ANNUAL REPORT 2014

Mine Restoration
INVESTMENTS LIMITED

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Directors	R Tait (Chief Executive Officer) AT Meyer (Financial Director) CB Roed (Lead Independent Non-Executive Director) QJ George (Non-Executive Chairman) J Lewis (Non-Executive Director) SJM Caddy (Independent Non-Executive Director)
Registered office	Route 21 Corporate Park 45 Sovereign Drive Ground Floor Unit C Irene X30 0046
Business address	Route 21 Corporate Park 45 Sovereign Drive Ground Floor Unit C Irene X30 0046
Postal address	PO Box 825 Irene Pretoria 0062
Auditor	Horwath Leveton Boner Chartered Accountants (S.A.) Registered Auditor
Secretary	Neil Esterhuysen & Associates Incorporated
Company registration number	1987/004821/06
Level of assurance	These consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008
Preparer	The consolidated audited financial statements were internally compiled by: AT Meyer Financial Director

INDEX

Sustainability

Introduction

The directors of Mine Restoration Investments Limited **("MRI")** are pleased to present to stakeholders the MRI Group's integrated sustainability and corporate governance report. The board of directors **("the Board")** will continue to broaden and deepen the contents of this report. This will be done in conjunction with stakeholders to ensure that meaningful, understandable and useful information is available on a timely basis, thereby achieving true transparency and facilitating the building of a trusted relationship with all stakeholders.

Corporate Governance

Introduction

The MRI Group endorses the principles contained in the King III report on corporate governance and confirms its commitment to the principles of fairness, accountability, responsibility and transparency as advocated therein. The Board continuously strives to ensure that the MRI Group is being ethically managed according to prudently determined risk parameters and in compliance with generally accepted corporate practices and conduct.

The Board

MRI retains a unitary board structure. As at the date of this report, the Board consists of two non-executive directors, two executive directors, and two independent non-executive directors. The non-executive directors are of sufficient caliber for their views to carry significant weight in the Board's decisions. The Board is assisted in fulfilling its duties by a Combined Audit and Risk Committee **("CARC")**, a Combined Remuneration and Nomination Committee **("CRNC")** and a Combined Social and Ethics Committee **("CSEC")**.

The Board, which is chaired by a non-executive chairman, is scheduled to sit at least four times a year, but meets more frequently if circumstances require it to do so. Since the last Annual General Meeting, held on 4 September 2013, four board meetings have been held during the period under review, and one after year end and before the date of this report.

The Board discloses the number of meetings held each year in the annual report of the Company, together with the attendance of the directors at such meetings. A formal record is kept of all conclusions reached by the Board on matters referred to it for discussion. Where the Board requires independent professional advice, procedures have been put in place by the Board for such advice to be sought at the Company's expense. The Chairman or Chief Executive Officer ensures that all directors are adequately briefed prior to a Board meeting.

Directors are expected to maintain their independence when deciding on matters relating to strategy, performance, resources and standards of conduct. The Board will regularly assess the independence of each director. After appointment, all directors are provided with information on the business and are expected to familiarize themselves with the Company's strategic plans and objectives, and other relevant laws and regulations. Up to the date of this report, the focus of the directors was on implementing and maintaining effective corporate governance of MRI whilst at the same time providing support to operational staff in the execution of its coal fines processing and briquetting project. The Board also requested a detailed evaluation from management of the financial viability of the Acid Mine Drainage **("AMD")** project, on which basis it was decided to impair the asset. The Board, however, continues to oversee management's efforts to commercialise the intellectual property developed for the AMD project, as well as coal fines processing and briquetting.

Updating and training is performed on an on-going basis to ensure that directors remain abreast of changes in regulations and the commercial environment.

The Board is responsible for relations with stakeholders, as well as being accountable to them for the performance of the Company, and reporting thereon in a timely and transparent manner.

The Board includes both executive and non-executive directors in order to maintain a balance of power and ensure independent unbiased decisions.

Management supplies the Board with the relevant information needed to fulfil its duties. Directors make further enquiries where necessary, and thus have unrestricted access to all Company information, records, documents and property. Not only does the Board look at the quantitative performance of the Company, but also at issues such as customer satisfaction, market share, environmental performance and other relevant issues.

Directors have the authority to delegate certain of their duties, either externally or internally, in order to perform their duties.

At a meeting of the directors, the directors have the power to nominate a director, either to fill a vacancy, or as an additional director, provided that the total number of directors shall not at any time exceed the maximum number fixed by the memorandum of incorporation.

The Board is responsible for overseeing the preparation, integrity and fair presentation of the financial statements and related information included in the annual report. The Board has ultimate responsibility for ensuring that adequate accounting records and effective systems of internal control are being maintained. To enable the Board to meet its responsibilities, it employs adequately trained and skilled personnel to implement and maintain the accounting records and systems of control in line with the requirements of the Mining Regulations.

Independence of the Board

The role of Chairman and Chief Executive Officer are separate as required by the King III report on corporate governance. The Board is chaired by a non-executive director, Quinton George and the position of Chief Executive Officer is held by Richard Tait. The non-executive directors are not appointed under service contracts and their remuneration is not linked to the Company's financial performance.

The predominance of non-executive directors on the Board helps maintain a balance of power and ensures independent decision-making. The non-executive directors offer independent judgment and there are no extraneous factors that could materially affect their judgment. If there is an actual or potential conflict of interest, the director (executive or non-executive) concerned, after declaring his/her interest in terms of the Companies Act 71 of 28 ("Companies Act"), is excluded from the related decision-making process.

Appointment and re-election of the directors

Appointments to the Board are currently based on the needs of the Company as assessed from time to time. Consideration is given to their qualifications when nominating prospective directors. Appointments are made at meetings of the Board with subsequent confirmation by shareholders in a shareholders meeting.

