Middle East Diamond Resources Limited
(formerly Sable Metals and Minerals Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2001/006539/06)
JSE share code: MED ISIN: ZAE000211876
("MEDR or "the company" or "the group")

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE 6 MONTHS ENDED 31 AUGUST 2020, 31 AUGUST 2019, 31 AUGUST 2018 AND 31 AUGUST 2017

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020, 31 AUGUST 2019, 31 AUGUST 2018 AND 31 AUGUST 2017

	Unaudited 6 months ended 31 Aug 2020	Audited year ended 29 Feb 2020	Unaudited 6 months ended 31 Aug 2019	Audited year ended 28 Feb 2019	Unaudited 6 months ended 31 Aug 2018	Audited year ended 28 Feb 2018	Unaudited 6 months ended 31 Aug 2017	Audited year ended 28 Feb 2017	Unaudited 6 months ended 31 Aug 2016
Assets									**RESTATED**
Non-Current Assets									
Other Financial Assets	249,516	249,516	249,516	249,516	249,516	249,516	249,516	249,516	249,515
Current Assets									
Trade and other receivables	1,841,059	1,706,059	1,523,453	1,336,509	1,199,797	1,055,556	903,534	842,879	273,646
Cash and cash equivalents	1,603	1,603	1,603	1,603	1,603	1,603	1,603	1,603	5,483
	1,842,662	1,707,662	1,525,056	1,338,112	1,201,400	1,057,159	905,137	844,482	279,129
Total Assets	2,092,178	1,957,178	1,774,572	1,587,628	1,450,916	1,306,675	1,154,653	1,093,998	528,644
Equity and Liabilities									
Equity									
Share Capital	99,468,435	99,468,435	99,468,435	99,468,435	99,468,435	99,468,435	99,468,435	99,468,435	99,468,435
Accumulated loss	(117,488,963)	(116,004,390)	(114,594,111)	(113,402,161)	(112,348,226)	(111,262,788)	(109,129,718)	(108,383,083)	(103,051,247)
Equity attributable to owners of the parent	(18,020,528)	(16,535,955)	(15,125,676)	(13,933,726)	(12,879,791)	(11,794,353)	(9,661,283)	(8,914,648)	(3,582,812)
Non-controlling interest	(12,969)	(12,969)	(12,969)	(12,969)	(12,969)	(12,969)	(12,969)	(12,969)	(12,969)
Total equity	(18,033,497)	(16,548,924)	(15,138,645)	(13,946,695)	(12,892,760)	(11,807,322)	(9,674,252)	(8,927,617)	(3,595,781)
Liabilities									
Non-Current Liabilities									
Other financial liabilities	15,900,182	14,865,182	13,798,437	12,692,850	11,546,994	10,380,507	8,118,626	7,511,315	317,520
Current Liabilities									
Other financial liabilities	-	-	-	-	-	-	-	104,500	-
Trade and other payables	4,225,272	3,640,552	3,114,615	2,841,173	2,794,651	2,733,435	2,710,098	2,405,731	3,806,905
Bank overdraft	221	368	165	300	2,031	55	181	69	-
	4,225,493	3,640,920	3,114,780	2,841,473	2,796,682	2,733,490	2,710,279	2,510,300	3,806,905
Total Liabilities	20,125,675	18,506,102	16,913,217	15,534,323	14,343,676	13,113,997	10,828,905	10,021,615	4,124,425
Total Equity and Liabilities	2,092,178	1,957,178	1,774,572	1,587,628	1,450,916	1,306,675	1,154,653	1,093,998	528,644
Issued shares (number)	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517
Net asset value per share (cents)	(4.14)	(3.80)	(3.48)	(3.20)	(2.96)	(2.71)	(2.22)	(2.05)	(0.82)
Tangible net asset value per share (cents)	(4.14)	(3.80)	(3.48)	(3.20)	(2.96)	(2.71)	(2.22)	(2.05)	(0.82)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED 31 AUGUST 2020, 31 AUGUST 2019, 31 AUGUST 2018 AND 31 AUGUST 2017

