

Sable Mining Africa Limited ('Sable Mining' or 'the Company')
BFS Demonstrates Economic Viability of Rietkuil Coal Project in South Africa

Sable Mining Africa Limited, the AIM listed resource company, is pleased to announce the publication of the Bankable Feasibility Study ('BFS' or 'the Report') on Delta Mining Consolidated Limited's ('DMC') Rietkuil Coal Project in South Africa ('Rietkuil' or 'the Project').

Overview:

- The BFS supports the viability of an open pit coal mining operation at Rietkuil capable of producing 2.6 Mtpa run of mine over a 30 year life of mine ('LOM')
- Net present value ('NPV') in real terms of R803.3 million, at a 7.4% discount rate
- Internal rate of return ('IRR') of 17.2% and payback period of five years
- Estimated initial capital expenditure of R906 million
- The Project is located in close proximity to established infrastructure including rail and roads linking the mine to the port of Richard's Bay
- Eskom, South Africa's largest consumer of domestic coal, has a power station 30km away from Rietkuil – potential for off-take agreement
- Exploration programme commenced on wider Rietkuil area, including the adjacent Matjiesgoedkuil 266IR farm – potential to increase the current SAMREC compliant 199.9 million tonnes resource and extend Rietkuil LOM beyond 30 years

Sable Mining CEO Andrew Groves said, "The completion of the BFS on the Rietkuil Project is a showcase of the Company's ability to deliver a quality project that is now one of a few coal projects in South Africa that is about to be transformed into an operating entity. Having been granted a Mining Licence at Rietkuil in December 2010, we are now in a position to rapidly move forward with development of the mine."

The Rietkuil project, which has a SAMREC compliant gross in-situ tonnage resource of (156.9Mt in Measured and 42Mt in Indicated categories) is located 80km east of Johannesburg, 8km south of Delmas and is adjacent to Exxaro Resources Limited's Leeuwan Colliery and Kuyasa Mining (Pty) Limited's Delmas Colliery, situated in the Mpumalanga Province.

The BFS, which was completed by SRK Consulting, refines the information of the 2009 Feasibility Report to an accuracy of $\pm 10\%$ and highlights the salient facts with the objective of establishing the optimal path to production at Rietkuil. The Report establishes the requirements, design criteria and preliminary design for an efficient Beneficiation Plant delivering 2.6 Mtpa of coal product for local, export and thermal

markets over a minimum 30 year LOM. The BFS also supports an IRR of 17.2%, a payback period of five years from the commencement of construction and estimated initial capital expenditure of R906 million.

Rietkuil has the benefit of being in close proximity to established infrastructure including rail and roads linking the mine to the port of Richard's Bay and domestic clients. The Project has been allocated a rail siding number, further improving access to export markets. Importantly, Rietkuil is also located approximately 30km from the nearest Eskom power station, and a tender has been submitted to become one of Eskom's preferred suppliers. Eskom is South Africa's largest consumer of domestic coal, and it is DMC's intention to target Eskom as a major off-take customer for its power station grade product.

The Company is currently in an advanced stage of negotiations with Quattro and Transnet to secure rail and harbour allocation. The Company remains optimistic that these negotiations will be concluded in due course. The BFS is predicated on selling 50% of the saleable product to domestic markets. However, the Company is negotiating to obtain sufficient rail and harbour allocation for up to 90% of product. As export prices are significantly higher than domestic prices, the increase in rail and harbour allocation, if achieved, should result in a substantial increase to the NPV of the Project.

In addition to the resource on Rietkuil, the Company has initiated exploration drilling on the adjacent farm Matjiesgoedkuil 266IR. The initial drilling results indicate similar coal as present on Rietkuil Mine. The addition of this resource will extend the LOM beyond 30 years and further improve the economic fundamentals of the wider Rietkuil project.

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