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

Sable Mining Africa Ltd, the AIM listed company focussed in the mining sector in Africa, announces its results for the six month period ended 30 September 2011.

CHAIRMAN'S STATEMENT

In the six months under review, Sable Mining continued to develop its multi staged portfolio of assets in Southern and West Africa, focussed primarily on coal and iron ore. With the completion of a number of acquisitions during the period, the Company has expanded its mineral footprint and acreage across the continent in line with its original strategy. Importantly, and particularly relevant in the current economic environment, we are well funded and therefore well positioned to progress our assets up the value curve.

In West Africa, the Company has various assets across Liberia, Sierra Leone and Guinea. In Liberia, of particular note are three potentially world class iron ore exploration projects, with multi-billion tonne potential, being Timbo, Bopolu and the Kpo Range. Considerable work has been undertaken at these licences, which has defined two exploration targets at Timbo, four at Bopolu and six at the Kpo Range with a combined strike length per project of 22km, 17km and 57km respectively. With exploration programmes underway, we anticipate the release of the first drill results during Q1 2012, ahead of publishing maiden resources at all three projects.

The Board recognises the importance of infrastructure for bulk tonnage project development. In Liberia, all our concessions are close to rail infrastructure and port facilities. Timbo is 60km from the Nimba Rail Line with access to the Port of Buchanan, while the Kpo Range and Bopolu are 60km from the Bong Rail Line, which runs directly to Monrovia. In Guinea, we are advancing the Kakoulima project, which is adjacent to infrastructure and only 50km from Conakry.

The coal portfolio already has a current attributable resource in excess of 2.3 billion tonnes across near-term production and exploration/development assets primarily in South Africa and Zimbabwe. We have expanded the asset base in Zimbabwe and the Board believes that additional drilling will demonstrate upside potential in excess of 4 billion tonnes of coal, which would transform Sable Mining into one of Southern Africa's largest coal explorers and developers. At Rietkuil in South Africa, there is potential for near term production, although this remains subject to the grant of the relevant water licences, rail and port allocation and the reappraisal of the bankable feasibility study ('BFS') by Peet Snyder, the new Chief Operating Officer of our coal division.

The Board believes we have now aggregated a portfolio of potentially world class assets and accordingly our acquisition strategy is close to completion. Although we continue to evaluate a small number of opportunities, our efforts will now focus on proving up the value of our existing portfolio.

To assist in this process, we have strengthened our Board and management with the appointment of a number of senior industry professionals including, as mentioned earlier, Peet Snyders who joined as an Executive Director and Chief Operations Officer of the Company's coal division and Mark Biddulph as

Head Geologist in Liberia. Peet's arrival on the Board is a key development, as he brings with him 30 years experience in the mining industry, having held senior positions at miners including Anglo Platinum, Kumba Coal, Iscor Mining and Anglo Coal. Notably, he worked at Keaton Energy, which is contiguous to the Rietkuil Coal Project in South Africa. Mark previously worked as senior geologist at Anglo Gold and was most recently COO of African Aura Mining.

Notwithstanding the strategy of maximising the value of individual assets, for the full value for our current portfolio to be reflected we are considering splitting the assets into two companies: one focusing on iron ore in West Africa; and the other on coal in Southern Africa and Zimbabwe. A decision on this has not been finalised and obviously we would need to gain shareholder approval for such a process. However, with two major commodities often attracting varied investment interest, we believe that such a move has the potential to provide increased visibility for both asset classes.

Financial Review

Sable Mining is reporting for the six months ended 30 September 2011 a pre-tax loss on continuing activities of US\$11.9 million (2010: pre-tax loss on continuing activities of US\$3.7 million). Included within this loss is US\$3.3 million of amortisation and depreciation, US\$3.2 million of non recurring expenditure mainly related to acquisition costs and an FX loss of US\$0.3 million. The Group has a strong treasury and as at 30 September 2011 cash balances were US\$79.7 million (2010: US\$132.2 million).

Outlook

Sable Mining controls a sizable portfolio of multi-commodity assets in recognised world class resource districts, and benefits from a strong treasury through which to advance its key projects through the value curve. I believe that the Company is well positioned to significantly enhance the actual and attributable value of its assets and become a major new player in the sub-Saharan resource exploration and development industry.

