Sable Mining Afr.Ltd

Interim Results

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Sable Mining Africa Limited
22 December 2014

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

Sable Mining Africa Ltd, the AIM listed iron ore exploration and development company, presents its results for the six months ended 30 September 2014.

Highlights

- Focus on the high grade, high margin, low capital intensity Nimba Iron Ore Project in south-east Guinea ('Nimba' or 'the Project')
- Commercial viability of Nimba demonstrated through Preliminary Feasibility Study ('PFS') which indicated comparatively low capex of US$299.3 million (including US$39.7 million contingency) projected
- 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 - considerable exploration upside potential
- High grade DSO and Low Deleterious Elements - only a simple crush and screen process will be required in the early years of production
- Grant of Export Decree and Mining Licence granted by the Government of the Republic of Guinea
- Memorandum of Understanding with Government of Liberia regarding infrastructure development - existing nearby standard gauge railway approximately 26km away, linking the region to the major Liberian port of Buchanan
- Bankable Feasibility Study currently targeted for publication in 2015

Sable Mining Chief Executive Andrew Groves said, "Nimba remains an iron ore project with considerable commercial value through its vital combination of high grade hard lumpy DSO material, low strip ratio, proximal infrastructure and low capital intensity. Despite the evident downturn in the commodity market, I am confident that Nimba's key attributes place it as one of the very few undeveloped iron ore assets capable of getting into production in the current climate. We have a period of important news flow planned for 2015 and beyond, and I believe that these developments, in particular the BFS, will further demonstrate Nimba's exceptional value in the market place."

Chairman's Statement

As shareholders will no doubt be aware, the market sentiment towards iron ore has changed markedly over the past 12 months. However, I am pleased to advise our investors that Sable Mining remains in a strong position compared to many of its peers, with an exceptional high grade, low capital intensity project primed for swift development and a cash treasury capable of supporting the Company through its near term key development objectives. I continue to believe that our flagship asset, the Nimba Iron Ore Project in south-east Guinea ('Nimba' or 'the Project'), represents considerable value for Sable Mining, and I am confident that the Bankable Feasibility Study ('BFS'), which we currently anticipate publishing in 2015, will demonstrate its significant commercial value, further fuelling our strategy to move forward with development and production.

There are several key considerations to note as important differentiators between Nimba and many of its iron ore peers. Perhaps the first concern for many investors in the space - particularly in the current market for junior mining companies - is the projected capex. On this point, Nimba sets itself apart from competing projects with a modest projected capex of $299.3 million. This cost, which is very low in the global theatre of iron ore projects which routinely come in with capex figures ranging in the $ billions, is due to the combination of high grade DSO material (requiring limited processing), virtually no strip ratio and proximal infrastructure.

This particular combination of factors (explained above) also has a highly positive impact on projected FOB (Free on Board) operational costs, which are expected to be in the range of US$44/t and US$49/t, based on Panamax direct loading to Europe and Transhipment plus Capesize to Asia respectively. This obviously plays an enormous part in highlighting the Project's worth particularly in light of the dramatic downturn in iron ore spot prices in recent months. It should also be noted that one of Nimba's primary USPs is the premium that the Company believes is achievable for its product, bearing in mind the high grade, hard lump fraction. A comparable for the potential premium which could be achieved is BHP Billiton's Mt Newman project, which currently achieves a premium of $18/t.

Financial Review

Sable Mining is reporting for the six months ended 30 September 2014 a pre-tax loss on continuing activities of US$3.3m (2013: US$8.6m). The post-tax loss attributable to shareholders for the period was US$3.1m (2013: US$16.8m). As at 30 September 2014 cash balances were US$11.5m (2013: US$5.0m).

Outlook

Our focus will remain twofold over the coming months as we simultaneously advance both the BFS and also secure the infrastructure development agreement with the Government of the Republic of Liberia. This second point will be advanced 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. We maintain an active dialogue with all of the appropriate parties and remain encouraged by the progress made to date.

The progression of our BFS remains a primary objective for the Board, and we continue to target delivery of this in 2015. The continuing effects of the Ebola virus has however necessitated a review of our activities and projected timescales in Guinée and Liberia.

As we continue the development of the BFS, the Board will undertake negotiations in relation to securing the necessary financing for the mine build. The Board currently anticipates appraising opportunities including project finance, debt, off-take and equity raisings, selecting the optimum route to achieve production whilst minimising dilution and financing risk. I look forward to providing further updates regarding the BFS and associated development in due course.

I would like to take this opportunity to thank our valued shareholders again for their continued support and look forward to 2015, as we deliver further development milestones and approach commercial iron ore production.