	Unaudited 6 months ended 31 Aug 2020	Audited year ended 29 Feb 2020	Unaudited 6 months ended 31 Aug 2019	Audited year ended 28 Feb 2019	Unaudited 6 months ended 31 Aug 2018	Audited year ended 28 Feb 2018	Unaudited 6 months ended 31 Aug 2017	Audited year ended 28 Feb 2017	Unaudited 6 months ended 31 Aug 2016
Sales	-	-	-	-	-	1,318,694	1,318,694	-	-
Cost of Sales	-	-	-	-	-	1,256,930	1,256,930	-	-
Gross profit	-	-	-	-	-	61,764	61,764	-	-
Operating expenses	(1,484,573)	(2,473,494)	(1,113,980)	(1,999,614)	(998,243)	(2,825,575)	(737,439)	(7,999,298)	(1,489,660)
Operating loss	(1,484,573)	(2,473,494)	(1,113,980)	(1,999,614)	(998,243)	(2,763,811)	(675,675)	(7,999,298)	(1,489,660)
Finance costs	-	(128,735)	(77,970)	(139,759)	(87,195)	(115,894)	(70,960)	(88,537)	(36,808)
Loss before taxation	(1,484,573)	(2,602,229)	(1,191,950)	(2,139,373)	(1,085,438)	(2,879,705)	(746,635)	(8,087,835)	(1,526,468)
Taxation	-	-	-	-	-	-	-	-	-
Loss for the year from continuing operations	(1,484,573)	(2,602,229)	(1,191,950)	(2,139,373)	(1,085,438)	(2,879,705)	(746,635)	(8,087,835)	(1,526,468)
Loss for the period attributable to:									
Owners of the parent	(1,484,573)	(2,602,229)	(1,191,950)	(2,139,373)	(1,085,438)	(2,879,705)	(746,635)	(8,087,835)	(1,526,468)
Non-controlling interest	-	-	-	-	-	-	-	-	-
Loss for the period	(1,484,573)	(2,602,229)	(1,191,950)	(2,139,373)	(1,085,438)	(2,879,705)	(746,635)	(8,087,835)	(1,526,468)
Headline loss reconciliation - continuing operations									
Net loss for the year	(1,484,573)	(2,602,229)	(1,191,950)	(2,139,373)	(1,085,438)	(2,879,705)	(746,635)	(8,087,835)	(1,526,468)
Headline loss	(1,484,573)	(2,602,229)	(1,191,950)	(2,139,373)	(1,085,438)	(2,879,705)	(746,635)	(8,087,835)	(1,526,468)
Weighted average number of shares	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517
Fully diluted WA number of shares	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517	435,126,517
Loss per share (cents)	(0.34)	(0.60)	(0.27)	(0.49)	(0.25)	(0.66)	(0.17)	(1.86)	(0.35)
Diluted loss per share (cents)	(0.34)	(0.60)	(0.27)	(0.49)	(0.25)	(0.66)	(0.17)	(1.86)	(0.35)
Headline loss per share (cents)	(0.34)	(0.60)	(0.27)	(0.49)	(0.25)	(0.66)	(0.17)	(1.86)	(0.35)
Diluted headline loss per share (cents)	(0.34)	(0.60)	(0.27)	(0.49)	(0.25)	(0.66)	(0.17)	(1.86)	(0.35)

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 2020, 31 AUGUST 2019, 31 AUGUST 2018 AND 31 AUGUST 2017

