south-east Guinea ('Nimba', or the 'Nimba Project'), stands out as a world class DSO mining asset, requiring modest capital expenditure and located close to infrastructure. Consequently, the Board have identified Nimba as an absolute priority project for the Company, its shareholders and the region.

In accordance with Sable Mining's primary focus on and commitment to the development of Nimba, and in light of the macro-economic conditions affecting both coal and iron ore, the Board has undertaken a strategic review of the Company's additional projects. As a result of this, expenditure on the Company's other projects has been minimised whilst we implement a strategy to realise value from these investments.

In this context and given prevailing global economic conditions, the Board has prudently decided to write down the value of many of its non-core projects at the end of the period under review, reflecting both the new world coal market environment and the lack of investment appetite for projects with exposure to political sensitivities or large capital expenditure and infrastructure requirements.

The period under review has therefore seen us accelerate development of the Nimba Project, which we believe has the potential to become a world-class DSO production asset. The intensive work programme carried out on site, together with the input of our consultants in Guinea and overseas, has culminated in the release of a maiden JORC Resource of 121.5 million tonnes ('Mt') at an in-situ grade of 57.8% iron and a resource exploration target of 45-80Mt on the 200m extension to the original licence area. These achievements underpin and reinforce the potential ultimate scale of the Nimba Project.

Together with anticipated low capital expenditure requirements due to the existence of nearby rail and expected low operating costs because of the high DSO grades, Nimba's status as a globally significant iron ore project with considerable strategic value is clearly evident.

The Company's immediate focus is therefore on finalising the environmental and mining plans for the Nimba Project in order to expedite the granting of the mining licence and an export licence via Liberia. Discussions regarding rail and port allocations to facilitate export via Port Buchanan in Liberia are also being prioritised.

Further detail on the Company's projects follows below.

### **Nimba Iron Ore Project**

After acquiring our interest in Nimba in February 2012, the Sable Mining team quickly began to understand the scale and potential commercial value of this significant DSO asset. With this in mind, for the past year the bulk of our efforts have been focussed on the development of Nimba and I am extremely encouraged with the volume of work, and high standard of results that we have achieved since beginning our exploration programme.

The Nimba Project stretches over three plateaux of Mount Nimba in south-east Guinea, with a total combined delineated aerial extent of approximately 35km<sup>2</sup>, and is adjacent to the 600Mt EuroNimba iron ore project. The Nimba Project is located approximately 30km from the existing, and under-utilised, standard gauge railway in Liberia, which runs the majority of the 260km from Nimba to the deep water port on the Liberian coast at Port Buchanan.

The Sable Mining team made a landmark achievement during the year, with the declaration of a maiden JORC resource of 121.5Mt at an in-situ grade of 57.8% iron. This was a tremendous achievement for the team, putting us in the enviable position of being the second largest undeveloped on- or near-rail DSO project to be held outside the major mining companies in West Africa. The importance of this resource statement is further enhanced by the fact that the resource was calculated from drilling results from Plateau 2 and a portion of Plateau 3 only (based on only 82 of 151 holes drilled), and excludes the greater area of Plateau 3.

To better understand the wider resource potential of Nimba, our exploration team has commenced drill-testing on an extension to the area covered by the declared JORC Resource. The extension area is approximately 200m wide and up to 3.9km in length and is believed to consist of thick and high grade iron mineralisation, providing the Company with an exploration target of between 45Mt and 80Mt over this extension area. A 37 borehole programme is now underway to test the quantity and quality of the extension area.

Further metallurgical work which has been completed on the Nimba Project has indicated that the early years of production should benefit from a simple "crush and screen" process. The high lump fraction should enable production to be commenced with a simple dry plant before moving to a simple wet plant, with no beneficiation required.

The most recent metallurgical test work, announced in July 2013, demonstrated an increase in lump fraction from 15% to 40%, and also confirmed a fines DSO yield of 84% from a simple crush and screen. This is an impressive result in itself, however, when combined with results from work on the tailings material in the fines fraction, which we had previously thought of as waste, it shows that this material has a ~75% yield to a beneficiated ~65% iron concentrate, thereby clearly demonstrating considerable further upside to the Nimba Project.