I would like to thank our dedicated staff and partners for their continued commitment towards achieving Sable Mining's strategic objectives and building further value across our portfolio. I would also like to thank our shareholders for their ongoing support and I look forward to providing the market with further updates on our development over the coming months.

Phil Edmonds
Chairman
21 December 2011

OPERATIONS REVIEW

The Company has been extremely active in both advancing its existing portfolio of projects as well as adding to this through selective acquisition.

Iron Ore Assets

Liberian Iron Ore

Sable Mining has interests in three highly prospective project areas in Liberia: the 532 sq km Kpo Range concession, the 308 sq km Bopolu licence and the 349 sq km Timbo licence. All three licence areas are located in the metamorphosed Archaean granitoid-gneiss-greenstone terrain of the Kenema-Man domain on the West African Shield in Liberia, and aeromagnetic surveys have highlighted the licences' strong iron ore prospectivity. The licences form part of a widely recognised world-class iron ore province in Liberia which include major iron projects such as the 2.3 billion tonne Yekepa Project, owned by Arcelor Mittal; the 3.24 billion tonne Putu Range, owned by Severstal; and the 290 million tonne Bong Project, owned by China Union/Wisco.

A 13,260 line km high resolution airborne geophysical survey (aeromagnetics and radiometrics) has been completed on the licences, which has defined 12 high priority targets.

4,980 line kilometres were flown across the Timbo iron ore project resulting in two iron ore exploration targets being identified with a combined strike length of 22km. The Timbo North target area lies within the Kaba mountain range and mapping undertaken to date indicates that the Timbo North ridge comprises an approximately 11km long, discontinuous iron rich ridge. Initial ground mapping across Timbo North has also been completed during which 68 grab samples were collected.

At the Bopulu licence, 5,000 line km were flown resulting in the identification of four iron ore exploration targets with a combined strike length of 17km. The Bopulu iron ore target areas are situated at the southern end of the Kpo mountain range and the target areas are associated with a historically mapped itabirite iron formation.

3,280 line km flown over the Kpo iron ore prospects resulted in six iron ore exploration targets being identified with a combined strike length of 57km. The target areas delineated by the high resolution airborne geophysical survey are associated with historically mapped bearing itabirite iron formation within the Kpo mountain range.

A 34 hole, 12,000m Phase 1 drilling programme is due to commence before the end of the year with first drill results expected in Q1 2012. 25 of the holes totalling 8,000m are planned at Timbo North where 11km strike coincides with a prominent ridge.

The licences benefit from strong supporting infrastructure with the Kpo Range and Bopulu licences being situated within 60km of the existing Bong railway line which accesses the Port of Monrovia. The Timbo licence is within 60km of the Nimba road and rail line, which directly accesses the Port of Buchanan. Additionally 150km of access roads have been built or refurbished to date, and 100 river crossings have been constructed, four of which are major river crossings.

To spearhead development in Liberia, Mark Biddulph has been appointed as Head Geologist, to assist primarily in advancing the Company's Liberian projects. Mark is a geologist with 17 years experience in the African mining arena and has led and managed a number of diverse business operations and geological teams in remote, highly challenging parts of the African continent and has a demonstrable track record of achievement. Amongst other companies he has worked for AngloGold Ashanti and more recently he was Chief Operating Officer for African Aura Mining.

Guinean Iron Ore

Sable Mining owns a 1,107 sq km iron ore Prospecting Licence, covering three permits in the Kissidougou area of south east Guinea.

The acquired permits are positioned in what is widely recognised as one of the world's largest underdeveloped iron ore and bauxite provinces. They are located between Bellzone Mining plc's multi billion tonne Kalia Project and Rio Tinto's world class Simandou Iron Ore Project, which is expected to commence production in 2013.

Preliminary work conducted on the permits has focussed on high level aeromagnetic surveys and spectrometry, targeting banded iron formations ('BIF') deposits located within a Lower Proterozoic greenstone belt. Results have already identified significant anomalies and extensive trenching has been conducted with samples ranging from 30.86% Fe up to 57.78% Fe.

