

Sable Exploration and Mining Limited  
(previously known as Middle East Diamond Resources Limited)  
(Incorporated in the Republic of South Africa)  
(Registration number: 2001/006539/06)  
(Share Code: SXM ISIN Code: ZAE000303319)  
("SEAM" or "the company")

## **Acquisition of mining assets and cautionary announcement**

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### **1. Introduction**

Shareholders are advised that SEAM and Sable Platinum Holdings (Pty) Ltd, a wholly owned subsidiary of SEAM has entered into an agreement with Magni Investment Holdings (Pty) Ltd ("Magni") and Lurco Metals (Pty) Ltd ("Lurco Metals") on 23 November 2021 regarding the proposed acquisition of the following assets:

- All the issued shares of, and claims on loan account against, LMS Holdco (Pty) Limited ("LMS") from Magni. LMS is focused on the acquisition and treatment of coal from Seriti's Van Dyk's Drift Discard Dump to toll-wash for Seriti, to supply Eskom and for export. LMS owns 100% of a coal washing plant capable of producing 1.4mtpa of 4800kcal coal and leases the Springbok Siding from Transnet;
- All the issued shares of, and claims on loan account against, Destiny 11 Spring Investments (Pty) Limited ("Destiny") from Magni. Destiny operates the Vlakpoort Chrome mine in the North West Province of South Africa with resources in-situ in excess of 3 million tons;
- All the issued shares of, and claims on loan account against, Vastek Trading (Pty) Limited ("Vastek") from Lurco Metals. Vastek operates a Chrome beneficiation project in the North West Province of South Africa that procures chrome ore from the community owned dumps and toll treats this feed at a 50t/hour plant to produce chrome concentrate. In addition the prospecting rights of NW 30/5/1/1/3/2/1/12546 PR and NW 30/5/1/1/2/12580 PR are included; and
- All the issued shares of, and claims on loan account against, Lurco Eswatini (Pty) Ltd ("Lurco") from Magni. Lurco holds the Prospecting Right over a high quality Anthracitic Coal site (previously mined by Gencor) with a discard dump for reclamation and further development of an open cast mine.

for an amount of R1 200 000 000 ("the Acquisition") ("the Assets").

### **2. Rationale**

SEAM has spent years investigating various operating and development assets that will add value to its shareholders. The operations are cash generative and the development asset in Eswatini has the potential to generate cash flow in the short term from the dump and the resources indicate the development of an operating mine.

### **3. Salient terms of the Acquisition**

3.1 As part of this Acquisition, SEAM will reverse list the assets through a combination of share issue, cash and claims on loan account for an amount of R1 200 000 000. To the extent that any shares are issued by SEAM as part of the purchase consideration, such

purchase consideration will be settled by the allotment and issuance of shares at R5.00 each by SEAM.

It is envisaged that the Acquisition will take the form of a reverse take-over in terms of the JSE Listings Requirement.

3.2 Magni, GEM Global Yield LLC SCS and GEM Yield Bahamas Ltd entered into the GEM Share Subscription Facility Agreement dated 28 August 2021 in terms of which, inter alia, GEM Global Yield LLC SCS agrees to make available up to USD300,000,000 facility for the purposes of subscribing for shares in the "Issuer" ("Share Subscription Facility Agreement"). Magni reserves the right to nominate and support SEAM as "Issuer" under the Share Subscription Facility Agreement.

3.3 The parties will enter into definitive agreements by no later than 28 February 2022.

3.4 The Acquisition will be subject to normal warranties that are customary for transactions of this nature.

#### **4. Rights offer**

As previously announced, SEAM intends undertaking a rights offer. SEAM intends applying to the JSE to lift its suspension after this announcement. Once the suspension has been lifted, SEAM will undertake a rights offer of 50 million shares at R1 per share. Approximately R20 million will be underwritten by various shareholders including James Allan, the CEO of SEAM. Magni will underwrite 10 million shares at R1 per share for a total amount of R10 million.

#### **5. Conditions precedent**

The Acquisition is subject to the following conditions:

- 5.1 the Parties shall have obtained the necessary regulatory approvals to implement the Acquisition, including, approvals from the Takeover Regulation Panel, Department of Mineral Resources and the JSE;
- 5.2 the preparation of a fair and reasonable opinion by an independent expert, if required;
- 5.3 the approval by the JSE of the Competent Person's Report for the Assets;
- 5.4 the necessary approvals by the shareholders of SEAM of the Acquisition;
- 5.5 waiver of mandatory offer by the requisite majority of SEAM Shareholders;
- 5.6 Magni and Lurco Metals shall have obtained any third party approvals it may require in order to implement the Acquisition, including the necessary approvals from any financiers or counter-parties to any material contracts, as may be applicable; and
- 5.7 the lifting of SEAM's suspension by the JSE.

After the implementation of the Acquisition, the board of SEAM will be reconstituted and reappointed with the majority of the nominees to be appointed from Magni.

#### **6. Categorisation of the Disposal and cautionary announcement**

SEAM is in discussions with the JSE to confirm the Acquisition is a reverse take-over and accordingly shareholders are advised to exercise caution when dealing in the company's shares until the category is determined.

## **7. Financial information and cautionary announcement**

The financial information relating to the Acquisition will be available in due course. Accordingly, shareholders are advised to exercise caution when dealing in the company's shares until the financial information is released.

24 November 2021  
Sandton

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