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Sable Mining Afr.Ltd

Final Results

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Sable Mining Africa Limited
17 September 2014

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17 September 2014

Final Results

Sable Mining Africa Ltd, the AIM listed iron ore exploration and development company, presents its results for the year ended 31 March 2014.

Highlights

- Focus on the high grade, high margin, low capex Nimba Iron Ore Project in south-east Guinée ('Nimba' or 'the Project')
- Nimba distinguished as one of the largest undeveloped on, or near-rail Direct Shipping Ore ('DSO') projects to be held outside the major mining companies in West Africa
- Maiden JORC Reserve of 53.96 million tonnes ('Mt') at a grade of 61.6% iron ('Fe'), a mineral resource of 181.8Mt at an in-situ grade of 58.8% Fe and a total exploration target of 200Mt
- Preliminary Feasibility Study ('PFS') confirmed commercial viability of Nimba - comparatively low capex of US$299.3 million (including US$39.7 million contingency) projected
- PFS based on a 3Mt per annum steady production rate over a mine life of in excess of 25 years (based on current Resource)
- High grade DSO and Low Deleterious Elements - only a simple crush and screen process will be required in the early years of production
- Significant Resource upside potential - current Exploration Target of 200Mt over Plateaux 2 & 3, Plateaux 1 yet to be drilled
- Willingness of local governments to support development of Nimba demonstrated by:
  - Grant of Export Decree and Mining Licence granted by the Government of the Republic of Guinée
  - Memorandum of Understanding with Government of Liberia regarding infrastructure - existing nearby standard gauge railway approximately 26km away, linking the region to the major Liberian port of Buchanan
- Clear pathway to production - Bankable Feasibility Study targeted for H1 2015

Chairman's Statement

It gives me great pleasure to write my inaugural Chairman's Statement to shareholders, following my appointment in January 2014.

Firstly, I would like to take this opportunity to explain why Sable Mining attracted me to its helm. To clarify this, and as a précis to my background, I have spent the past many years evaluating iron ore assets and opportunities across the world, to come across an undeveloped asset of Nimba's quality, with proximal rail infrastructure, Sable Mining's flagship asset was instantly distinguished as an exceptional project.

The key consideration that has limited iron ore development over recent years is capex. After viewing numerous assets with huge tonnage potential, positioning themselves as +30Mt per annum producers, investors of late have baulked at the high capital intensity and associated risk. This is where Nimba's exceptional value is highlighted; by combining high grade DSO material (thus requiring limited processing), virtually no strip ratio and proximal infrastructure, capital and operating costs at Nimba are anticipated to be relatively modest. With the combination of strong support from local stakeholders for the development of this asset, and this region of south-east Guinée as a whole, I believe that Sable Mining has a truly world-class asset with near term production potential.

These fundamentals were demonstrated to the market in March this year, through the publication of a PFS on Nimba. The announcement, which included an initial maiden JORC Reserve of 53.96Mt at a grade of 61.6% iron ('Fe') (calculated from the previous August 2013 JORC Resource of 135.5Mt @ 59.4% Fe), gave an early tangible insight into the considerable commercial value of Nimba. One of the most important aspects of the PFS was the capex forecast of US$299.3 million; in a market where capex for iron ore projects regularly runs into the US$ billions, this is a highly important differentiator. Operating costs (FOB Port Buchanan) were projected to be US$44/t and US$49/t based on Panamax direct loading to Europe and Transhipment plus Capesize to Asia respectively. With iron ore prices still remaining in the doldrums, with the iron ore 62% Fe spot sitting at US$82.0/t at the time of writing, Nimba still distinguishes itself as a competitive producer.

The PFS assumptions were based on an initial steady run rate of 3Mtpa over a mine life of in excess of 25 years. This mine life was calculated based on the (then) current JORC Resource of 178.1Mt, however this was updated to 181.8Mt at a grade of 58.8% Fe in April 2014. Further to this, there remains a considerable amount of potential resource upside, with a current exploration target of 200Mt from Plateaux 2 & 3, in addition to potential tonnages being added from the undrilled Plateau 1, the prospect of further material resource increases is clearly evident. While 3Mtpa is the basis for the current project there remains an opportunity for significant expansion in the future.