The Company believes that Guinea represents a highly suitable location in which to develop a portfolio of iron ore assets. Rich deposits have been found in the Mount Nimba area along the Liberian border and the Simandou mountain area, with the iron content of these BIF deposits estimated to be between 63% and 68%.

The Guinean Government is encouraging the development of iron ore projects to diversify from the country's traditional bauxite mining. Mining is the single largest economic activity in Guinea based on its contribution to exports and government revenue. Power supply is available with the two major sources of supply being thermal and hydro. Infrastructure is improving, especially when considering the Guinean Government's intention to build a 1,012km railway from Simandou in the south east to Conakry (the Trans-Guinean railway). Importantly, shipping from West Africa to China is comparable in distance and voyage time from Brazil to China.

Zimbabwean Coal Assets

Lubu Coal Project, Zimbabwe

The Lubu Coal Project ('Lubu') covers 19,236 hectares of the highly prospective Karro Mid Zambezi coal basin in the established Hwange (Wankie) mining district in north-western Zimbabwe and has initial modelled in-situ seam tonnage of 786 million tonnes.

An intensive 36 hole drilling campaign at Lubu commenced in October 2010, results from which have already emphasised the quality and continuity of Lubu's shallow deposit, the grade parameters, as well as the high coking coal deposits across multiple seams. The results have been incorporated into the existing seam correlation work and when used in conjunction with the borehole geological logs and the downhole geophysical logs, have enabled Sable Mining's geologists to better understand the lithological sequences and correlate and model the seams more accurately.

The model for the Main Seam has been updated and new models constructed for the laterally consistent 1B Lower and 1C seams within the blocks that have been drilled to date. There are a number of seams that occur inconsistently, including the 1B Upper and the 1A seam, which are currently being analysed and will also be modelled in due course. The Company believes that these seams have the potential to add further tonnage to the project.

Analytical work is progressing with identification and quantification of the coal products that can be best derived from these seams. This will be incorporated into the geological model and will lead to the establishment of a SAMREC/JORC/43-101 compliant resource statement.

Lubimbi Coal Project, Zimbabwe

The Company owns a significant interest in the 16,545 hectare Lubimbi Coal Project in the Gwaai area of the Kariba Coal Basin ('Lubimbi'). Historical work has indicated an in-situ coal tonnage in excess of 1 billion tonnes, and an ongoing drilling campaign conducted by the Company on a small area of the licence has suggested an initial in-situ tonnage of 550 million tonnes contained within the six main seams. With approximately 90% of the licence area remaining untested, the Company believes that there is strong potential for the total tonnage of the entire area to be considerably increased.

30 boreholes of the 64 borehole Phase 1 drilling programme have been completed to date. A total of 3,820m has been drilled and 226 samples weighing 2.88 tonnes have been submitted to the ALS Laboratory Group in Witbank, South Africa, for testing and initial results provide early confirmation of the open cast potential contained within the project.

South African Coal Assets

Sable Mining's interests in the South African coal sector are held through Delta Mining Consolidated Limited ('DMC').

Rietkuil Coal Project, South Africa

Rietkuil provides the Company with a near term production opportunity, although this remains subject to the grant of the relevant water licences, rail and port allocation and the reappraisal of the BFS, which was published in May 2011. The reappraisal is being conducted by Peet Snyder, the new COO of our coal division, who is extremely familiar with the district having been Director of Operations at the adjoining Keaton Energy project.

The project, which was granted a Mining Licence in December 2010, has a current SAMREC compliant gross in-situ tonnage resource of 199 million of coal (156.9 million tonnes in Measured and 42 million tonnes in Indicated categories). It is located 80km east of Johannesburg, 8km south of Delmas and is adjacent to Exxaro Resources Limited's Leeuwpan Colliery and Kuyasa Mining (Pty) Limited's Delmas Colliery, in the Mpumalanga Province of South Africa. Considerable progress has been made developing the project and other advancements include the lodging of a rehabilitation guarantee with the Department of Mines and Energy.