Messers George and Roed, retire by rotation at the annual general meeting in accordance with the provisions of the Company's memorandum of incorporation **("MOI").** They also offer themselves for re-election. A brief CV of each director is included on page 19 of this annual report.

Role and function of the Board

The MOI of the Company is the charter which governs the directors' roles and responsibilities. The Board retains full and effective control over the Company, provides strategic direction and delegates certain powers to management. The day-to-day management of the Company is vested in the executive directors.

The Board determines the Company's purpose and values, ensures that it complies with codes of sound business practice and has unrestricted right of access to all company information, records, documents and property and independent legal advice when required.

The directors recognise that they are responsible for the Company's system of financial and internal controls. The executive directors are responsible for identifying, analysing, reporting and managing risk, which forms part of their everyday functions. To date, no formal evaluation of the Board has taken place.

Board Committees

The Company has three committees: the CARC, the CRNC and the CSEC. These committees report to the Board.

The CARC

The composition of the CARC consists of one non-executive director and two independent non-executive members namely Justin Lewis, Chris Roed and Syd Caddy. Chris Roed acts as chairman of the committee. He is also the appointed lead independent non-executive director of the Board.

The objective of the committee is to assist the Board with its responsibility of safeguarding assets, maintaining effective and efficient internal controls, reviewing the financial information and overseeing the preparation of the annual financial statements.

The committee operates in accordance with terms of reference authorised by the Board and reviewed annually. The external auditors have unrestricted access to the committee members. The committee is also responsible for risk management. The committee ensures that identified risks are monitored and appropriate measures are devised and implemented to manage such risks.

The King III Report recommends that the chairman of the Board should not be the chairman of the audit committee; the Company complies with this requirement. The CARC intends to meet at least three times a year and a partner of the external auditor is invited to attend meetings. During the period under review and up to the date of this report, five CARC meetings were held. The majority of the members of the CARC are financially literate. The Board has unrestricted access to the CARC.

The mandate of the CARC provides for, *inter alia*, the reviewing of financial information, the effectiveness of the internal controls, considering the expertise and competency of the financial director, the reviewing of risks relating to the business and industry, accounting policies, the code of ethics, compliance procedures, auditor independence, audit fees and reporting thereon to the Board. The Board has approved the CARC's responsibilities in terms of this charter.

The expertise and competency of the financial director and the appropriateness of the expertise, resources and adequacy of resources of the finance function are reviewed annually. The CARC confirms that it is satisfied with the expertise and competency of AT Meyer as financial director of the Group.

The attendance register of committee members at CARC-meetings during the current period under review is as below:

Committee Member/ Invitee	30 April 2013	29 May 2013	16 Oct 2013	10 Jan 2014	27 May 2014
C Roed ^	√	√	√	√	√
S Caddy ^	n/a	n/a	n/a	√	-
J Lewis ^	n/a	n/a	√	√	√
A Meyer^*	√	√	*√○	*√○	*√○
S Swana^*	-	√	*	*	*
J Schoeman*	√○	√○	√○	*	*
R Tait	n/a	n/a	n/a	○√	○√
Company Secretary	○√	○√	○√	○√	○√
Designated Adviser	○√	○√	○√	○√	○√

^ Member * Resigned √ Present ○ Invitee - Apologies

The CRNC

The CRNC include two non-executive directors and an executive director, namely: Anthon Meyer, Chris Roed and Syd Caddy. Syd Caddy chairs this committee.

The committee is responsible for considering the nomination of new directors and the remuneration of the executive directors and making recommendations to the Board in this regard. In determining the remuneration of directors, the committee takes heed of issues such as market norms, staff retention, the performance of directors, balanced scorecard issues, share incentive scheme considerations and incentives and has access to outside consultation if necessary. The Chief Executive Officer is also consulted. The committee intends on meeting at least once a year. During the year under review, one meeting was held.

When considering board appointments, a formal and transparent procedure is applied. Any new appointment of a director is considered by the Board as a whole, on the recommendation of the CRNC. The selection process involves considering the existing balance of skills and experience, and is a continual process of assessing the needs of the Company.

The MRI Group has not entered into any service contracts with its executive directors. All non-executive directors are subject to retirement by rotation and re-election by MRI shareholders at least once every three years in accordance with the MOI.

The MRI Group has no share incentive scheme in place.

The CSEC

The Board established the Company's CSEC in February 2012 to assist the Board in ensuring that the MRI Group is and remains a good and responsible corporate citizen, and to perform the statutory functions required of a social and ethics committee in terms of the Companies Act.

The committee consists of three independent non-executive directors, who are suitably skilled and experienced. The three members are: Chris Roed, Quinton George and Justin Lewis. Justin Lewis chairs the committee. During the period under review the CSEC met once.

The responsibilities and functioning of the committee are governed by a formal mandate approved by the Board, which is subject to annual review by the Board. The main objectives of the committee are to assist the Board in ensuring that the MRI Group is and remains a good and responsible corporate citizen by monitoring the sustainable development performance of MRI, which includes the following main responsibilities outlined below.

The committee is responsible for developing and reviewing the MRI Group's policies with regard to the commitment, governance and reporting of MRI Group's sustainable development performance and for making recommendations to management and/or the Board in this regard.

The committee performs a monitoring role in respect of the sustainable development performance of the MRI Group, specifically relating to:

- stakeholder engagement;
- health and public safety;
- broad-based black economic empowerment;
- labour relations and working conditions;

- training and skills development of employees;
- management of the MRI Group's environmental impacts;
- ethics and compliance; and
- corporate social investment.

The committee's monitoring role also includes the monitoring of relevant legislation, other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relationships, as well as labour and employment.