My arrival at Sable Mining comes at an opportune time in the Company's evolution into a development and production company. My expertise derives from the marketing of iron ore products - and this will be of particular strategic importance over the next 18 months as we move towards production. Nimba benefits from a ~50% high grade, hard lump fraction, which translates into a highly marketable premium product. Initial metallurgical results have highlighted that the material tested exceeds the grade characteristics for both the Newman High Grade Lump ('NHGL') and Newman High Grade Fines ('NHGF') categories. This positions us strongly for export discussions into numerous markets, including Europe and China. With this in mind, it is important to note that Sable Mining has not yet entered in to any off-take agreements, leaving all financing options open to us at this time. As we progress towards the completion of the Bankable Feasibility Study in H1 2015, the Board will evaluate financing opportunities including project finance, debt, off-take and equity raisings, ensuring that we take the route which will simultaneously limit dilution and minimise risk. I believe that this approach will continue to keep our shareholders aligned with the advancement of Nimba and gain maximum exposure to the anticipated increase in value that the Project generates through the development and construction process.

In tandem with keeping the desires of our shareholders at the fore, we have also continued to strive to deliver the optimum pathway for development at Nimba for the benefit of all stakeholders. The Project's transition into the production phase during the next 18 months will crystallise the value of this strategic national asset, and will make tangible contributions in both Guinée and Liberia through the generation of revenue, creation of employment and other ancillary benefits. The spirit of co-operation between the Governments of the Republic of Guinée and the Republic of Liberia, Sable Mining and its partners, has been highlighted by the grant of the Export Decree and Mining Licence by the Government of the Republic of Guinée and the MOU with the Government of Liberia regarding infrastructure development. These relationships will remain critical to the onward development of Nimba, and I am delighted that this coalition will continue to reap rewards for the entire area - opening the region up to external investment in order to promote and thereby generate revenue from the development of its world-class natural resource base.

Financial Review

This is a resource development Group and as such is not revenue generating. Accordingly Sable Mining is reporting for the year ended 31 March 2014 a pre-tax loss on continuing activities of US$39.6 million (2013: US$31.7 million). Included within pre-tax losses was an impairment of intangible assets of $27.8m (2013: US$17.0 million). This principally relates to the Group's Zimbabwean coal assets and has been necessitated as the Group focuses on developing its Nimba project.

The Group entered into an agreement to dispose of its 63.5% holding in Delta Mining Corporation (DMC) on 26 May 2014. The consideration due on completion comprises of $1.5m in cash and a loan note for $18.5m. The loan note is repayable from a royalty per tonne on future production. DMC has been classified in these financial statements as an asset held for sale at the carrying value $1.5m equal to the cash consideration receivable. The loan note is treated as a contingent asset due to uncertainties over the commencement of production. This gave rise to a loss on discontinued operation of $10.2 million (2013: $43.3 loss).

On the 30 October 2013 the Group successfully placed 180 million ordinary shares at £0.095 raising $27.1m of gross proceeds. This fund raising was to finance the Bank Feasibility Study (BFS) for the Nimba project. The Group has adequate treasury, as at 31 March 2014 cash balances were US$20.1 million (2013: US$15.9 million).

Outlook

Since acquiring its interest in Nimba in February 2012, the Group commenced an intensive development process, which has continued to highlight Nimba as a world-class iron ore project with almost unparalleled commercial potential in West Africa.

Sable Mining continues to move up through the gears targeting production at Nimba in 2016. The milestones that we delivered to date have laid a solid foundation for our future development pathway, and our sights are now set on achieving our key corporate and operational targets ahead the commencement of construction. These objectives include signing the infrastructure development agreement with the Government of the Republic of Liberia, further to the Memorandum of Understanding (MOU) announcement of 26 November 2013, in addition to seeking the other mandatory elements to secure our end-to-end logistics chain including the lease agreement with the Liberia National Port Authority and the rail agreement with the Government of Liberia. In conjunction with securing these key components to establish our access to export markets, we will also be progressing our BFS which is due for publication in H1 2015. Numerous features of the study are now well advanced.