### **Other Iron Ore Projects**

Due to the continuing uncertainty regarding the timing of development of the Trans-Guinean rail link, the Board decided not to forcefully pursue a renewal of the Company's Kissidougou licence in Guinea, and has therefore written off the Company's investment in this project. The re-establishment of the rail link, which now appears unlikely within the short term, would have been necessary to enable economic development of this project by the Company and as such the Board has determined that it is not currently commercially or economically viable to continue expenditure on this project.

The Board has also decided to take a conservative view and write off the investment and exploration costs incurred in respect of the Timbo project in Liberia in recognition of the disappointing drilling results obtained from this project.

The Board has decided to maintain a watching brief on the Company's Kpo and Bopolu iron ore projects in Liberia, and will continue to provide limited funding in the short term for initial exploration works. The Company obtained encouraging initial

results from a ground mapping and sampling programme at the 60% owned 532km<sup>2</sup> Kpo iron ore project (which lies only 10km north-east of the existing Bong Mine rail link in Liberia, which connects directly to the port of Monrovia) and have commenced a regional ground mapping programme at the Bopolu iron ore project following completion of airborne geological surveys over the project area.

### Coal Projects

The Board is currently evaluating strategic 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 mineable tonnage in-situ ('MTIS') resource of 163.92Mt of coal (149.46Mt in Measured and 14.46Mt in Indicated categories) and a Bankable Feasibility Study was completed in May 2011. However, due to the very substantial decrease in the seaborne thermal coal price up to the end of the period (now trading at approximately US\$60/tn compared with approximately US\$120/tn previously) the Board believes that commercial development of this asset is now likely to be restricted to the local market. As such, the Board has decided to write down the value of DMC at this time whilst exploring other options for realising value.

In Zimbabwe, where we have to date delineated a total coal resource in excess of 1.75Bt, the Board remains confident of the long term value of our assets, which are significant in terms of quantity whilst also being of high quality. At present, the Group's Zimbabwean interests are going through a renewal process and the Board is confident that the process will be completed satisfactorily in the near future. However, the market realities have required the Board to take prudent write downs of 50% on the value of two of the three concessions to reflect the fact that they are at the end of the development spectrum.

### Financial Review

Sable Mining is reporting for the year ended 31 March 2013 a pre-tax loss on continuing activities of US\$87.6 million (2012: US\$43.0 million). The Group has an adequate treasury and as at 31 March 2013 cash balances were US\$15.9 million (2012: US\$37.9 million).

The pre-tax loss on continuing activities includes an impairment of intangible assets of US\$71.2 million which is explained in more detail in Note 4.

### Outlook

Since beginning work at Nimba a little over 18 months ago, we have demonstrated this to be one of West Africa's premier high grade iron ore deposits, with significant strategic and commercial value.

With this in mind, and in the context of continued turbulent macro-economic conditions, our exploration and development activities will continue at pace at Nimba over the coming months. We remain focussed and motivated on achieving the three key development catalysts; obtaining a mining licence, receiving environmental approvals and being granted an export licence and rail allocation, which we believe will prompt a significant valuation re-rating for our Company.

As the second largest West African deposit on- or near- accessible rail held outside the major mining companies, we believe that by virtue of its high-margin, low-capital nature, our Nimba project is one of the best undeveloped DSO iron ore assets currently known in the region. I look forward to being able to report to you on the enhanced value of the Nimba Project in the year to come.

Phil Edmonds  
Chairman  
10 September 2013

### For further information please visit [www.sablemining.com](http://www.sablemining.com) or contact:

Andrew Groves	Sable Mining Africa Ltd	Tel: 020 7408 9200
David Foreman	Cantor Fitzgerald Europe	Tel: 020 7894 7000
Stewart Dickson	Cantor Fitzgerald Europe	Tel: 020 7894 7000
Richard Greenfield	GMP Securities	Tel: 020 7647 2836
Andy Cuthill	MC Peat & Co LLP	Tel: 020 7104 2332
John Beaumont	MC Peat & Co LLP	Tel: 020 7104 2335
Susie Geliher	St Brides Media & Finance Ltd	Tel: 020 7236 1177
Charlotte Heap	St Brides Media & Finance Ltd	Tel: 020 7236 1177