The Board will assess the effectiveness of the committee annually, as further detailed in the Corporate Governance Report.

Board and Committee Meetings and Attendance

The Board intends to meet on a regular basis at least every three months. The directors are properly briefed in respect of special business prior to board meetings and information is timeously provided to them to enable them to give full consideration to all the issues being considered. The directors do make further enquiries where necessary. Where it is considered necessary, special sub-committees are formed to address areas of focus.

The attendances of the directors as at 28 February 2014 for the period under review, taking into account their dates of appointment, were as follows:

Board Member/Invitee	30 April 2013	16 Oct 2013	2 Dec 2014	6 Feb 2014	27 May 2014
C Roed ^○	√	√	√	√	√
S Caddy ^○	~	~	√	√	-
J Lewis ^ ○	~	√	√	√	√
A Meyer^	√	√	√	√	√
Q George ^ ○	√	√	√	√	√
R Tait ^	~	√	√	√	√
Company Secretary*	√	√	√	√	√
Designated Adviser *	√	√	√	√	√

^ Member * Invitee √ Present ○ Non Executive - Apologies ~ *Appointed with effect from 5 September 2013/18 November 2013*

All directors, committee members and the chairman are encouraged to attend the Annual General Meeting of the Company.

Fees paid to Non-executive Directors

Fees payable to non-executive directors are determined by the executive directors in consultation with the Chairman and are approved by the Board.

The following fees were paid during the financial year:

	Chairman	Other members and members of committees
Monthly retainer	R10 000	R10 000

Details of fees paid to non-executive directors for the year ended 28 February 2014 are detailed in the consolidated financial statements.

Interest of directors and officers

A record of the interests (direct and indirect) of the directors in the Company's securities as at 28 February 2014 and the record of directors' dealings during the year under review is set out in note 32 to the consolidated financial statements.

Company Secretary

All directors have access to the advice and services of Neil Esterhuysen and Associates Attorneys, which fulfils the role of Company Secretary; this office has been filled by them since 4 September 2012. The Board is of the opinion that the members of the management team at Neil Esterhuysen and Associates Attorneys have the requisite attributes, experience and qualifications to effectively fulfill the MRI Group's responsibilities of the Company Secretary. The appointment or dismissal of the Company Secretary is decided by the Board as a whole and not by one individual director.

The Company Secretary is not a director of any of the operations and accordingly maintains an arm's length relationship with the Board and its directors. The Company Secretary reports to the Chief Executive Officer and has a direct channel of communication to the Chairman. The Company Secretary communicates with the Chairman before each board and general meeting to prepare and discuss important issues, agree on the agenda and assist the Chairman or the Board and committee chairmen in the drafting of yearly work plans.

The Company Secretary is responsible for the functions specified in section 88 of the Companies Act. All meetings of shareholders, directors and all board committees are properly recorded as per the requirements of the Companies Act.

External audit and the audit

The auditor of the Company is Horwath Leveton Boner Chartered Accountants (SA), **("HLB")**. HLB performs an independent and objective audit of the Company's financial statements. The financial statements are prepared in terms of International Financial Reporting Standards **("IFRS")**. The consolidated financial statements for the period ended 28 February 2014 were audited by HLB. The CARC reviews the audit fees for the audit. The auditor has unrestricted access to the CARC and is invited to all meetings of the CARC. The re-appointment of the auditor or the appointment of a new auditor is considered by the CARC.

The CARC's primary objective is to ensure that the auditor is independent. It is also required to provide the Board with additional assurance regarding the efficacy and reliability of the financial information used by the directors to assist them in discharging their duties. The committee is required to provide comfort to the Board that adequate and appropriate financial and operating controls are in place, that significant business, financial and other risks have been identified, and are being suitably managed, and that satisfactory standards of governance, reporting and compliance are in operation. The committee has set principles for recommending the use of the external auditor for non-audit services.

Except for attending to tax returns, no other non-audit services were performed by the auditor during the year under review. The CARC is satisfied as to the independence of the auditor.

Accounting and internal controls

The Board is responsible for the MRI Group's systems of internal financial and operational control, as well as for maintaining an appropriate relationship with the Company's auditor. The Board is responsible for presenting a balanced and understandable assessment of the Company's financial position with respect to all financial and price sensitive reports about the Company.

The Board has established controls and procedures to ensure the accuracy and integrity of the accounting records. The Board monitors the MRI Group's businesses and its performance. The controls are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorised use and that the financial records may be relied upon for maintaining accountability for assets and liabilities and preparing financial statements.

Audit opinion

MRI received an unqualified audit opinion with an emphasis of matter relating to the company's going concern.

The statement of directors' responsibility is set out on page 14.

Internal audit

After review of the Company's internal control processes and consideration of the nature of the Company and lack of trading activity, the Board did not identify the need to establish a formal internal audit process. This requirement will be continuously monitored in light of the evolution of the Company's business over time.

The executive directors will conduct an annual review of the MRI Group's internal controls when the business size increases. As a result, no findings were presented to the CARC. Such a review would normally cover financial, operational and compliance controls, as well as a review of the risk management policies and procedures of the Company and will be implemented.

Ethical leadership

The MRI Group subscribes to the highest ethical standards and behavior in the conduct of its business and related activities, and requires total honesty and integrity from its directors and employees. The MRI Group expects its shareholders, suppliers and partners to subscribe to the same high ethical standards.

Communications with Stakeholders

The MRI Group is committed to on-going and effective communication with stakeholders. It subscribes to a policy of open and timeous communication in line with the JSE Limited **("JSE")** Listings Requirements and sound corporate governance. MRI is considering an investor relations program once the Company goes into full operation.

Employment, development and employment equity

The MRI Group will endeavor to promote a culture that will provide employees with opportunities to advance their careers.