	Share Capital	Share-based payment reserve	Accumulated loss	Non-controlling interest	Total Equity
Balance at 1 March 2015	97,889,857	1,778,618	(100,928,894)	(88,578)	(1,348,997)
Familia loan restatement	(10,000,000)				(10,000,000)
Restated balance - 1 March 2015	87,889,857	1,778,618	(100,928,894)	(88,578)	(11,348,997)
Comprehensive loss for the year			(270,896)	(312,000)	(582,896)
Transactions with owners in their capacity as owners of equity					
Subscription for shares	8,000,000				8,000,000
Capitalisation costs on subscription	(245,218)				(245,218)
Share incentive scheme charge		2,045,178			2,045,178
Disposal of subsidiary				62,620	62,620
Transfer from other reserves	3,823,796	(3,823,796)			-
Balance at 29 February 2016 as previously presented	99,468,435	-	(101,199,790)	(337,958)	(2,069,313)
Correction of error as disclosed in the audited financial statements			(324,989)	324,989	-
Balance at 1 March 2016 as restated	99,468,435	-	(101,524,779)	(12,969)	(2,069,313)
Comprehensive loss for the period			(1,526,468)		(1,526,468)
Balance at 31 August 2016 as restated	99,468,435	-	(103,051,247)	(12,969)	(3,595,781)
Comprehensive loss for the period			(5,331,836)		(5,331,836)
Balance at 28 February 2017	99,468,435	-	(108,383,083)	(12,969)	(8,927,617)
Comprehensive loss for the period			(746,635)		(746,635)
Balance at 31 August 2017	99,468,435	-	(109,129,718)	(12,969)	(9,674,252)
Comprehensive loss for the period			(2,133,070)		(2,133,070)
Balance at 28 February 2018	99,468,435	-	(111,262,788)	(12,969)	(11,807,322)
Comprehensive loss for the period			(1,085,438)		(1,085,438)
Balance at 31 August 2018	99,468,435	-	(112,348,226)	(12,969)	(12,892,760)
Comprehensive loss for the period			(1,053,935)		(1,053,935)
Balance at 28 February 2019	99,468,435	-	(113,402,161)	(12,969)	(13,946,695)
Comprehensive loss for the period			(1,191,950)		(1,191,950)
Balance at 31 August 2019	99,468,435	-	(114,594,111)	(12,969)	(15,138,645)
Comprehensive loss for the period			(1,410,279)		(1,410,279)
Balance at 29 February 2020	99,468,435	-	(116,004,390)	(12,969)	(16,548,924)
Comprehensive loss for the period			(1,484,573)		(1,484,573)
Balance at 31 August 2020	99,468,435	-	(117,488,963)	(12,969)	(18,033,497)

CONDENSED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDED 31 AUGUST 2020, 31 AUGUST 2019, 31 AUGUST 2018 AND 31 AUGUST 2017

	Unaudited 6 months ended 31 Aug 2020	Audited year ended 29 Feb 2020	Unaudited 6 months ended 31 Aug 2019	Audited year ended 28 Feb 2019	Unaudited 6 months ended 31 Aug 2018	Audited year ended 28 Feb 2018	Unaudited 6 months ended 31 Aug 2017	Audited year ended 28 Feb 2017	Unaudited 6 months ended 31 Aug 2016
Cash flows from operating activities									
Cash utilised in operations	(1,034,853)	(160,541)	(1,027,482)	(267,480)	(1,081,268)	(970,068)	(431,963)	(3,068,229)	(674,946)
Finance costs paid		(128,735)	(77,970)	(139,759)	(87,195)	(115,894)	(70,960)	(88,537)	(36,808)
Net cash from operating activities	(1,034,853)	(289,276)	(1,105,452)	(407,239)	(1,168,463)	(1,085,962)	(502,923)	(3,156,766)	(711,754)
Cash flows from investing activities									
Net cash from investing activities	-	-	-	-	-	-	-	(1)	-
Cash flows from financing activities									
Proceeds from financial liabilities	1,035,000	289,208	1,105,587	406,994	1,166,487	1,527,976	502,811	2,898,083	317,520
Net cash from financing activities	1,035,000	289,208	1,105,587	406,994	1,166,487	1,085,976	502,811	2,758,585	317,520
Total cash movement for the year	147	(68)	135	(245)	(1,976)	14	(112)	(398,182)	(394,234)
Cash at the beginning of the year	1,235	1,303	1,303	1,548	1,548	1,534	1,534	399,716	399,716
Cash at the end of the year	1,382	1,235	1,438	1,303	(428)	1,548	1,422	1,534	5,482

OPERATIONS, MARKETS AND FINANCIAL PERFORMANCE

Financial performance

The group is still in the exploration phase and is investigating various acquisitions and therefore does not generate cash from its activities.

The company's expenses mainly consist of management fees and general costs related to a listed entity. Management continue to monitor the cash flow situation on an ongoing basis, and take steps to reduce expenditure.

As is common with many junior exploration and mining companies, the group raises capital for exploration and other projects as and when required.

TRANSACTIONS

Rights offer

Shareholders approved the consolidation of the shares on a 100:1 basis as well an increase of authorised share capital to R1,5bn shares on 14 August 2020. The SENS announcement of 25 May 2020 informed shareholders that the company intends to do a partially underwritten rights issue of R30m (of which R16,3m has been subscribed and that the CEO, James Allan, has committed to follow his rights of R2.1m) in order to prepare the Annual Financial Statements, pay outstanding creditors and assist MEDR with future acquisitions. It is anticipated that the rights issue circular will be sent to shareholders as soon as the suspension from the JSE is lifted and the rights offer has been approved by the JSE.