Finally, I would like to take this opportunity to thank my predecessor Phil Edmonds, who remains an important figure on our Board, for his invaluable contributions which have developed Sable Mining into one of the premier listed iron ore focussed exploration and development companies. I would also like to thank our wider team, together with our investors and stakeholders, for their continued support and commitment as we look to transition into a new high grade, low cost iron ore producer with our flagship Nimba project.

Jim Cochrane
Non-Executive Chairman
16 September 2014

Operational Report

Sable Mining's primary interest is the Nimba Iron Ore Project in south-east Guinée ('Nimba' or 'the Project'). The Group acquired the interest in Nimba in February 2012 through the Group's 80% owned Guinean subsidiary, West Africa Exploration SA. The Group initiated exploration activities at Nimba in March 2012 with the intention of assessing the resource potential of the project and demonstrating its viability for commercial production in the near term.

Nimba is a significant new iron ore discovery, which, with a current JORC Reserve of 53.96Mt at a grade of 61.6% iron, a mineral resource of 181.8Mt at an in-situ grade of 58.8% iron and a total exploration target of 200Mt, is one of the largest undeveloped high grade DSO projects located near to existing infrastructure. With a Mining Licence, export decree and infrastructure development Memorandum of Understanding in place, the Group has made significant important advancements towards commencing commercial production. With this in mind, the Board's attention remains centred on transforming Nimba into a low-cost, high grade iron ore producer, with low capital intensity, by the end of 2016.

Project Background

The Nimba Iron Ore Project is located in the far south-east of Guinée, in close proximity with the border of Liberia and Cote D'Ivoire, and approximately 800km by road to the country's capital, Conakry, 26km from an existing operating railway at Tokadeh, Liberia and 300km from Port Buchanan.

The Project is located in an area renowned for iron ore mineralisation, and is at the base of Mount Nimba, one of the highest iron ore peaks in Africa with an elevation of 1,000m. The steep relief of Mount Nimba towards the Project has created a geological anomaly, driving abnormal weathering processes and creating a unique series of plateaux yielded high grade iron ore deposit with virtually no strip ratio, in a terrain which has demonstrated itself to be simple to mine and process, through blast and crush methods.

The potential value of Nimba was immediately apparent and our exploration teams have sought to realise the exploration potential of the Project through numerous drilling programmes, metallurgical test work and feasibility studies.

In March 2014 the Group announced the completion of a Preliminary Feasibility Study ('PFS') conducted on the Project. In conjunction with the development of the PFS, an initial maiden JORC Reserve of 53.96Mt at a grade of 61.6% Fe was calculated from the August 2013 JORC Resource of 135.5Mt @ 59.4% Fe. This resource was subsequently updated in November 2013 and again in April 2014 to 181.8Mt at an in-situ grade of 58.8% Fe estimated at a Fe cut-off of 40% and the reserving process is expected to increase proportionately.

The PFS was an important milestone for Sable Mining as it provided a first tangible insight into the value of Nimba. The key findings of the PFS are tabulated below:

○ Production rate	3Mtpa
○ Life of Mine (based on current Resource)	+25 years
○ Capital cost to production	$299.3 million
○ Operating costs: ○ FOB Port Buchanan (Panamax direct loading - Europe) ○ FOB Port Buchanan (Transhipment plus Capesize - Asia)	 $44/t $49/t
○ Product quality	61.6% Fe
○ Lump : Fines : LG fines ratio	50% : 35% : 15%
○ Strip ratio (waste:ore)	0.1:1
○ Timeline for Bankable Feasibility Study	H2 2014
○ Targeted commencement of production	Q1 2016
○ Production ramp-up ○ Year 1 ○ Year 2	 1.5Mtpa 3.0Mtpa

These findings demonstrate Nimba to be a commercially attractive high DSO grade iron ore development project and underscores the main value drivers that we have been focussing on; high grade ore and low capital cost. Of particular import is the comparatively low capex of $299.3 million to bring Nimba into production, which includes a $39.7 million contingency, a key differentiator which sets this project apart from many other iron ore development projects.