The MRI Group upholds and supports the objectives of the Employment Equity Act and implemented initiatives that provide opportunities for all levels of staff. MRI will seek to position itself as an employer of choice, whilst at the same time enhancing its participation in making South Africa more internationally competitive.

The MRI Group employment policies are designed to provide equal opportunities, without discrimination, to all employees.

When considering board appointments, a formal and transparent procedure is applied. Any new appointment of a director is considered by the Board as a whole, on the recommendation of the CRNC. The selection process involves considering the existing balance of skills and experience, and a continual process of assessing the needs of the Company.

Sustainability reporting

The MRI Group is committed to high moral, ethical and legal standards and expects all representatives of the MRI Group to act in accordance with the highest standards of personal and professional integrity in all aspects of their activities and to comply with all applicable laws, regulations and the Company's policies. In this regard the Board and Group are guided by the CSEC.

MRI endorses the Code of Corporate Practices and Conduct, as well as the King Code on Governance for South Africa 2009 and the Companies Act which also contains governance requirements. King III has been adopted on an "apply or explain" approach.

MRI will continue to adopt, as appropriate, existing and new principles, which advance good practical corporate governance and add value to the Group's business activities.

Principles contained in the King III Report with which the Company has not complied and the reasons for non-compliance

Ethical Leadership and Corporate Citizenship	Comply	Partially Comply	Under review/ do not comply
Effective leadership based on an ethical foundation	√		
Responsible corporate citizen	√		
Effective management of Company's ethics	√		
Assurance statement on ethics in integrated annual report			√1
Board of Directors			
The Board is the focal point for, and custodian of, corporate governance	√		
Strategy, risk, performance and sustainability are inseparable	√		
Directors act in the best interest of the Company	√		
The chairman of the Board is an independent non-executive director	√7		
Framework for the delegation of authority has been established	√		
The Board comprises a balance of power, with a majority of non-executive directors, the majority of whom are independent	√		
Directors are appointed through a formal process	√		
Formal induction and ongoing training of directors is conducted	√		
The Board is assisted by a competent, suitably qualified and experienced Company Secretary	√		
Regular performance evaluation of the Board, its committees and the individual directors		√3	
Appointment of well-structured committees and oversight of key functions	√		
An agreed governance framework between the group and its subsidiary boards is in place	√		
Directors and executives are fairly and responsibly remunerated		√2	

Board of Directors (continued)	Comply	Partially Comply	Under review/ do not comply
Remuneration of directors and senior executives is disclosed	√		
The remuneration policy is approved by shareholders	√		
Audit Committee			
Effective and independent	√		
Suitably skilled and experienced independent non-executive directors	√4		
Chaired by an independent non-executive director	√		
Oversees integrated reporting	√		
A combined assurance model is applied to improve efficiency in assurance activities	√		
Satisfies itself on the expertise, resources and experience of the company's finance functions	√		
Oversees internal audit function	√		
Integral to the risk management process	√		
Oversees the external audit process	√		
Reports to the Board and shareholders on how it has discharged its duties	√		
Compliance with Laws, codes, rules and standards			
The Board ensures that the Company complies with relevant laws	√		
Compliance risk forms an integral part of the Company's risk management process	√		
The Board has delegated to management the implementation of an effective compliance framework and processes			√1
Governing Stakeholder Relationships			
Appreciation of stakeholders' relationships	√		
There is an appropriate balance between its various stakeholder groupings	√		
Equitable treatment of stakeholders	√		
Transparent and effective communication to stakeholders	√		
Disputes are resolved effectively and timeously	√		
The Board is responsible for information technology (IT) governance	√		

The Governance of Information Technology	Comply	Partially Comply	Under review/ do not comply
IT is aligned with the performance and sustainability objectives of the Company			√5
Management is responsible for the implementation of an IT governance framework			√5
The Board is responsible for information technology (IT) governance	√		
IT is aligned with the performance and sustainability objectives of the Company			√5
Management is responsible for the implementation of an IT governance framework			√5
The Board monitors and evaluates significant IT investments and expenditure			√5
IT is an integral part of the group risk management			√5
IT assets are managed effectively			√5
The risk management committee and audit committee assist the Board in carrying out its IT responsibilities			√5
The Governance of Risk			
The Board is responsible for the governance of risk and setting levels of risk tolerance	√		
The audit committee assists the Board in carrying out its risk responsibilities	√6		
The Board delegates the process of risk management to management	√		
The Board ensures that risk assessments and monitoring is performed on a continual basis	√		
Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks			√1
Management implements appropriate risk responses			√1
The Board receives assurance on the effectiveness of the risk management process			√1
Sufficient risk disclosure to stakeholders	√		
Integrated Reporting and Disclosure			
Ensures the integrity of the Group's integrated annual report	√		
Sustainability reporting and disclosure is integrated with the Group's financial reporting		√10	
Sustainability reporting and disclosure is independently assured			√1

√1 This will be considered by the Board as the MRI Group grows.

√2 In order for the Company to first focus on its operations, some functions are performed on a part time basis. As such, some functions are not remunerated at market rates.

√3 The Board will be considering the introduction of board, committee and individual evaluation during the forthcoming year.

√4 Due to the size and nature of the MRI Group, two independent non-executive directors and one non-executive director are members of the CARC. Once the MRI Group grows and projects increase, three independent non-executive directors will be appointed.

√5 Due to the size and nature of the MRI Group, there is currently no focus on IT reporting and sustainability. This will be considered by the Board as the MRI Group grows.

√6 The Company does not have a separate risk committee due to the size and nature of the Company. Risks are being addressed and monitored by the CARC.