### CONSOLIDATED INCOME STATEMENT For the year ended 31 March 2013

	Note	Year ended 31 March 2013 \$'000	Year ended 31 March 2012 \$'000
<b>Continuing Operations</b>			
Operating expenses	6	(14,703)	(19,045)

Impairment of available for sale investment	15	-	(5,703)
Impairment of plant and equipment	14	(817)	-
Impairment of available for sale investment	15	-	(416)
Impairment of intangible assets	13	(71,229)	(5,227)
Impairment of goodwill	13	-	(13,705)
Impairment of other receivables	16	(790)	(140)
Operating loss	6	(87,539)	(44,236)
Other gains and losses	8	144	236
Finance income	9	526	1,413
Finance cost	9	(686)	(393)
Loss before taxation		(87,555)	(42,980)
Income tax credit	10	12,480	213
Loss for the year from continuing operations		(75,075)	(42,767)
<b>Discontinued Operations</b>			
Gain / (Loss) for the year from discontinued operations	11	158	(2)
Loss for the year		(74,917)	(42,769)
Loss for the year attributable to owners of the parent company		(58,541)	(40,012)
Loss for the year attributable to non-controlling interests		(16,376)	(2,757)
Loss for the year		(74,917)	(42,769)
Loss per share			
- Basic and diluted	12	(6.3 cents)	(4.3 cents)
Loss per share from continuing operations			
- Basic and diluted	12	(6.3 cents)	(4.3 cents)
(Loss) / earnings per share from discontinued operations			
- Basic and diluted	12	-	-

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 March 2013

	2013	2012
	\$'000	\$'000
Loss for the year	(74,917)	(42,769)
Foreign exchange translation differences	(10,122)	2,768
Other comprehensive income for the year	(10,122)	2,768
Total comprehensive income for the year	(85,039)	(40,001)
Attributable to the owners of the parent company	(68,663)	(37,244)
Attributable to non-controlling interests	(16,376)	(2,757)
Total comprehensive income for the year	(85,039)	(40,001)

**CONSOLIDATED BALANCE SHEET**  
As at 31 March 2013

	Note	2013	2012
		\$'000	\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	13	67,583	141,279
Property, plant and equipment	14	9,473	11,721
Available for sale investment	15,16	1,137	980
Loans and other receivables	16,17	42	131
Total non-current assets		78,235	154,111
<b>Current assets</b>			
Inventory	18	4	4
Trade and other receivables	16	994	4,356
Cash and cash equivalents	16	15,899	37,889