It is also important to note the considerable further upside that Nimba can deliver - the current JORC Reserve which underpins the PFS represents only a fraction of the Group's current JORC Resource of 181.8Mt, which in turn only covers an area of Plateaux 2 and 3. With this in mind, the parameters of the PFS have significant potential to be enhanced, as additional tonnage is proved up and converted to a Reserve category, in addition to further exploration potential from the as yet undrilled Plateau 1.

Expanding the Project's JORC resource has been central to the Group's objectives at Nimba, and in line with this, the period under review saw two Resource upgrades, and a further update post period end in April 2014. The current JORC Resource, which was conducted by Xstract Mining Consultants, an Australia-based consultancy group and wholly-owned subsidiary of engineering services Group Calibre Group, which has significant expertise in iron ore, is tabulated below:

Category	Fe Cut-off (%)	Tonnes* (Mt)	Bulk Density (t/m^3)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)
Indicated	40	148.4	2.71	59.0	4.7	4.1	0.08	6.3
Inferred	40	33.4	2.67	57.7	5.3	5.0	0.08	6.6
Total	**40**	**181.8**	**2.70**	**58.8**	**4.9**	**4.3**	**0.08**	**6.3**

* The tonnage has been factored to account for cavities

Nimba benefits from high grade canga mineralisation with low deleterious elements and this is expected to impact positively on the Project's capital expenditure requirements, as only a simple crush and screen process will be required in the early years of production. Metallurgical

test work has demonstrated a lump fraction of 40%, and confirmed fines DSO yield of 84% from simple crush and screen processing. In addition, work on the tailings material in the fines fraction showed that this material has a 72%-78% yield to a beneficiated 63%-65% Fe concentrate. Whilst the Group remains focussed on its considerable DSO mineralisation, this latter information has the potential to significantly enhance the economics of the entire Nimba operation, through the potential conversion of the Nimba flank material into Reserve status in the future.

Further metallurgical sampling is currently underway at Nimba, with shipment of the initial ~4,000kg of sample ore from Plateau 2 sent to Perth, Western Australia for sinter testing, decrepitation and drop testing in Q3 2014.

A key differential for Nimba remains its proximity to established rail infrastructure - a highly important feature which has the potential to dramatically reduce capital intensity and thereby enhance financial returns for the Project.

Nimba is located approximately 26km away from a standard gauge railway, with spare capacity, linking the region to the major Liberian port of Buchanan. In October 2013, the Group announced the granting of an export decree by the Government of the Republic of Guinea, authorising Sable Mining, through its 80% owned subsidiary West African Exploration SA ('WAE'), to export iron ore through Liberia. The granting of the export decree was a major endorsement for Sable Mining and represented a critical milestone to achieving access to existing infrastructure.

This progress was further compounded in November 2013 by the signing of a memorandum of understanding between WAE and the Government of the Republic of Liberia, the purpose of which is to enable the parties to conduct technical due diligence, third party discussions and negotiations with a view to entering into a binding infrastructure development agreement relating to the development, use and operation of rail and port infrastructure by WAE in Liberia, for the purposes of exportation of iron ore products from Nimba.

Sable Mining was granted in September 2013, by the Government of the Republic of Guinea, a mining licence for Nimba which was followed in October 2013 by the aforementioned export authorisation. These two key developments not only reflect the progress made between Sable Mining, its partners and the Guinean Government towards generating revenue from this highly exciting asset, but also de-risks the onward advancement of Nimba to additional stakeholders.

Health, Safety and Environment

Sable Mining notes with concern the escalation of the Ebola virus in West Africa. The Company can confirm that there have been no reported or suspected cases of Ebola to date at its Nimba operations. Sable Mining completed its most recent phase of drilling in July 2014 and as a result there is now a small presence on site at Nimba, comprised of essential staff only.

The Company continues to rigidly enforce general hygiene protocols to ensure Sable Mining employees, partners, contractors and visitors are not placed under unnecessary risk. In addition, the Company continues to support the local communities and Government representatives, providing assistance where practicable.

Development Strategy

Sable Mining has rapidly established Nimba as a world-class, high grade, high tonnage, low capex asset.