√7 The Chairman of the Board is a non-executive director and by virtue of his directorship with a major shareholder is deemed not independent. However, the Company has appointed a lead independent director, Chris Roed, in order to ensure compliance with the JSE Listings Requirements and King III.

√8 The Company has started considering the requirements of integrated reporting and will improve the required disclosure in future annual reports.

√9 The activities for the year were minimal, given that projects were still becoming operational.

√10 The MRI Group will present integrated reporting in future annual reports.

Closed and prohibited periods

A closed period is implemented by the Company's directors from the date of the end of the reporting period until the MRI Group results are published on SENS. Additional closed or prohibited periods are enforced as required in terms of any corporate activity or when directors are in possession of price sensitive information. All the directors are aware of the legislation regulating insider trading. A record of dealings by directors in the Company's securities is retained by the Company Secretary at the registered office of the Company.

Transfer Office

Computershare Investor Services (Pty) Ltd acts as transfer secretary to the Company.

Risks

Risk assessments have been prepared by management and reviewed at each meeting of the CARC.

The main risks facing the MRI Group during the year under review related to the start of the construction of the coal fines processing and briquetting plant at Keaton anthracite mine in Kwa-Zulu Natal. Construction was expected to commence in January 2013, but due to numerous setbacks only started with commercial production in February 2014. These related to design issues, uncertain timing of funding, delays in the delivery of key items of equipment from overseas, poor project management. These issues have been rectified in the subsequent financial period, and the key risk facing the MRI Group now is performance of the coal processing plant against targets.

Stakeholders

Stakeholders are identified as those individuals, groups and entities that are directly affected, both positively and negatively, by the activities of the MRI Group.

Stakeholder concerns are raised in various ways including formal concerns or queries lodged in writing with the MRI Group on concerns raised during stakeholder forums or informal discussion. The MRI Group responds to these concerns appropriately and timeously. The Group timeously reports information that is relevant and meaningful.

As the coal fines processing and briquetting plant project becomes fully operational, stakeholders will receive regular updates on plant performance as well as any impact that its operations may have on the surrounding environment and communities.

AUDIT AND RISK COMMITTEE REPORT

The report of the CARC is presented as required by Section 61(8 a iii) of the Companies Act.

Functions and Responsibilities of the CARC

The role of the CARC is to assist the Board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. It exercises its functions through close liaison and communication with company management and the external auditor.

The CARC is guided by its terms of reference as approved by the Board, dealing with membership, structure, and levels of authority and has the following responsibilities:

- ensuring compliance with applicable legislation and the requirements of any regulatory authority;
- nominating for appointment a registered auditor who, in the opinion of the audit committee, is independent of the MRI Group;
- considering whether the expertise and experience of the Financial Director is appropriate;
- considering matters relating to financial accounting, accounting policies, reporting and disclosure and ensure integrity of the MRI Group's annual report;
- considering internal and external audit policy including determining fees and the terms of engagement;
- considering and evaluating, on an on-going basis, the need for an internal audit function and audit plans;
- reviewing and approving external audit plans, findings, problems, reports, fees and determining and approving any non-audit services that the auditor may provide to the MRI Group;
- ensuring compliance with the Code of Corporate Practices and Conduct; and
- ensuring compliance with the MRI Group's code of ethics.

The members of the CARC adopted an audit mandate which will be reviewed annually. The CARC has established a policy, as well as required procedures with regard to the use of the external auditors, for non-audit services. During the year under review, except for the filing of tax returns, no non-audit services were utilised.

The CARC also assesses and monitors all risk matters including compliance risk matters, which responsibilities have been assumed with the adoption by the CARC of a risk mandate.

The CARC is informed of regulatory and other monitoring and enforcement requirements designed to ensure that the Company's financial information complies with financial reporting and other regulatory requirements.

Members of the Combined Audit and Risk Committee

The current CARC members are:

C Roed (Chairman)

J Lewis, and

S Caddy

In terms of King III, a minimum of three independent non-executive directors is recommended. In terms of the JSE Listings Requirements, the CARC must be constituted in terms of King III. Two members of the CARC are independent non-executive directors. Mr. C Roed acts as lead independent non-executive director and chairs the CARC. It should be noted that Mr. J Lewis is a director of Armadale Capital Plc **("Armadale")** (formerly Watermark Global Plc), a shareholder of MRI.

The external auditors, the Chief Executive Officer and the Financial Director are all invited to attend the meetings of the CARC.

Frequency of meetings

The CARC intends meeting a minimum of three times per year and provision will be made for additional meetings to be held when, and if, necessary. The CARC has met three times during the 2014 financial year and twice after the previous annual general meeting and up to the date of this report.

Independence of external audit

A responsibility of the CARC is the assessment of the independence of the external auditor. The CARC duly satisfied itself that, in accordance with section 98(8) of the Companies Act, HLB, remains independent of MRI.

Expertise and experience of the financial director

As required by the JSE Listings Requirement 3.84(h), the CARC has satisfied itself that Mr. AT Meyer has the appropriate expertise and experience. The combined audit and risk committee considered and confirmed the appropriateness of the expertise, resources and adequacy of resources of the finance function.

Financial statements

Management has reviewed the consolidated financial statements of the Company and MRI Group with the Committee, and the CARC has reviewed them without management or the external auditor being present. The quality of the accounting policies are discussed with the external auditor and a private discussion was held with the external auditor. The CARC considers the consolidated financial statements of the MRI Group to be a fair presentation of its financial position as at 28 February 2014 and of the results of the operations, changes in equity and cash flows for the period then ended, in accordance with International Financial Reporting Standards and the Companies Act and similarly recommended the consolidated financial statements to the Board for approval.