In addition, exploration activities have been initiated on the adjacent Matjiesgoedkuil 266IR farm ('Matjiesgoedkuil'). Matjiesgoedkuil represents the southern extension of the Rietkuil seam and historic drill holes show good coal continuity. A 25 borehole drilling programme is underway to provide further information regarding the coal seams. Initial indications look promising for Matjiesgoedkuil, and this asset is being advanced towards resource definition stage, with the objective of lengthening the mine life of its neighbour, Rietkuil.

Springbok Flats Coal Project, South Africa

DMC has exposure to the Springbok Flats Coal Project in South Africa through its agreement to acquire a 70% interest in the 9,948 hectare prospecting right held by the Bakgatla Ba Seabe Traditional Authority (the 'Ba Seabe Title') and the 24,753 hectare prospecting right held by the Bakgatla Ba Mocha Traditional Authority (the 'Ba Mocha Title'). The aforementioned titles have current non-JORC estimated coal resources of 342 million tonnes and 998 million tonnes respectively, which, on completion of the agreement (which is subject to regulatory approval in South Africa), will provide DMC with a total attributable tonnage of 938 million tonnes. The remaining 30% interest in the Ba Seabe and Ba Mocha Titles will be held by the Bakgatla Ba Seabe Traditional Authority (15%) and the Bakgatla Ba Mocha Traditional Authority (15%).

Exploration at Springbok Flats is an important strategic step as the district remains one of a few undeveloped coalfields in South Africa. The area has been the subject of various exploration campaigns in the 1970s and 1980s and a database of some 300 boreholes drilled in the immediate vicinity acquired has been evaluated and modelled. These formed the basis for an independent geologists' report in 2009 which tabulated 1.34 billion gross tonnes in situ ('GTIS') that underlie the combined Ba Seabe licence and the Ba Mocha licence.

Additional Interests

Mount Kakoulima, Guinea

Sable Mining has a majority interest in a new 298 sq km exploration permit on the Mount Kakoulima mafic-ultramafic igneous complex, 50km north-east of Conakry, Guinea ('Mount Kakoulima'). This is prospective for nickel ('Ni'), copper ('Cu'), cobalt ('Co'), chromium ('Cr') and platinum group elements ('PGE'), in addition to having significant grades of iron ('Fe'), as seen in the table below.

The Mount Kakoulima project benefits from established infrastructure, with a railway running through the property linking it to the Port of Conakry.

The Company's current focus is to examine mineral accumulations in the overlying laterite and saprolite horizons. Studies thus far have been focussed on the south-east flank of Mount Kakoulima intrusive, concentrating on an area of highly anomalous magnetics extending approximately 13km in a north east direction. This includes an area newly identified by Sable Mining's reinterpretation of both satellite imagery and existing geophysical data as a further ultra-mafic intrusive known as Kakoulima 2.

A reconnaissance drilling programme using a 160mm auger is currently underway with 50 holes having been completed over the 20km² area. A further 17 holes are planned to complete this initial programme. All analyses are being undertaken ALS Global's ISO certified laboratory in Brisbane, Australia.

Encouraging initial results have been received from the Kakoulima 2 area with significant intersections tabulated below:

Hole #	Hole depth (m)	Iron		Chromite		Nickel	
		Intercept (m)	Grade % Fe	Intercept (m)	Grade % Cr ₂ O ₃	Intercept (m)	Grade % Ni
Kak11-50	20	20	38.8	-	-	-	-
Kak11-48	17	-	-	4	2.92	-	-
Kak11-33	16	13	36.7	-	-	-	-
Kak11-32	13	13	46.9	-	-	-	-

Kak11-31	10	10	43.2	10	4.20	-	-
Kak11-30	29	29	45.1	29	4.14	12	0.63
Kak11-29	17	17	43.0	17	3.93	4	0.57

(Applying cut-offs of 30% Fe for iron, 2.4% Cr₂O₃ for chromite and 0.5% Ni for nickel)

A mineralogical study by ALS, including QEMSCAN, has been initiated to characterise mineralisation in the different lateritic layers, as a first step to scoping a metallurgical process to produce saleable products. Hand-panning of the lower saprolitic clays, where anomalous magnetic susceptibility was observed, has shown significant quantities of magnetite and chromite in panned concentrates. It is currently assumed that the magnetite is a secondary product of the decomposition of the underlying dunite (olivinite) ultramafic rock. In the lateritic sequence above the saprolite the magnetite has altered to hematite, goethite and maghemite.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2011