With such a quality asset in place the Company's focus remains on advancing Nimba and in this vein will continue to seek the best ways in which to realise value for all shareholders.

Andrew Groves
16 September 2014

For further information please visit 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
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 2014

	Note	Year ended 31 March 2014 $'000	Year ended 31 March 2013 $'000
Continuing Operations			
Operating expenses		(8,561)	(12,917)
Impairment of plant and equipment		(3,750)	(817)
Impairment of intangible assets	4	(27,786)	(16,979)
Impairment of other receivables		-	(790)
Operating loss		(40,097)	(31,503)
Other gains and losses		381	86
Finance income		97	449

Finance cost		-	(686)
Loss before taxation		(39,619)	(31,654)
Income tax credit	2	-	-
Loss for the year from continuing operations		(39,619)	(31,654)
Discontinued Operations			
(Loss) for the year from discontinued operations		(10,194)	(43,263)
Loss for the year		(49,813)	(74,917)
Loss for the year attributable to owners of the parent company		(47,827)	(58,541)
Loss for the year attributable to non-controlling interests		(1,986)	(16,376)
Loss for the year		(49,813)	(74,917)
Loss per share			
- Basic and diluted	3	(4.8 cents)	(6.3 cents)
Loss per share from continuing operations			
- Basic and diluted	3	(3.8 cents)	(2.7 cents)
Loss per share from discontinued operations			
- Basic and diluted	3	(1.0 cents)	(3.6 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2014

	2014 $'000	2013 $'000
Loss for the year	(49,813)	(74,917)
Items that may be subsequently reclassified to profit or loss		
Foreign exchange translation differences	(1,829)	(10,122)
Other comprehensive income for the year	(1,829)	(10,122)
Total comprehensive income for the year	(51,642)	(85,039)
Attributable to the owners of the parent company	(49,656)	(68,663)
Attributable to non-controlling interests	(1,986)	(16,376)
Total comprehensive income for the year	(51,642)	(85,039)

CONSOLIDATED BALANCE SHEET
As at 31 March 2014

	Note	2014 $'000	2013 $'000
ASSETS			
Non-current assets			
Intangible assets	4	28,609	67,583
Property, plant and equipment		4,272	9,473
Available for sale investment		-	1,137
Loans and other receivables		-	42
Total non-current assets		32,881	78,235
Current assets			
Inventory		-	4
Trade and other receivables		671	994
Cash and cash equivalents		20,075	15,899
Total current assets		20,746	16,897
Disposal group assets		13,671	-
TOTAL ASSETS		67,298	95,132
LIABILITIES			
Non-current liabilities			
Long-term borrowings		-	(8,244)
Deferred tax liability		-	(1,110)
Total non-current liabilities		-	(9,354)
Current liabilities			
Short-term borrowings		-	(4,769)
Trade and other payables		(2,766)	(3,905)
Total current liabilities		(2,766)	(8,674)

Disposal group liabilities		(12,171)	-
TOTAL LIABILITIES		(14,937)	(18,028)
NET ASSETS		52,361	77,104
EQUITY			
Issued capital	5	274,754	248,798
Share based payment reserve		1,096	1,064
Warrant reserve		8,395	7,484
Translation reserve		(9,207)	(7,378)
Retained earnings		(224,405)	(176,578)
Total equity attributable to the owners of the parent company		50,633	73,390
Non-controlling interests		1,728	3,714
TOTAL EQUITY		52,361	77,104