Jim Cochrane
Non-Executive Chairman
21 December 2014

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Condensed Consolidated Income Statement

For the six month period ended 30 September 2014

	Note	Unaudited 6 months to 30 September 2014 $'000	Unaudited 6 months to 30 September 2013 $'000	Audited year to 31 March 2014 $'000
Continuing Operations				
Operating expenses		(3,528)	(3,259)	(8,561)
Impairment of plant and equipment		-	-	(3,750)
Impairment of intangible assets		-	(5,367)	(27,786)
Impairment of other receivables		(28)	-	-
Operating loss		(3,556)	(8,626)	(40,097)
Other (losses)/gains		(106)	(68)	381
Net finance income		344	49	97
Loss before taxation		(3,318)	(8,645)	(39,619)
Income tax charge		(2)	-	-
Loss for the period from continuing operations		(3,320)	(8,645)	(39,619)
Discontinued Operations				
Loss for the period from discontinued operations		(23)	(15,311)	(10,194)
Loss for the period		(3,343)	(23,956)	(49,813)
Loss for the period attributable to owners of the parent company		(3,146)	(16,789)	(47,827)
Loss for the period attributable to non-controlling interests		(197)	(7,167)	(1,986)
Loss for the period		(3,343)	(23,956)	(49,813)

Loss per share

- Basic and diluted (cents)	5	(0.3 cents)	(0.8 cents)	(3.8 cents)
Loss per share from continuing operations				
- Basic and diluted (cents)	5	-	(1.0 cents)	(1.0 cents)
Loss per share from discontinued operations				
- Basic and diluted (cents)	5	(0.3 cents)	(1.8 cents)	(4.8 cents)

Condensed Consolidated Statement of Comprehensive Income

For the six month period ended 30 September 2014

	Unaudited 6 months to 30 September 2014 $'000	Unaudited 6 months to 30 September 2013 $'000	Audited year to 31 March 2014 $'000
Foreign exchange translation differences	(35)	(1,164)	(1,829)
Other comprehensive loss for the period	(35)	(1,164)	(1,829)
Loss for the period	(3,343)	(23,956)	(49,813)
Total comprehensive loss for the period	(3,378)	(25,120)	(51,642)
Total comprehensive loss for the period attributable to owners of the parent company	(3,181)	(17,953)	(49,656)
Total comprehensive loss for the period attributable to non-controlling interests	(197)	(7,167)	(1,986)
	(3,378)	(25,120)	(51,642)

Condensed Consolidated Balance Sheet
As at 30 September 2014

	Note	Unaudited As at 30 September 2014 $'000	Unaudited As at 30 September 2013 $'000	Audited As at 31 March 2014 $'000
Assets				
Non-current assets				
Intangible assets		33,965	43,797	28,609
Property, plant and equipment		4,095	8,666	4,272
Loan receivable		-	12	-
Total non-current assets		38,060	52,475	32,881
Current assets				
Trade and other receivables		646	594	671
Cash and cash equivalents		11,474	4,916	20,075
Total current assets		12,120	5,510	20,746
Disposal group assets		12,985	8,762	13,671
Total assets		**63,165**	**66,747**	**67,298**
Current liabilities				
Short-term borrowings		-	-	-
Trade and other payables		(2,564)	(2,311)	(2,766)
Total current liabilities		(2,564)	(2,311)	(2,766)
Disposal group liabilities		(11,485)	(12,436)	(12,171)
Total liabilities		**(14,049)**	**(14,747)**	**(14,937)**
Net Assets		**49,116**	**52,000**	**52,361**
Equity				
Issued share capital	6	274,754	248,858	274,754
Share based payment reserve	7	1,146	1,064	1,096
Warrant reserve		8,395	7,438	8,395
Translation reserve		(9,245)	(8,542)	(9,207)
Retained earnings		(227,474)	(193,367)	(224,405)
Total equity attributable to the owners of the parent company		47,576	55,451	50,633
Non-controlling interests		1,540	(3,451)	1,728
Total Equity		**49,116**	**52,000**	**52,361**

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 2013	**248,798**	**1,064**	**7,484**	**(7,378)**	**(176,578)**	**73,390**	**3,714**	**77,104**
Loss for 6 months to 30 September 2013	-	-	-	-	(16,789)	(16,789)	(7,165)	(23,954)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	(1,164)	-	(1,164)	-	(1,164)
Total comprehensive income for the period	-	-	-	(1,164)	(16,789)	(17,953)	(7,165)	(25,118)