Total current assets		16,897	42,249
<b>TOTAL ASSETS</b>		<u>95,132</u>	<u>196,360</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	19	(8,244)	-
Deferred tax liability	20	(1,110)	(15,886)
Total non-current liabilities		<u>(9,354)</u>	<u>(15,886)</u>
<b>Current liabilities</b>			
Short-term borrowings	19	(4,769)	(14,821)
Trade and other payables	19	(3,905)	(4,136)
Total current liabilities		<u>(8,674)</u>	<u>(18,957)</u>
<b>TOTAL LIABILITIES</b>		<u>(18,028)</u>	<u>(34,843)</u>
<b>NET ASSETS</b>		<u>77,104</u>	<u>161,517</u>
<b>EQUITY</b>			
Issued capital	21	248,798	248,623
Share based payment reserve		1,064	1,064
Warrant reserve		7,484	7,033
Translation reserve		(7,378)	2,744
Retained earnings		(176,578)	(118,037)
Total equity attributable to the owners of the parent company		73,390	141,427
Non-controlling interests		3,714	20,090
<b>TOTAL EQUITY</b>		<u>77,104</u>	<u>161,517</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the parent						Non-controlling interests	Total
	Share capital	Share-based payment reserve	Warrant reserve	Translation reserve	Retained earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balances at 01 April 2011</b>	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)
<b>Other comprehensive income</b>								
Exchange translation differences on foreign operations	-	-	-	2,768	-	2,768	-	2,768
<b>Total comprehensive income for the year</b>	-	-	-	<b>2,768</b>	<b>(40,012)</b>	<b>(37,244)</b>	<b>(2,757)</b>	<b>(40,001)</b>
<b>Transactions with owners</b>								
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)
<b>Total transactions with owners</b>	-	<b>16</b>	<b>6,089</b>	-	-	<b>6,105</b>	<b>16,986</b>	<b>23,091</b>
<b>Balances at 31 March 2012</b>	<b>248,623</b>	<b>1,064</b>	<b>7,033</b>	<b>2,744</b>	<b>(118,037)</b>	<b>141,427</b>	<b>20,090</b>	<b>161,517</b>
Loss for the year	-	-	-	-	(58,541)	(58,541)	(16,376)	(74,917)
<b>Other comprehensive income</b>								
Exchange translation differences on foreign operations	-	-	-	(10,122)	-	(10,122)	-	(10,122)
<b>Total comprehensive income for the year</b>	-	-	-	<b>(10,122)</b>	<b>(58,541)</b>	<b>(68,663)</b>	<b>(16,376)</b>	<b>(85,039)</b>
<b>Transactions with owners</b>								
Share issues - cash received	17	-	-	-	-	17	-	17
Share issues - warrants exercised	158	-	-	-	-	158	-	158
Share based payment charge	-	-	451	-	-	451	-	451
<b>Total transactions with owners</b>	<b>175</b>	-	<b>451</b>	-	-	<b>626</b>	-	<b>626</b>
<b>Balance at 31 March 2013</b>	<b>248,798</b>	<b>1,064</b>	<b>7,484</b>	<b>(7,378)</b>	<b>(176,578)</b>	<b>73,390</b>	<b>3,714</b>	<b>77,104</b>

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 31 March 2013**

	2013 \$'000	2012 \$'000
<b>OPERATING ACTIVITIES</b>		
Loss before tax	(87,555)	(42,980)
Adjustments for:		
- Depreciation of property, plant and equipment	1,328	912
- Amortisation of intangible assets	29	11
- Share based payment charge	768	1,508
- Other gains and losses	(144)	-
- Loss/(gain) on foreign exchange	2,031	(618)
- Net interest income	160	(1,020)
- Re-measurement of available for sale investment	-	5,703
- Impairment of available for sale investment	-	416
- Write off of plant and equipment	817	-
- Impairment of intangible assets	71,229	5,227
- Impairment of goodwill	-	13,705
- Impairment of other receivables	790	140
Operating cash flow before movements in working capital	<u>(10,547)</u>	<u>(16,996)</u>
Working capital adjustments:		
- Decrease/(Increase) in receivables	3,362	(1,260)
- Increase in payables	(2,037)	(140)
Cash used in operations	<u>(9,222)</u>	<u>(18,396)</u>
Finance cost	(686)	(393)
Interest received	526	1,413
Net cash used in continuing operating activity	<u>(9,382)</u>	<u>(17,376)</u>
Net cash used in discontinued operating activity	-	-
<b>Net cash used in operating activities</b>	<u>(9,382)</u>	<u>(17,376)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of intangible assets	(11,370)	(18,389)
Purchase of property, plant and equipment	(665)	(6,813)
Proceeds from disposal of property, plant and equipment	94	-
Purchase of subsidiary, net of cash received	-	(24,419)
Purchase of investment	(321)	(145)
Decrease/(Increase) in loans and other long term receivables	82	(3,920)
Net cash used in investing in continuing activities	<u>(12,180)</u>	<u>(53,686)</u>
Net cash used in investing in discontinued activities	-	-
<b>Net cash used in investing activities</b>	<u>(12,180)</u>	<u>(53,686)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	17	-
<b>Net cash flow from financing activities</b>	<u>17</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(21,545)</u>	<u>(71,062)</u>
Cash and cash equivalents at start of the year	37,889	108,989
Effect of foreign exchange rate changes	(445)	(38)
<b>Cash and cash equivalents at end of the year</b>	<u><u>15,899</u></u>	<u><u>37,889</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2013**

**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 2013 have been reported on by Sable Mining's auditors and contain an unqualified opinion (31 March 2012: 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 2013.