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the parent							
	Share capital $'000	**Share-based payment reserve** $'000	**Warrant reserve** $'000	**Translation reserve** $'000	**Retained earnings** $'000	**Total** $'000	**Non-controlling interests** $'000	**Total** $'000
Balances at 01 April 2012	248,623	1,064	7,033	2,744	(118,037)	141,427	20,090	161,517
Loss for the year	-	-	-	-	(58,541)	(58,541)	(16,376)	(74,917)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	(10,122)	-	(10,122)	-	(10,122)
Total comprehensive income for the year	**-**	**-**	**-**	**(10,122)**	**(58,541)**	**(68,663)**	**(16,376)**	**(85,039)**
Transactions with owners								
Share issues - cash received	17	-	-	-	-	17	-	17
Share issues - warrants exercised	158	-	-	-	-	158	-	158
Share based payment charge	-	-	451	-	-	451	-	451
Total transactions with owners	**175**	**-**	**451**	**-**	**-**	**626**	**-**	**626**
Balances at 31 March 2013	**248,798**	**1,064**	**7,484**	**(7,378)**	**(176,578)**	**73,390**	**3,714**	**77,104**
Loss for the year	-	-	-	-	(47,827)	(47,827)	(1,986)	(49,813)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	(1,829)	-	(1,829)	-	(1,829)
Total comprehensive income for the year	**-**	**-**	**-**	**(1,829)**	**(47,827)**	**(49,656)**	**(1,986)**	**(51,642)**
Transactions with owners								
Share issues - cash received (net)	25,910	-	-	-	-	25,910	-	25,910
Share issues - warrants exercised	46	-	(46)	-	-	-	-	-
Share based payment charge	-	32	957	-	-	989	-	989
Total transactions with owners	**25,956**	**32**	**911**	**-**	**-**	**26,899**	**-**	**26,899**
Balance at 31 March 2014	**274,754**	**1,096**	**8,395**	**(9,207)**	**(224,405)**	**50,633**	**1,728**	**52,361**

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CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2014

	2014 $'000	As Restated 2013 $'000
OPERATING ACTIVITIES		
Loss before tax	(39,619)	(31,654)
Adjustments for:		
- Depreciation of property, plant and equipment	809	1,290

- Amortisation of intangible assets	3	26
- Share based payment charge	989	76
- Other gains and losses	(381)	(86)
- (Gain)/loss on foreign exchange	(1,724)	1,798
- Net interest income	(97)	83
- Write off of plant and equipment	3,750	-
- Impairment of intangible assets	27,786	16,979
- Impairment of other receivables	-	790
Operating cash flow before movements in working capital	(8,484)	(10,698)
Working capital adjustments:		
- Decrease in inventories	4	-
- Decrease in receivables	95	3,362
- Increase in payables	(1,611)	(718)
Cash used in operations	(9,996)	(8,054)
Finance cost	-	(686)
Interest received	-	449
Net cash used in continuing operating activity	(9,996)	(8,291)
Net cash used in discontinued operating activity	(572)	(1,412)
Net cash used in operating activities	(10,568)	(9,703)
INVESTING ACTIVITIES		
Purchase of intangible assets arising from exploration and evaluation of mineral resources	(11,130)	(11,370)
Purchase of property, plant and equipment	-	(665)
Proceeds from disposal of property, plant and equipment	41	94
Decrease in loans and other loan term receivables	-	82
Net cash used in investing in continuing activities	(11,089)	(11,859)
Net cash used in investing activities	(11,089)	(11,859)
FINANCING ACTIVITIES		
Proceeds from issue of share capital	27,412	17
Share issue costs	(1,456)	-
Net cash flow from financing activities	25,956	17
Net increase/(decrease) in cash and cash equivalents	4,299	(21,545)
Cash and cash equivalents at start of the year	15,899	37,731
Effect of foreign exchange rate changes	(123)	(287)
Cash and cash equivalents at end of the year	20,075	15,899

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2014

1. General information

Sable Mining Africa Limited is incorporated and domiciled in the British Virgin Islands under the British Virgin Islands Business Companies Act 2004. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement on pages 3 to 5.

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 2014 have been reported on by Sable Mining's auditors and contain an unqualified opinion (31 March 2013: 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 2014.

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

2. Income tax expense

	2014 $'000	2013 $'000
Loss before tax:	(39,619)	(31,654)
Expected tax at the weighted average tax rate 23.55% (2013:19.60%)	(9,330)	(6,204)
Tax effect of expenses that are not deductible in determining taxable profit	21	22
Tax effect of losses not allowable	974	1,909
Tax effect of losses recognised (note 20)	-	-
Tax effect of losses not recognised in overseas subsidiaries	8,335	4,273
Write-off of deferred tax asset	-	-
Attributable to profits taxed at higher rates	-	-
Attributable to non-deductible impairments	-	-
Tax credit for the period	-	-

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 $26,541,000 (2013: $26,551,000).