C Roed

Chairman of the CARC

17 September 2014

DIRECTORS' RESPONSIBILITY AND APPROVAL

The directors are required by the South African Companies Act No. 71 of 2008, as amended, to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated financial statements fairly represent the state of affairs of the Company and MRI Group as at end of the financial year and the results of their operations and cash flows for the period ended, in conformity with International Financial Reporting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practice committee. The external auditor is engaged to express an independent opinion of the consolidated financial statements.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

With regard to a system of internal control: this will be enhanced once projects become operational and revenue is generated. The directors are of the opinion, based on the information and explanations given by management that the current system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any of the internal financial controls can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the MRI Group's cash flow forecast and are satisfied that the preparation of the consolidated financial statements on a going concern basis is appropriate.

The external auditor is responsible for independently auditing and reporting on the Company and consolidated financial statements. The Company and consolidated financial statements have been examined by the MRI Group's external auditor and their report is presented on page 19.

The consolidated financial statements set out on pages 20 to 52, which have been prepared on the going concern basis, were approved by the Board on 17 September 2014 and were signed on its behalf by:

R Tait

Chief Executive Officer

A Meyer

Financial Director

Johannesburg
17 September 2014

The directors present their report for the period ended 28 February 2014.

Nature of business

The MRI Group is an environmental services company focusing on the abatement of environmental impacts of the mining industry, while delivering sustainable returns to its shareholders. It has developed 2 areas of expertise: coal fines processing and briquetting, as well as Acid Mine Drainage ("**AMD**").

Coal fines have traditionally been an unwanted by-product in the coal mining industry, and present a major disposal challenge. Surface and underground coal mining operations in South Africa produce approximately 300 million tons of coal per year, creating significant coal residues such as dust and fines. These can constitute up to 20% of the total run of mine feed, and although they typically have appreciable calorific values and therefore high energy content, they are not easily marketable in their raw form.

MRI, and its subsidiary, Prodiflex Coal (Pty) Ltd **("Prodiflex Coal")** (50% owned by Western Utilities Corporation (Pty) Ltd ("**WUC**")), have developed specific expertise in screening, agglomerating and briquetting techniques. MRI's other subsidiary, Octavovox (Pty) Ltd ("Octavovox")(51% owned by WUC), owns and operates a coal fines screening and briquetting plant at Keaton's Vaalkrantz Colliery, near Vryheid. It processes the waste dump and current tailings, and can produce a screened duff product or briquettes, which are marketed by Keaton. The plant was designed with a capacity of 5,000tpm which is expected to be reached in October 2014, having commenced commercial operation in February. However, with new screening technology being provided by a technical partner, Virto, this capacity will be upgraded to over 7,500tpm by the end of 2014.

The capital for the plant upgrade is being provided by Virto in return for a royalty; the net effects being positive to Octavovox's cash flow, culminating in the construction of a full-scale coal fines processing plant. The MRI Group is currently investigating agglomeration options for 2 major thermal coal producers, and is actively looking for opportunities to replicate the Group's experience in new projects.

Gold mining operations in the Witwatersrand Basin over the last century created underground voids that have filled with water (AMD), posing a significant threat to ground water in Gauteng. MRI's subsidiary, WUC, was established by the mining industry in 2007 to find a solution to the problem. After extensive research, it chose the CSIR's Alkaline Barium and Calcium process, building a pilot-plant and presenting a bankable feasibility study to government in 2010. However, the Department of Water Affairs launched a feasibility study in February 2012 to investigate all possible technologies, and the company awaits the outcome of their assessment. The MRI Group continue to engage with stakeholders to find possible commercial applications of the technology developed by WUC, but the Board took the decision to impair the company's intangible assets in line with prudent accounting principles.

Financial Results

The financial year of the Group ends on the last day of February.

The Group loss attributable to owners of the parent amounts to R56.3m. (2013 restated R19.1m). This year's loss is mainly attributable to the impairment of the AMD project (refer note 7.2).

The headline loss of the Group attributable to owners of the parent amounts to R18.7m (2013 restated R19.1m)

Capital and reserves at the financial year-end was R2.6m (2013 restated R54m) and total assets amounted to R72.5m (2013 restated R120.4m).

The MRI Group incurred a headline loss per share of 3.94 cents (2013: 6.55 cents).

Changes in Stated Capital

During the year, the Company issued 27 777 778 and 14 812 520 new MRI shares at R0.09 and R0.20 respectively to public investors under MRI's general authority to issue shares for cash.

With reference to a circular sent to all shareholders on 16 May 2014 ("**the Circular**"), the Company issued the following equity shares in line with various corporate actions detailed in the Circular and as announced on SENS on 8 April 2014:

- a specific issue of a maximum of 246 181 701 new MRI shares for cash at an issue price of R0.05 per share in settlement of the AfrAsia Special Opportunities Fund Proprietary Limited loan, amounting to approximately R12.5 million;
- a specific issue of a maximum of 65 960 757 new MRI shares for cash at an issue price of R0.05 per share in settlement of the Armadale Capital Plc loan, amounting to approximately R3.5 million;
- a specific issue of 10 000 000 new MRI shares for cash at an issue price of R0.05 per share in settlement of corporate advisory fees owed to AfrAsia Corporate Finance Proprietary Limited;
- the granting of an incentive option in respect of 10 000 000 new MRI shares at a strike price of R0.05 per share to CEO, Mr Richard Tait (these options are to be issued to the CEO on vesting which is 50% in 12 months from 15 November 2013 and 50% 12 months thereafter); and
- a specific issue of 13 000 000 new MRI shares for cash at an issue price of R0.05 per share in settlement of directors and employee fees.

These issues and conversions have been completed on 1 July 2014 as per the SENS announcement of the same date.