Condensed Consolidated Income Statement For the six month period ended 30 September 2011

	Unaudited 6 months to 30 September 2011	Unaudited 6 months to 30 September 2010	Audited year to 31 March 2011
Note	\$'000	\$'000	\$'000
Continuing Operations			
Operating expenses	(12,285)	(4,956)	(14,202)
Operating loss	(12,285)	(4,956)	(14,202)
Other gains and (losses)	(281)	627	1,392
Net finance income	628	618	1,314
Loss before taxation	(11,938)	(3,711)	(11,496)
Income tax expense	-	-	-
Loss for the period from continuing operations	(11,938)	(3,711)	(11,496)
Discontinued Operations			
Loss for the period from discontinued operations	-	(6)	300
Loss for the period	(11,938)	(3,717)	(11,196)
Loss for the period attributable to owners of the parent company	(11,828)	(3,717)	(11,091)
Loss for the period attributable to non-controlling interests	(110)	-	(105)
Loss for the period	(11,938)	(3,717)	(11,196)
Loss per share			
- Basic and diluted (cents)	5	(1.3 cents)	(0.4 cents) (1.2 cents)
Loss per share from continuing operations			
- Basic and diluted (cents)	5	(1.3 cents)	(0.4 cents) (1.3 cents)
Gain per share from discontinued operations			
- Basic and diluted (cents)	5	-	- 0.03 cents

Condensed Consolidated Statement of Comprehensive Income For the six month period ended 30 September 2011

Unaudited 6 months to 30 September	Unaudited 6 months to 30 September	Audited year to 31 March
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	2011 \$'000	2010 \$'000	2011 \$'000
Foreign exchange translation differences	10	-	(24)
Other comprehensive gain/(loss) for the period	10	-	(24)
Loss for the period	(11,938)	(3,717)	(11,196)
Total comprehensive loss for the period	(11,928)	(3,717)	(11,220)
Total comprehensive loss for the period attributable to owners of the parent company	(11,818)	(3,717)	(11,115)
Total comprehensive loss for the period attributable to non-controlling interests	(110)	-	(105)
	(11,928)	(3,717)	(11,220)

Condensed Consolidated Balance Sheet As at 30 September 2011

	Unaudited As at 30 September 2011 \$'000	Unaudited As at 30 September 2010 \$'000	Audited As at 31 March 2011 \$'000
Note			
Assets			
Non-current assets			
Intangible assets	58,083	3,943	35,347
Property, plant and equipment	7,027	412	1,871
Finance asset investment	25,190	24,456	24,456
Loan receivable	12,642	9,545	9,052
Total non-current assets	102,942	38,356	70,726
Current assets			
Trade and other receivables	3,765	3,272	2,277
Cash and cash equivalents	79,711	132,177	108,989
Total current assets	83,476	135,449	111,266
Total assets	186,418	173,805	181,992
Liabilities			
Current liabilities			
Trade and other payables	(3,153)	(2,031)	(3,565)
Net Assets	183,265	171,774	178,427
Equity			
Issued share capital	6	248,623	240,970
Share based payment reserve	7	17,316	1,455
Translation reserve		(14)	-
Retained earnings		(89,853)	(70,651)
Total equity attributable to the owners of the parent company		176,072	171,774
Non-controlling interests		7,193	-
Total Equity		183,265	171,774