Acquisitions – Casa Mining Limited

A Heads of Agreement had been entered into on the 6 November 2020 with Chun Can Capital Group or its Nominee, a company incorporated in The State of Nevada USA ("Purchaser") which holds 100% of Casa Mining Limited ("Casa") to acquire all the issued shares of and claims in Casa with effect from the date that all conditions precedent have been met. On 1 February 2021 it was announced that various conditions precedent had not been met and this agreement was cancelled.

Stepford Company Limited

A Heads of Agreement had also been entered into with Stepford Company Limited ("Stepford") on the 9 November 2020, a company incorporated in Ghana to acquire 50% of the issued shares of and claims in Stepford from the shareholders of Stepford with effect from the date that all conditions precedent have been met.

SEGMENT REPORTING

Whilst the company retains various platinum prospecting rights, during the period the group currently operated in one segment relating to the expenditure on acquisitions in the diamond sector.

BASIS OF PREPARATION

The groups financial results for the 6 months ended 31 August 2020 constitute a summary prepared in accordance with the JSE Listings Requirements, the South African Companies Act, 2008 as amended (the Companies Act), and the recognition and measurement requirements of International Financial Reporting Standards (IFRS) and the presentation and disclosure requirements of IAS 34 and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee or its successor of the group's audited financial statements.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements comply with IFRS and are consistent with those used in the annual financial statements for the year ended 29 February 2020.

The interim financial statements have been prepared by Deon Botha CA (SA), appointed as part-time financial director on 4 December 2020.

GOING CONCERN

The group continued to incur losses in the 6 month period. The interim results have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments, will occur in the ordinary course of business.

MEDR is an exploration company not yet in a cash generating position which is obliged to fund exploration through equity investments. The group is currently exploring options available to it to enable it to raise further capital in order to continue its exploration and acquisition programme and to cover all general and administration costs. The group's future prospects and stability rely on its ability to raise further capital for the ensuing years.

At 31 August 2020 the group had negative equity attributable to equity holders of R18 million. The group incurred a net loss of R1,484,573 for the period (August 2019: R1,191,950, August 2018: R1,085,438, August 2017: R746,635, August 2016: R4,549,533) and, as that date, the group's total liabilities, fairly valued, exceeded its total assets by R18 million.

It should be noted that the majority of this liability is to Sable Platinum Mining Limited, the company that was spun off in terms of the restructuring of the group in January 2016, and to current directors.

DIVIDEND POLICY

No dividend has been declared for the interim period.

CHANGES TO THE BOARD

The following changes were made to the board for the period 1 March 2017 to date:

Eshaan Singh	Resigned 29 July 2016, Reappointed 7 February 2017
Afzal Ahmed Jagot	Appointed 29 July 2016, Resigned 4 January 2017
Charles Philip Mostert	Resigned 29 July 2016, Reappointed 7 February 2017
David Norton Levithan	Resigned 20 September 2016
Richard Mhlontlo	Appointed 29 July 2016, Resigned 14 January 2019
Deon Botha CA (SA)	Appointed as part-time financial director - 4 December 2020
Enver Mohamed Motala	Appointed 28 January 2021

LITIGATION

The company is not aware of any legal or arbitration proceedings (including any such proceedings which are pending or threatened), which may have or may have had, in the last 6 months, a material effect on the group's financial position.

EVENTS AFTER THE REPORTING PERIOD

The two transactions referred to above took place after the reporting period of 31 August 2020.

By order of the board
Sandton
25 February 2021

Executive directors: James Allan (chief executive officer), Deon Botha (financial director - part-time)
Non-executive directors: Sheikh Abdulla Khalfan Humaid Nasser, Said Tinawi, Enver Motala
Independent non-executive directors: Charles Mostert, Eshaan Singh
Registration number: 2001/006539/06
Registered address: Kingsley Office Park, 85 Protea Road, Chislehurston, 2196
Business postal address: PO Box 411130, Craighall, 2024
Company secretary: Claire Middlemiss
Transfer secretaries: Computershare Investor Services Proprietary Limited
Sponsor: Exchange Sponsors (2008) Proprietary Limited