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

**2. Income tax expense**

	2013 \$'000	2012 \$'000
<b>Loss before tax:</b>	<u>(87,555)</u>	<u>(42,980)</u>
Expected tax at the weighted average tax rate 24.96% (2012:8.51%)	(21,854)	(3,658)
Tax effect of expenses that are not deductible in determining taxable profit	28	9
Tax effect of losses not allowable	2,401	1,723
Tax effect of losses recognised (note 20)	-	221
Tax effect of losses not recognised in overseas subsidiaries	3,020	1,492
Write-off of deferred tax asset	2,710	-
Attributable to profits taxed at higher rates	(1,649)	-
Attributable to non-deductible impairments	2,864	-
<b>Tax credit for the period</b>	<u>(12,480)</u>	<u>(213)</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 \$40,086,000 (2012: \$28,107,000).

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:

	2013 \$'000	2012 \$'000
Loss for the purposes of basic earnings per share (loss for the year attributable to equity holders of the parent)	<u>(58,541)</u>	<u>(40,012)</u>
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)	<u>(58,699)</u>	<u>(40,010)</u>
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)	<u>158</u>	<u>(2)</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>928,177,584</u>	<u>927,473,474</u>
Basic and diluted loss per share	<u>(6.3 cents)</u>	<u>(4.3 cents)</u>
Basic and diluted loss per share on continuing activities	<u>(6.3 cents)</u>	<u>(4.3 cents)</u>
Basic and diluted earnings per share on discontinued activities	<u>-</u>	<u>-</u>

No dilution arises as a result of the total loss and the loss on continuing activities for the year (2012: nil).

### 4. Intangible assets

	Evaluation and exploration costs \$'000	Goodwill \$'000	Computer software \$'000	Total \$'000
At 1 April 2011	35,347	-	-	35,347
Additions	11,482	-	-	11,482
Reallocation	(3,750)	-	-	(3,750)
Asset acquisitions during the year	6,907	-	-	6,907
Acquisition of subsidiary (note 24)	88,077	13,122	18	101,217
Capitalised warrants (note 22)	4,598	-	-	4,598
Exchange differences	3,838	583	-	4,421
Impairment of exploration costs (a)	(5,227)	-	-	(5,227)
Impairment of goodwill (b)	-	(13,705)	-	(13,705)
Amortisation	-	-	(11)	(11)
At 31 March 2012	<u>141,272</u>	<u>-</u>	<u>7</u>	<u>141,279</u>
Additions	11,370	-	2	11,372
Exchange differences	(13,832)	-	-	(13,832)
Impairment of exploration costs (a)	(71,229)	-	-	(71,229)
Impairment of goodwill (b)	-	-	-	-
Amortisation	-	-	(7)	(7)
At 31 March 2013	<u>67,581</u>	<u>-</u>	<u>2</u>	<u>67,583</u>

The reallocation in the prior year represents a lease for which an exploration licence is not held at 31 March 2013.

Asset acquisitions in the prior year comprise exploration licences acquired by the Group during that year through the acquisition of subsidiaries. Further amounts relating to these assets acquired may become payable if certain levels of resources are met. Refer to note 28.

(a) During the year, capitalised costs relating to the following exploration assets were impaired:

	2013	2012
	\$'000	\$'000
<i>Southern Cross Investments Limited (Timbo)</i>	2,357	3,243
<i>Guinea Development Mineral Resources SA (Kissidougou)</i>	6,133	-
<i>Liberation Mining (Pvt) Limited (Lubimbi)</i>	5,331	-
<i>Apex Petroleum Company (Pvt) Limited (Lusulu)</i>	3,158	-
<i>Delta Mining Consolidated Limited (Rietkuil)</i>	54,250	-
<i>Kakoulima Base Metals SARL (Kakoulima)</i>	-	1,984
	<u>71,229</u>	<u>5,227</u>

#### *Southern Cross Investments Limited*

The Group has decided to take a conservative view and write off the investment and exploration costs incurred in respect of the Timbo project in Liberia in recognition of the disappointing drilling results obtained from this project.