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. Loss per share

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

	2014 $'000	2013 $'000
Loss for the purposes of basic earnings per share (loss for the year attributable to equity holders of the parent)	(47,827)	(58,541)
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)	(38,039)	(24,735)
(Loss 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)	(9,788)	(33,806)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	1,001,038,132	928,177,584
Total number of shares in issue at the year end	1,108,627,584	928,177,584
Basic and diluted loss per share	(4.8 cents)	(6.3 cents)
Basic and diluted loss per share on continuing activities	(3.8 cents)	(2.7 cents)
Basic and diluted loss per share on discontinued activities	(1.0 cents)	(3.6 cents)

No dilution arises as a result of the loss for the year (2013: nil).

4. Intangible assets	Evaluation and exploration costs $'000	Computer software $'000	Total $'000
At 1 April 2012	**141,272**	**7**	**141,279**
Additions	11,370	2	11,372
Exchange differences	(13,832)	-	(13,832)
Impairment of exploration costs (a)	(71,229)	-	(71,229)
Amortisation	-	(7)	(7)
At 31 March 2013	**67,581**	**2**	**67,583**
Additions	11,135	-	11,135
Exchange differences	(528)	-	(528)
Impairment of exploration costs (a)	(37,458)	-	(37,458)
Reallocation to disposal group	(12,121)	-	(12,121)
Amortisation	-	(2)	(2)
At 31 March 2014	**28,609**	**-**	**28,609**

(a) During the year, the following exploration assets were impaired:

	2014 $'000	2013 $'000
Southern Cross Investments Limited (Timbo)	-	2,357
Guinea Development Mineral Resources SA (Kissidougou)	-	6,133
Liberation Mining (Pvt) Limited (Lubimbi)	5,368	5,331
Apex Petroleum Company (Pvt) Limited (Lusulu)	3,244	3,158
Monaf Investments (Pvt) Ltd	19,174	-
	27,786	16,979
Delta Mining Consolidated Limited (Rietkuil)	9,672	54,250
Total Impairment	**37,458**	**71,229**

(b) Reallocation to disposal group

	2014 $'000	2013 $'000
Rietkuil project	25,000	90,000
Exchange differences	(3,207)	(10,750)
Restated balance at start of year	21,793	79,250
	-	-
Impairments	(9,672)	54,250
Total	**12,121**	**25,000**

Liberation Mining (Pvt) Limited, Apex Petroleum Company (Pvt) Limited and Monaf Investments (Pvt) Ltd
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. In the prior financial year market realities required the Board to take prudent write downs of 50% on the value of the resource held by Liberation Mining and Apex Petroleum as these resources 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. The Board is confident of being granted an extension

on each Special Grant in due course. However, due to the length of time that has now elapsed since the Special Grants fell due for renewal the Board feels it has no choice other than to impair the remaining value of these assets to nil value.

Delta Mining Consolidated Limited
The Group has entered into an agreement to sell its 63.5% shareholding in Delta Mining Consolidated in May 2014. Consequently it has been re-classified as an asset held for sale and its results disclosed separately in the Income statement and Balance Sheet. Prior to this the Group had impaired the value of the exploration assets in the Rietkuil Coal Project held by DMCby $9.7m during the year due to the low global coal price and the remote prospect of the Group being able to extract any value from these assets in the foreseeable future.

5. Share capital

	Ordinary shares of no par value Allotted and fully paid	
	Number	**$'000**
At 1 April 2012	927,473,474	248,623
Issue of shares and exercise of warrants	550,000	175
At 1 April 2013	928,023,474	248,798
Issue of shares on exercise of warrants	450,000	14
Issue of shares to fund group activities	180,000,000	27,398
Less share issue costs	-	(1,456)
At 31 March 2014	1,108,473,474	274,754

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.

On 7 June 2013, 450,000 ordinary shares were issued pursuant to the exercise of warrants under the block admission dated 29 May 2012 with an exercise price of 2p. £14,000 cash was received for these shares.

On 5 November 2013, 180,000,000 ordinary shares were issued fully paid for cash at 9.5 pence per ordinary share.

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

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