Condensed Consolidated Statement of Changes in Equity

	Share Capital \$'000	Share-based payment reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000	Total \$'000
Balances at 01 April 2010	118,228	1,233	-	(66,934)	-	52,527
Loss for 6 months to 30 September 2010	-	-	-	(3,717)	-	(3,717)
Total comprehensive income for the period	-	-	-	(3,717)	-	(3,717)
Transactions with						

owners						
Share issues	122,742	-	-	-	-	122,742
Share based payment charge	-	222	-	-	-	222
Total transactions with owners	122,742	222	-	-	-	122,964
Balances at 30 September 2010	240,970	1,455	-	(70,651)	-	171,774
Loss for 6 months to 31 March 2011	-	-	-	(7,374)	(105)	(7,479)
Non-controlling interest on formation of subsidiary	-	-	-	-	14	14
Non-controlling interest on asset acquisitions	-	-	-	-	5,952	5,952
Other comprehensive income						
Exchange translation differences on foreign operations	-	-	(24)	-	-	(24)
Recycled exchange translation differences on discontinued operations	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(24)	(7,374)	5,861	(1,537)
Transactions with owners						
Share issues	7,653	-	-	-	-	7,653
Share based payment charge	-	537	-	-	-	537
Total transactions with owners	7,653	537	-	-	-	8,190
Balance at March 2011	248,623	1,992	(24)	(78,025)	5,861	178,427
Loss for 6 months to 30 September 2011	-	-	-	(11,828)	(110)	(11,938)
Non-controlling interest on asset acquisitions	-	-	-	-	1,442	1,442
Other comprehensive income						
Exchange translation differences on foreign operations	-	-	10	-	-	10
Total comprehensive income for the period	-	-	10	(11,828)	1,332	(10,486)
Transactions with owners						
Share based payment charge	-	15,324	-	-	-	15,324
Total transactions with owners	-	15,324	-	-	-	15,324
Balance at 30 September 2011	248,623	17,316	(14)	(89,853)	7,193	183,265

**Condensed Consolidated Statement of Cash Flows
For the six months to 30 September 2011**

Unaudited 6 months to 30 September	Unaudited 6 months to 30	Audited year to 31 March
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	2011	September 2010	2011
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Loss for the period from continuing operations before taxation	(11,938)	(3,711)	(11,496)
Adjustments for:			
- Depreciation of property, plant and equipment	245	3	131
- Loss/ (gain) on foreign exchange	281	(179)	(26)
- Share based payment charge	3,065	222	759
- Net interest income	(628)	(618)	(1,314)
Operating cash flow before movements in working capital	(8,975)	(4,283)	(11,946)
Working capital adjustments:			
- Increase in receivables	(1,488)	(3,206)	(2,070)
- Increase/ (decrease) in payables	(412)	377	2,346
Cash used in operations	(10,875)	(7,112)	(11,670)
Finance cost	-	-	-
Interest received	628	618	1,314
Net cash used in continuing operating activity	(10,247)	(6,494)	(10,356)
Net cash used in discontinued operating activity	-	(62)	(465)
Net cash used in operating activities	(10,247)	(6,556)	(10,821)
INVESTING ACTIVITIES			
Purchase of intangible assets	(9,036)	(3,943)	(21,741)
Purchase of property, plant and equipment	(5,401)	(378)	(1,965)
Increase in financial asset investment	(734)	(712)	(712)
Net cash used in investing in continuing activities	(15,171)	(5,033)	(24,418)
Net cash used in investing in discontinued activities	-	-	-
Net cash used in investing activities	(15,171)	(5,033)	(24,418)
FINANCING ACTIVITIES			
Proceeds from issue of share capital	-	125,659	125,659
Share issue costs	-	(2,917)	(2,917)
Increase in loan receivable	(3,590)	(9,545)	(9,052)
Net cash flow from financing activities	(3,590)	113,197	113,690
Net (decrease)/increase in cash and cash equivalents	(29,008)	101,608	78,451
Cash and cash equivalents at start of the period	108,989	30,334	30,334
Effect of foreign exchange rate changes	(270)	235	204
Cash and cash equivalents at the end of the period	79,711	132,177	108,989

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 2011 were approved for issue by the board on 21 December 2011.

The figures for the six months ended 30 September 2011 and 30 September 2010 are unaudited and do not constitute full accounts. The comparative figures for the period ended 31 March 2011 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 2011 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 2011.

