

## 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 2021

#### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2021

	Unaudited 6 months ended 31 Aug 2021	Audited year ended 28 Feb 2021	Unaudited 6 months ended 31 Aug 2020
<b>Assets</b>			
<b>Non-Current Assets</b>			
Other Financial Assets	-	-	249 516
<b>Current Assets</b>			
Trade and other receivables	2 191 645	2 056 645	1 841 059
Cash and cash equivalents	3 726	5 561	1 603
	2 195 371	2 062 206	1 842 662
<b>Total Assets</b>	2 195 371	2 062 206	2 092 178
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share Capital	99 468 435	99 468 435	99 468 435
Accumulated loss	(120 899 782)	(119 320 293)	(117 488 963)
Equity attributable to owners of the parent	(21 431 347)	(19 851 858)	(18 020 528)
Non-controlling interest	(12 969)	(12 969)	(12 969)
Total equity	(21 444 316)	(19 864 827)	(18 033 497)
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	20 290 850	19 155 850	15 900 182
<b>Current Liabilities</b>			
Trade and other payables	3 335 438	2 757 784	4 225 272
Taxation	13 399	13 399	
Bank overdraft	-	-	221
	3 348 837	2 771 183	4 225 493
<b>Total Liabilities</b>	23 639 687	21 927 033	20 125 675
<b>Total Equity and Liabilities</b>	2 195 371	2 062 206	2 092 178

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS  
ENDED 31 AUGUST 2021**

	Unaudited 6 months ended 31 Aug 2021	Audited year ended 28 Feb 2021	Unaudited 6 months ended 31 Aug 2020
Finance income	-	47 855	-
Operating expenses	(1 579 489)	(3 297 452)	(1 484 573)
<b>Operating loss</b>	<b>(1 579 489)</b>	<b>(3 249 597)</b>	<b>(1 484 573)</b>
Finance costs	-	(52 907)	-
<b>Loss before taxation</b>	<b>(1 579 489)</b>	<b>(3 302 504)</b>	<b>(1 484 573)</b>
Taxation	-	13 399	-
<b>Loss for the year from continuing operations</b>	<b>(1 579 489)</b>	<b>(3 315 903)</b>	<b>(1 484 573)</b>
Loss for the period attributable to:			
Owners of the parent	(1 579 489)	(3 315 903)	(1 484 573)
Non-controlling interest	-	-	-
<b>Loss for the period</b>	<b>(1 579 489)</b>	<b>(3 315 903)</b>	<b>(1 484 573)</b>
<b>Headline loss reconciliation - continuing operations</b>			
Net loss for the year	(1 579 489)	(3 315 903)	(1 484 573)
Headline loss	(1 579 489)	(3 315 903)	(1 484 573)
Weighted average number of shares	4 351 265	4 351 265	4 351 265
Fully diluted WA number of shares	4 351 265	4 351 265	4 351 265
Loss per share (cents)	(36,30)	(76,21)	(34,12)
Diluted loss per share (cents)	(36,30)	(76,21)	(34,12)
Headline loss per share (cents)	(36,30)	(76,21)	(34,12)
Diluted headline loss per share (cents)	(36,30)	(76,21)	(34,12)

---

**CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 AUGUST 2021**

---

	Share Capital	Accumulated loss	Total	Non- controlling interest	Total Equity
<b>Balance at 1 March 2019</b>	99 468 435	(113 402 161)	(13 933 726)	(12 969)	(13 946 695)
Comprehensive loss for the period		(1 191 950)	(1 191 950)		(1 191 950)
<b>Balance at 31 August 2019</b>	99 468 435	(114 594 111)	(15 125 676)	(12 969)	(15 138 645)
Comprehensive loss for the period		(1 410 279)	(1 410 279)		(1 410 279)
<b>Balance at 29 February 2020</b>	99 468 435	(116 004 390)	(16 535 955)	(12 969)	(16 548 924)
Comprehensive loss for the period		(1 484 573)	(1 484 573)		(1 484 573)
<b>Balance at 31 August 2020</b>	99 468 435	(117 488 963)	(18 020 528)	(12 969)	(18 033 497)
Comprehensive loss for the period		(1 831 330)	(1 831 330)		(1 831 330)
<b>Balance at 28 February 2021</b>	99 468 435	(119 320 293)	(19 851 858)	(12 969)	(19 864 827)
Comprehensive loss for the period		(1 579 489)	(1 579 489)		(3 158 978)
<b>Balance at 31 August 2021</b>	99 468 435	(120 899 782)	(21 431 347)	(12 969)	(23 023 805)

**CONDENSED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS  
ENDED 31 AUGUST 2021**

	Unaudited 6 months ended 31 Aug 2021	Audited year ended 28 Feb 2021	Unaudited 6 months ended 31 Aug 2020
<b>Cash flows from operating activities</b>			
Cash utilised in operations	(121 017)	(354 005)	(1 034 853)
Finance income received	-	47 855	-
Finance costs paid	-	(52 907)	-
<b>Net cash from operating activities</b>	<b>(121 017)</b>	<b>(359 057)</b>	<b>(1 034 853)</b>
<b>Cash flows from investing activities</b>			
Proceeds from restricted cash	-	247 517	-
<b>Net cash from investing activities</b>	<b>-</b>	<b>247 517</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from financial liabilities	119 162	508 866	1 035 000
Payment of financial liabilities	-	(395 000)	-
<b>Net cash from financing activities</b>	<b>119 162</b>	<b>113 866</b>	<b>1 035 000</b>
Total cash movement for the year	(1 855)	4 326	147
Cash at the beginning of the year	5 561	1 235	1 235
Cash at the end of the year	3 706	5 561	1 382

## **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 continues to monitor the cash flow situation on an ongoing basis.

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

There have been no changes to the status of mineral right applications at the Department of Minerals and Energy since 1 March 2020. Refer to the Integrated Annual Report of FY 2020 for details of these applications.

## **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 R18.6m has been subscribed and that the CEO, James Allan, has committed to follow his rights of R2.1m) convert debt into equity, 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.

## **SEGMENT REPORTING**

Whilst the company has prospecting rights that have been granted, but not executed and rights under application the group currently operates in one segment.

## **BASIS OF PREPARATION**

The groups financial results for the six months ended 31 August 2021 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 28 February 2021.

The interim financial statements have been prepared by Deon Botha CA (SA).

## **GOING CONCERN**

The group continued to incur losses in the six 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 2021 the group had negative equity attributable to equity holders of R21,4 million. The group incurred a net loss of R1,579,489 for the period and, as that date, the group's total liabilities, fairly valued, exceeded its total assets by R21,4 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**

There were no changes made to the board for the period 1 March 2021 to date.

#### **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**

No transactions took place after the reporting period of 31 August 2021 to date.

#### **By order of the board**

Sandton

5 October 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, Chislehurst, 2196

**Business postal address:** PO Box 411130, Craighall, 2024

**Company secretary:** Claire Middlemiss

**Transfer secretaries:** CTSE Registry Services (Pty) Ltd

**Sponsor:** Exchange Sponsors (2008) (Pty) Ltd