#### *Kakoulima Base Metals SARL*

The drill program conducted by Kakoulima Base Metals SARL in Guinea to date has not resulted in identifying the possibility of an economically viable resource. Consequently, the subsidiary has no definite plans to continue drilling and the Group has taken the decision to impair all costs capitalised in relation to this concession.

#### *Guinea Development Mineral Resources SA*

Due to the continuing uncertainty regarding the timing of development of the Trans-Guinean rail link, the Group decided not to forcefully pursue a renewal of the Group's Kissidougou licence in Guinea, and has therefore written off the Group's investment in this project. The re-establishment of the rail link, which now appears unlikely within the short term, would have been necessary to enable economic development of this project by the Group and as such the Group has determined that it is not commercially or economically viable to continue expenditure on this project.

#### *Liberation Mining (Pvt) Limited and Apex Petroleum Company (Pvt) Limited*

In Zimbabwe, where the Group has to date delineated a total coal resource in excess of 1.75Bt, the Board remain confident of the long term value of the Group's assets, which are significant in terms of quantity whilst also being of high quality. However, market realities have required the Board to take prudent write downs of 50% on the value of these long term assets at the end of the period to reflect the fact that they are at the end of the development spectrum.

The Group's Special Grants held by Apex Petroleum Company (Pvt) Limited, Liberation Mining (Pvt) Limited and Monaf Investments (Pvt) Limited expired in February 2013. Applications have been submitted to the Zimbabwean Mining Affairs Board to extend each of the Special Grants for an additional three year period. At this date each Special Grant has not been formally extended, however the Board is confident of being granted an extension on each Special Grant in due course.

#### *Delta Mining Consolidated Limited*

The Group is currently evaluating strategic opportunities through which to realise the value of the Rietkuil coal project in South Africa held through the Group's 63.5% interest in Delta Mining Consolidated Ltd ('DMC'). The project has a current SAMREC compliant mineable in-situ (MTIS) tonnage resource of 163.92Mt of coal (149.46Mt in Measured and 14.46Mt in Indicated categories) and a Bankable Feasibility Study was completed in May 2011. However, due to the very substantial decrease in the seaborne thermal coal price up to the end of the period (now trading around US\$60/tn as opposed to around US\$120/tn previously) the Group believe that commercial development of this asset is now likely to be restricted to the local market. As such, the Group has decided to write down the value of DMC at this time to \$25million whilst exploring other avenues for realising value.

(b) Goodwill arose due to the provision for a deferred tax liability on the fair value adjustment of Delta Mining Consolidated Limited's ("DMC") intangible assets on acquisition of DMC in the prior year, as is required by IFRS 3 Business Combinations and IAS 12 Income Taxes (see note 25). The fair value adjustment was calculated by reference to the Bankable Feasibility Study of the Rietkuil Coal Project held by DMC, which incorporates all future cash flows expected from an operating mine. The impairment of the goodwill reflects the absence of any unidentified intangible assets attributable to DMC.

## 5. Share capital

	<b>Ordinary shares of no par value</b>	
	<b>Allotted and fully paid</b>	
	<b>Number</b>	<b>\$'000</b>
At 1 April 2012	927,473,474	248,623
Issue of shares on exercise of warrants	550,000	175
At 31 March 2013	<u>928,023,474</u>	<u>248,798</u>



On 29 May 2012, 50,000 ordinary shares were issued pursuant to the exercise of warrants under the block admission dated 29 May 2012 with an exercise price of 2p. £1,000 cash was received for these shares.

On 5 October 2012, 50,000 ordinary shares were issued pursuant to the exercise of warrants under the block admission dated 29 May 2012 with an exercise price of 2p. £1,000 cash was received for these shares.

On 16 October 2012, 100,000 ordinary shares were issued pursuant to the exercise of warrants under the block admission dated 29 May 2012 with an exercise price of 2p. £2,000 cash was received for these shares.

On 7 January 2013, 150,000 ordinary shares were issued pursuant to the exercise of warrants under the block admission dated 29 May 2012 with an exercise price of 2p. £3,000 cash was received for these shares.

On 8 February 2013, 200,000 ordinary shares were issued pursuant to the exercise of warrants under the block admission dated 29 May 2012 with an exercise price of 2p. £4,000 cash was received for these shares.

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

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