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 \$'000	Unallocated \$'000	Total \$'000
Period ending 30 September 2011			
Revenue	-	-	-
Segment results			
- Operating loss	(6,878)	(5,407)	(12,285)
- Other gains/ (losses)	54	(335)	(281)
- Net finance income	-	628	628
Loss before tax from continuing activities	(6,824)	(5,114)	(11,938)
	Exploration \$'000	Unallocated \$'000	Total \$'000
Period ending 30 September 2010			
Revenue	-	-	-
Segment results			
- Operating loss	(3,588)	(1,368)	(4,956)
- Other gains	-	618	618
- Net finance income	-	627	627
Loss before tax from continuing activities	(3,588)	(123)	(3,711)

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

	Exploration \$'000	Continuing Unallocated \$'000	Discontinued Bio-energy \$'000	Group \$'000
2011				
Depreciation	241	4	-	245
2010				
Depreciation	-	3	-	3

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

	Exploration \$'000	Continuing Unallocated \$'000	Discontinued Bio-energy \$'000	Group \$'000
2011				
Assets	80,494	105,897	27	186,418
Liabilities	(2,387)	(766)	-	(3,153)
Capital Expenditure - Property, plant and equipment	5,401	-	-	5,401
Capital Expenditure - Intangible assets	22,736	-	-	22,736
2010				
Assets	15,800	157,957	48	173,805
Liabilities	(1,338)	(693)	-	(2,031)
Capital Expenditure - Property, plant and equipment	363	15	-	378
Capital Expenditure - Intangible assets	3,943	-	-	3,943

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 2011 \$'000	Unaudited 6 months to 30 September 2010 \$'000	Audited year to 31 March 2011 \$'000
Loss			
Loss for the purpose of basic loss per share (loss for the period attributable to owners of the parent company)	(11,828)	(3,717)	(11,091)
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)	(11,828)	(3,711)	(11,496)
Loss/ (gain) for the purpose of basic loss/ (gain) per share on discontinued activities (result for the period on discontinued activities attributable to owners of the parent company)	-	(6)	300
Number of shares			
Weighted average number of ordinary shares for the purposes of basic loss per share	927,473,474	902,907,289	898,992,346
Weighted average number of ordinary shares for the purposes of diluted loss per share	977,471,281	908,010,697	906,669,373
Basic and diluted loss per share	(1.3 cents)	(0.4 cents)	(1.2 cents)
Basic and diluted loss per share on continuing activities	(1.3 cents)	(0.4 cents)	(1.3 cents)
Basic and diluted gain per share on discontinued activities	-	-	0.03 cents

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

and warrants.

6. Share capital

	Ordinary shares of no par value	
	Allotted and fully paid	
	Number	\$'000
At 27 April 2007	1,000	-
Issue of shares to fund group activities	127,250,200	27,814
Acquisition of Procana Limitada	185,180,000	44,385
At 1 April 2009	312,431,200	72,199
Issue of shares to fund group activities	295,334,822	46,029
At 1 April 2010	607,766,022	118,228
Issue of shares to fund group activities	299,707,452	122,742
Issue of incentive shares	20,000,000	7,653
At 30 September 2011	927,473,474	248,623

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

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

Between 21 February 2008 and 12 August 2008, a further 58,425,600 ordinary shares were issued fully paid for cash at a price of 12.5 pence per ordinary share constituting the pre IPO funding round.

On 21 July 2008 at an extraordinary general meeting the authorised share capital was increased to 1,000,000,000 ordinary shares of no par value.

On 12 August 2008, 185,180,000 ordinary shares were issued fully paid in consideration for the acquisition of 94% of the issued share capital of Procana Limitada.

On 1 September 2008, 68,825,600 ordinary shares were issued fully paid for cash at 12.5 pence per ordinary share.

On 15 December 2009, 270,000,000 ordinary shares were issued fully paid for cash at 10 pence per ordinary share.

On 22 January 2010, 25,334,822 ordinary shares were issued fully paid for cash at 11 pence per ordinary share.

On 16 April 2010, 299,707,452 ordinary shares were issued fully paid for cash at 28 pence per ordinary share.

On 21 January 2011, 20,000,000 ordinary shares held in trust by Ely Place Nominees Limited were issued to consultants to the Company for services provided relating to acquisitions of intangible exploration interests during the year.

Share capital is stated net of share issue costs of \$7,447,000 (2010: \$2,465,000).