Changes to the composition of the Board (also refer note 30)

During the reporting period, the following changes to the board of directors were made with effect from the following dates:

18 April 2013:

Mr Charles Pettit resigned as non–executive director

Mr Richard Tait was appointed as non-executive director

19 July 2013

Mr S Swana resigned as independent non-executive director

30 August 2013

Mrs M van den Bergh resigned as financial director

3 September 2013

Mr Steve Tredoux resigned as independent non-executive director

Mr James Herbst resigned as non-executive director

5 September 2013

Mr Justin Lewis was appointed as a non-executive director

1 October 2013

Mr Anthon Meyer changed his role from non-executive director to financial director

15 November 2013

Mr Jaco Schoeman resigned as Chief Executive Officer

Mr Richard Tait changed his role from non-executive director and was appointed as acting Chief Executive Officer

Mr Syd Caddy was appointed as independent non-executive director

The current Board of MRI consists of the following directors:

Quinton George
Non-Executive Chairman
Block F, The Terraces
Steenberg Office Park, Cape Town

Richard Tait
Chief Executive Director
Bar Circle Ranch
Old Main Road
Ashburton, KZN

Anthon Meyer
Financial Director
3 Kingfisher Mews, The Wilds
Pretorius Park, Pretoria

Chris Roed
Independent Non-Executive Director
25 Boston road, Bellville
Cape Town, 7530

Justin Lewis
Non-Executive Director
L8, 446 Collins Street, Melbourne
Victoria 3000 Australia

Syd Caddy
Independent Non-Executive Director
739 Katlagter Street, Featherbrooke
Estate, Krugersdorp 1746

Quinton George (Non-Executive Chairman) (42)

Quinton is a registered financial advisor with the Securities Institute of London and the Financial Services Board in South Africa. He has successfully achieved certificates in Investment Advice and Investment General Exams of the Institute of Stockbrokers.

He began his career in the financial services industry when he joined a South African Corporate member of the JSE. Here he worked as a portfolio manager and developed a substantial private client base. Later, he joined DC Palmer Securities and initiated their online stock broking. He played a significant role in building the online business of the company.

In 2000, Quinton launched Trinity Holdings (Pty) Ltd, an investment management company registered with the Financial Services Board. Currently, Quinton is the MD of Trinity Asset Management and CEO of Mcubed Holdings Limited.

Richard Tait (Chief Executive Officer) (40)

Richard has broad investment banking experience in a variety of countries, with a particular emphasis on emerging markets. He commenced his career at Anglo American, working in South Africa and Mali. In 1998 he joined Goldman Sachs in London, focusing primarily on gold derivatives and hedge funds. In 2000 he moved to Credit Suisse First Boston in the credit department, first in London and later in Sydney where he covered a broad range of industries and structured finance initiatives, including emerging market structuring in the region. Richard returned to South Africa in 2004 and joined Standard Bank with a focus on building the investment banking business into the rest of Africa. He worked in a range of product areas, including establishing and building the bank's real estate finance business across Africa.

He moved to Mauritius in 2008 and played a regional investment banking role, before leaving the bank to focus on mezzanine finance and principal investment opportunities with GEM in 2011. From early 2012 until March 2013, he ran GEM's investment in, and turnaround of, Riozim, a diversified mining company in Zimbabwe. Richard joined AfrAsia Corporate Finance as MD in April 2013 but resigned as an executive in February 2014 to become full-time CEO of MRI.

Richard holds a BSc Chemical Engineering degree (UCT), and subsequently obtained a BCom in Economics and Quantitative Management (UNISA) and an Executive MBA (Australian Graduate School of Management, University of Sydney).

Anthon Meyer (Financial Director) (61)

Anthon is a South African Chartered Accountant and he completed his articles at a firm of public auditors and accountants, Viljoen, Louw, Bartell & Partners (currently Price Waterhouse Coopers). He performed the audits of a number of companies in fields of Farming, Medical Practitioners, Warehousing, Printing, Retail, Vehicle Sales, Manufacturing, Pharmaceutical, General Engineering, Banking and Government concerns.

He held financial management, CFO and Financial Director positions at large Corporates such as Vetsak Cooperative Ltd, Interstate Bus Lines, Telkom Limited, Intekom (Pty) Ltd, Retails Brands Interafrica, AMSCO BV, NOSA and the State Information Technology Agency (SITA).

His last position held was as CFO of Mintails Limited, an Australian listed entity. Anthon currently works as an independent financial management consultant.

Chris Roed (Lead Independent Non-Executive Director) (48)

Chris is a water/civil engineer with more than 20 years of experience and specialises in water and wastewater engineering, as well as conventional civil engineering. Chris gained experience while working for the City of Cape Town Waterworks Department (7 years), Arcus Gibb Consulting Engineers Water Department (8 years), and Watermark Consulting Engineers (6 years).

Chris started and owns a successful petroleum products supply company selling mainly bulk liquid petroleum gas (LPG) in Southern Africa.

Justin Lewis (Non-Executive Director) (40)

Justin has over 20 years' experience as a director and advisor, working with companies across a range of industries and jurisdictions. He is a director of Melbourne-based corporate advisory house Halcyon Corporate Pty Ltd, and Armadale Capital Plc, a London listed company focused on investing in African-based resources projects, a major shareholder in MRI.

He is also a non-executive director of ASX listed Manas Resources Ltd, a Kyrgyz based gold producer. He has extensive experience working with small to mid-cap corporates in both Australia and the UK in the resources and energy sectors, specialising in equity raisings, M&A activity and general corporate advisory.

As Executive Chairman of AIM and ASX listed Beacon Hill Resources Plc, Mr Lewis led the development and financing of an African-based coal mining group. Prior to moving to Australia, he was Chief Executive of London listed investment banking group Blue Oar Plc.