Transactions with owners								
Share issues - cash received	14	-	-	-	-	14	-	14
Share issues - warrants exercised	46	-	-	-	-	46	-	46
Share based payment charge	-	-	(46)	-	-	(46)	-	(46)
Total transactions with owners	60	-	(46)	-	-	14	-	14
Balances at 30 September 2013	**248,858**	**1,064**	**7,438**	**(8,542)**	**(193,367)**	**55,451**	**(3,451)**	**52,000**
Loss for 6 months to 31 March 2014	-	-	-	-	(31,038)	(31,038)	5,179	(25,859)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	(665)	-	(665)	-	(665)
Total comprehensive income for the period	-	-	-	(665)	(31,038)	(31,703)	5,179	(26,524)
Transactions with owners								
Share issues - cash received	25,896	-	-	-	-	25,896	-	25,896
Share based payment charge	-	32	957	-	-	989	-	989
Total transactions with owners	25,896	32	957	-	-	26,885	-	26,885
Balance at 31 March 2014	**274,754**	**1,096**	**8,395**	**(9,207)**	**(224,405)**	**50,633**	**1,728**	**52,361**
Loss for 6 months to 30 September 2014	-	-	-	-	(3,146)	(3,146)	(197)	(3,343)
Other comprehensive income								
Exchange translation differences on foreign operations	-	-	-	(38)	77	39	9	48
Total comprehensive income for the period	-	-	-	(38)	(3,069)	(3,107)	(188)	(3,295)
Transactions with owners								
Share issues - warrants exercised	-	50	-	-	-	50	-	50
Total transactions with owners	-	50	-	-	-	50	-	50
Balance at 30 September 2014	**274,754**	**1,146**	**8,395**	**(9,245)**	**(227,474)**	**47,576**	**1,540**	**49,116**

Condensed Consolidated Statement of Cash Flows
For the six months to 30 September 2014

	Unaudited 6 months to 30 September 2014	**Unaudited 6 months to 30 September 2013**	**Audited year to 31 March 2014**
	$'000	$'000	$'000
OPERATING ACTIVITIES			
Loss for the period from continuing operations before taxation	(3,318)	(8,645)	(39,619)
Adjustments for:			
- Depreciation of property, plant and equipment	381	400	809
- Amortisation of intangible assets	-	1	3
- Loss on foreign exchange	503	433	(1,724)
- Share based payment charge	50	46	989
- Net interest (income)/expense	(32)	(49)	(97)
- Other gains and losses	(106)	68	(381)
- Impairment of plant and equipment	-	-	3,750
- Impairment of intangible assets	-	5,367	27,786
- Impairment of other receivables	28	-	-
Operating cash flow before movements in working capital	(2,494)	(2,379)	(8,484)
Working capital adjustments:			
- Decrease in inventories	-	-	4
- Decrease in receivables	25	172	95
- Decrease in payables	110	(1,752)	(1,611)
Cash used in operations	(2,359)	(3,959)	(9,996)
Finance cost	(32)	-	-
Interest received	-	49	-
Net cash used in continuing operating activity	(2,391)	(3,910)	(9,996)
Net cash used in discontinued operating activity	(81)	(304)	(572)
Net cash used in operating activities	**(2,472)**	**(4,214)**	**(10,568)**
INVESTING ACTIVITIES			
Purchase of intangible assets	(5,345)	(6,193)	(11,130)
Purchase of property, plant and equipment	(260)	(1)	-
Proceeds from disposal of property, plant and equipment	-	48	41
Purchase of investment	-	64	-
Decrease in loans and other long term receivables	(312)	30	-

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 2014 were approved for issue by the board on 21 December 2014.

The figures for the six months ended 30 September 2014 and 30 September 2013 are unaudited and do not constitute full accounts. The comparative figures for the period ended 31 March 2014 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 2014 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 2014.

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 2014			
Revenue	-	-	-
Segment results			
- Operating loss	(2,099)	(1,457)	(3,556)
- Other gains	623	(279)	344
- Net finance income	-	(106)	(106)
Loss before tax from continuing activities	**(1,476)**	**(1,842)**	**(3,318)**
Income tax charge	**(2)**	**-**	**(2)**
Loss for the year from continuing activities	**(1,478)**	**(1,842)**	**(3,320)**

	Exploration	**Unallocated**	**Total**
	$'000	$'000	$'000
Period ending 30 September 2013			
Revenue	-	-	-
Segment results			
- Operating loss	(8,925)	299	(8,626)
- Other gains	49	-	49
- Net finance income	(44)	(24)	(68)
Loss before tax from continuing activities	**(8,920)**	**275**	**(8,645)**
Income tax credit	**-**	**-**	**-**
Loss for the year from continuing activities	**(8,920)**	**275**	**(8,645)**

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

		Continuing	**Discontinued**	**Group**
	Exploration	Unallocated	Bio-energy	
	$'000	$'000	$'000	$'000
2014				
Depreciation	381	-	-	381
Amortisation	-	-	-	-
2013				
Depreciation	399	1	6	406
Amortisation	1	-	-	1