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

Share Options

At 30 September 2011, the following options over ordinary shares of no par value have been granted to directors and employees and remain unexercised:

Date of Grant	Number of shares	Exercise price	Exercise period
31 July 2008	4,000,000	30p	31 July 2008 to 30 July 2013

01 December 2008	4,000,000	12.5p	01 December 2008 to 30 November 2013
17 March 2010	1,000,000	28p	17 March 2011 to 16 March 2016
01 September 2010	2,000,000	20p	01 September 2011 to 31 August 2016
01 October 2010	600,000	20p	01 October 2011 to 30 September 2016
01 October 2010	500,000	20p	01 October 2012 to 30 September 2017

Warrants

At 30 September 2011, the following warrants over ordinary shares of the Company had been granted and not yet exercised:

Date of grant	Number of shares	Exercise price	Exercise period
12 January 2010	4,000,000	10p	Until 12 January 2015
12 January 2010	4,000,000	20p	Until 12 January 2015
16 February 2010	500,000	12p	Until 2 February 2015
16 February 2010	500,000	22p	Until 2 February 2015
11 May 2011	50,000,000	2p	Until 10 December 2015 (see note 7)

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 2011, 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 2010	9,000,000	21.8p
Granted during the period	2,000,000	20.0p
Lapsed during the period	-	-
Outstanding at 30 September 2010	11,000,000	21.8p
Granted during the period	3,100,000	20.0p
Lapsed during the period	-	-
Outstanding at 1 April 2011	14,100,000	21.3p
Granted during the period	-	-
Lapsed during the period	2,000,000	20.0p
Outstanding at 30 September 2011	12,100,000	21.5p
Exercisable at 30 September 2010	8,000,000	21.3p
Exercisable at 31 March 2011	9,000,000	21.8p
Exercisable at 30 September 2011	11,000,000	21.6p

At 30 September 2011, the weighted average remaining contractual life of the options outstanding was 3 years (2010: 3.2 years)

Equity settled warrants

At 30 September 2011, the following warrants have been issued and remain unexercised:

Number of	Weighted average
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Date of grant	options	Exercise price
Outstanding at 1 April 2010	9,000,000	15.2p
Granted during the period	-	-
Lapsed during the period	-	-
Outstanding at 30 September 2010	9,000,000	15.2p
Granted during the period	-	-
Lapsed during the period	-	-
Outstanding at 1 April 2011	9,000,000	15.2p
Granted during the period (a)	50,000,000	2p
Lapsed during the period	-	-
Outstanding at 30 September 2011	59,000,000	4p
Exercisable at 30 September 2010	9,000,000	15.2p
Exercisable at 31 March 2011	9,000,000	15.2p
Exercisable at 30 September 2011	59,000,000	4p

(a) On 10 December 2010, the Company constituted a warrant instrument (the "Instrument") with a view to granting warrants under the Instrument as incentives to the Group's employees, consultants and agents or in connection with future transactions by the Company. The instrument provides that the Company may issue up to 100 million warrants to subscribe for ordinary shares at an exercise price of 2 pence per share. On 11 May 2011, 50 million warrants were granted to employees and consultants of the Group.

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.

At 30 September 2011, the weighted average remaining contractual life of the warrants outstanding was 3.6 years (2010: 4.3 years).

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

	2011	2010
Share price at the date of grant - options issued	Market price	Market price
Share price at the date of grant - warrants issued	20.5p	11p-20p
Risk free interest rate	1.69% - 2.14%	2.26% - 2.79%
Annual dividend yield	Nil	Nil
Expected volatility	52% - 53%	93% - 95%
Expected period until exercise after vesting	2 - 4.6 years	2.5 years
Fair value at the date of grant - options	9p	15.9p
Fair value at the date of grant - warrants	1.9p	4.9p to 13.4p

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.

8. Post balance sheet events

On 3 October 2011 the Group formally completed the acquisition of the 27.5% stake in Delta Mining Consolidated Ltd ("DMC") previously held by Rannerdale Limited, a wholly owned subsidiary of London Mining plc, following receipt of all necessary approvals for completion of the transaction. The Group now holds a 63.5% interest in DMC.

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