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

Continuing	**Discontinued**	**Group**

	Exploration	Unallocated	Bio-energy/DMC	
	$'000	$'000	$'000	$'000
2014				
Assets	38,314	11,609	13,242	63,165
Liabilities	(2,310)	(254)	(11,485)	(14,049)
Capital Expenditure - Intangible assets	5,345	-	73	5,418
2013				
Assets	52,454	5,182	9,111	66,747
Liabilities	(1,353)	(421)	(12,973)	(14,747)
Capital Expenditure - Intangible assets	6,093	-	100	6,193

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 2014	**Unaudited 6 months to 30 September 2013**	**Audited year to 31 March 2014**
	$'000	$'000	$'000
Loss			
Loss for the purpose of basic loss per share (loss for the period attributable to owners of the parent company)	(3,146)	(16,789)	(47,827)
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)	(3,126)	(7,067)	(38,039)
Loss for the purpose of basic loss per share on discontinued activities (result for the period on discontinued activities attributable to owners of the parent company)	(20)	(9,722)	(9,788)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic loss per share	1,108,473,474	928,250,940	1,001,038,132
Basic and diluted loss per share	(0.3 cents)	(1.8 cents)	(4.8 cents)
Basic and diluted loss per share on continuing activities	(0.3 cents)	(0.8 cents)	(3.8 cents)
Basic and diluted loss per share on discontinued activities	-	(1.0 cents)	(1.0 cents)

No dilution arises as a result of the total loss and the loss on continuing activities for the period (2013: nil).

6. Share capital

	Ordinary shares of no par value Allotted and fully paid	
	Number	$'000
At 30 September 2012	927,523,474	248,623
Issue of shares on exercise of warrants	500,000	175
At 31 March 2013	928,023,474	248,798
Issue of shares on exercise of warrants	450,000	14
At 31 September 2013	928,473,474	248,812
Issue of shares to fund Group activities	180,000,000	27,398
Less share issue costs	-	(1,456)
At 31 March 2014 and 30 September 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 3 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. £9,000 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.

Share Options

At 30 September 2014, 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
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 2011to 30 September 2016
01 October 2010	500,000	20p	01 October 2012 to 30 September 2017
01 May 2013	250,000	8p	1 May 2014 to 30 April 2019
20 January 2014	2,000,000	10p	20 January 2015 to 20 January 2020

Warrants

At 30 September 2014, the following warrants are in issue and have vested:

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	15,000,000	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
30 November 2012	4,000,000	2p	Until 10 December 2015
24 October 2013	5,000,000	2p	Until 10 December 2015
24 October 2013	2,000,000	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 2014, 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 2013	12,100,000	21.5p
Granted during the period	-	-
Lapsed during the period	-	-
Outstanding at 30 September 2013	**12,100,000**	**21.5p**
Granted during the period	-	-
Lapsed during the period	-	-
Outstanding at 1 April 2014	**12,100,000**	**21.5p**
Granted during the period	2,250,000	9.8p
Lapsed during the period	(8,000,000)	21.3p
Outstanding at 30 September 2014	**6,350,000**	**17.6p**
Exercisable at 30 September 2013	12,100,000	21.5p
Exercisable at 31 March 2014	6,350,000	17.6p
Exercisable at 30 September 2014	6,350,000	17.6p

At 30 September 2014, the weighted average remaining contractual life of the options outstanding was 2.56 years (2013: 1.04 years)

Equity settled warrants

At 30 September 2014, the following warrants have been issued and remain unexercised:

Date of grant	**Number of options**	**Weighted average Exercise price**
Outstanding at 1 April 2013	35,450,000	5.4p
Granted during the period	-	-
Exercised during the period	(450,000)	2p
Outstanding at 30 September 2013	**35,000,000**	**5.4p**
Granted during the period	7,000,000	2p
Exercised during the period	-	-
Outstanding at 1 April 2014	**42,000,000**	**4.8p**
Granted during the period	-	-
Exercised during the period	-	-
Outstanding at 30 September 2014	**42,000,000**	**4.8p**
Exercisable at 30 September 2013	35,000,000	5.4p
Exercisable at 31 March 2014	42,000,000	4.8p
Exercisable at 30 September 2014	42,000,000	4.8p

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 18,000,000 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 5,000,000 warrants to be distributed among the employees of, directors of and consultants to the Company as instructed by the Board.

At 30 September 2014, the weighted average remaining contractual life of the warrants outstanding was 0.59 years (2013: 1.54 years).

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

	2014	**2013**
Share price at the date of grant - options issued	-	-
Share price at the date of grant - warrants issued	10.38p	8.25p
Risk free interest rate	0.59%	0.34%
Annual dividend yield	Nil	Nil
Expected volatility	47.6%	67.6%
Expected period until exercise after vesting	3 years	2.5 years
Fair value at the date of grant - options	-	-
Fair value at the date of grant - warrants	8.441p	6.139p

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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