Syd Caddy (Independent Non-Executive Director) (65)

Syd has more than 40 years' experience in both Shallow and ultra-deep mining environments in the South African gold, uranium and base metal sectors. He has held the title of General Manager for Black Mountain, Kloof and West Driefontein mines and has also been appointed to various positions within JCI, First Uranium and Gold One's operations, including as Consulting Engineer, Chief Operating Officer and Managing Director. He is currently CEO of Bauba Platinum. Syd is a Registered Professional Engineer and a Fellow of both the Southern African and Australian Institutes of Mining and Metallurgy. He is also a Past President of The Association of Mine Managers of South Africa.

Directors' Emoluments

The emoluments of executive and non-executive directors are determined by the MRI Group's CRNC and the Board, where appropriate. Further information relating to the earnings of directors is provided in note 25 of the consolidated financial statements. The remuneration policy of the MRI Group for the forthcoming year is set out in the notice to the Annual General Meeting notice, which includes the proposed remuneration for non-executive directors.

Subsidiaries

- MRI holds 100% of the shares in WUC. WUC invested in the AMD project.
- WUC holds 50% of the total share capital of Prodiflex Coal which has access to and the right to distribute the binding material used in the production of briquettes.
- WUC holds 51% of the total share capital of Octavovox which holds the rehabilitation and processing rights to process coal fines at the Vaalkrantz Colliery.

Company Secretary

Neil Esterhuysen and Associates Proprietary Limited were appointed as Company Secretary on 4 September 2012 and have been the Company Secretary up to the date of this report.

Auditor

HLB has been reappointed as the Company's external auditor for the year ended 28 February 2014. It will be proposed at the Annual General Meeting of shareholders that HLB continue in office in accordance with section 90(1) of the Companies Act, with Mr. Selwyn Bloch as the Designated Auditor. The CARC is satisfied with the independence of the external auditor to the Company.

Dividend

No dividend will be declared for the financial year ended 28 February 2014 (2013: Nil).

Litigation

There are no proceedings which are pending or threatened, which may have, or which have had a material effect on the financial position of the Company.

Special Resolutions

Subsequent to year end, at the general meeting of shareholders held on 17 June 2014, the following special resolutions were presented and approved:

1) Issue of 13 000 000 new MRI shares to directors at an issue price of 5 cents per share; and
2) Issue of more than 30% of MRI's issued share capital (in terms of the Companies Act requirements);

During the year under review, MRI's subsidiary WUC passed a special resolution in relation to financial assistance.

Corporate Governance

As a company listed on the JSE's Alternative Exchange, the directors subscribe to the values of corporate governance as embodied in the King III Report on Governance for South Africa 2009 (King III Report). Details of the MRI Group's compliance with the Code of Corporate Practices and Conduct as contained in the King III Report is contained in the Sustainability and Corporate Governance Report.

Auditor's Opinion on the MRI Group's results

The external auditor has issued an unqualified audit opinion with an emphasis of matter on the results for the period ended 28 February 2014 and the audit opinion is set out on page 19 of the consolidated financial statements.

DECLARATION BY COMPANY SECRETARY

In terms of section 88 (2e) of the Companies Act, 71 of 2008 (Act), I certify that, to the best of our knowledge and belief, the Company has lodged returns and notices with the Companies Intellectual Property Commission as required by the Companies Act, 71 of 2008 and all such returns are true, correct and up to date.

Neil Esterhuysen & Associates Incorporation

Company Secretary

Units 23 and 24 Norma Jean Square

244 Jean Avenue

Centurion

(PO Box 814, Irene, 0062)

17 September 2014

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Mine Restoration Investments Limited

We have audited the consolidated financial statements of Mine Restoration Investments Limited, as set out on pages 20 to 52, which comprise the statement of financial position as at 28 February 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether or not the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Mine Restoration Investments Limited as at 28 February 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act 71 of 2008.

Emphasis of matter

Without qualifying our opinion, we draw attention to the results which reflect that the Group incurred a net loss of R56,3m for the year ended 28 February 2014, which is mainly attributable to the impairment of the Acid Mine Drainage project. Note 27 to the financial statements indicates that the impairment tests conducted on the carrying value of intangibles and plant related to the coal briquetting project are based on the Group achieving projected production levels and that the projected profits are dependent on the assumptions made. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Other reports required by the Companies Act

As part of our audit of the consolidated financial statements for the year ended 28 February 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective directors. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However we have not audited these reports and accordingly do not express an opinion on these reports.

Horwath Leveton Boner
Registered Auditor

Per: Selwyn Bloch
Registered Auditor
Partner
3 Sandown Valley Crescent,
Sandown

17 September 2014

STATEMENT OF FINANCIAL POSITION

	Notes	28-Feb-14 R'000	28-Feb-13 (restated) R'000	31-Dec-11 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	3	18 296	10 798	8
Intangible assets	4	46 453	92 411	93 043
Goodwill	5	1 053	9 123	-
Deferred tax	6	3 016	7 173	6 365
Investment in associate	11	-	-	1 000
Current assets				
Trade and other receivables	7	696	610	69
Cash and cash equivalents	8	2 985	315	584
Total assets		**72 499**	**120 430**	**101 069**
EQUITY AND LIABILITIES				
Capital and reserves		2 642	54 009	4 048
Non-controlling interest		13 434	17 352	16 430
LIABILITIES				
Non-current liabilities				
Other financial liabilities	12	-	22 002	17 358
Loan from former holding company		-	-	49 738
Deferred tax	6	13 624	25 626	13 428
Current liabilities				
Other financial liabilities	12	41 709	-	-
Current tax payable		-	34	-
Trade and other payables	13	1 090	1 407	67
Total equity and liabilities		**72 499**	**120 430**	**101 069**

STATEMENT OF COMPREHENSIVE INCOME

	Notes	12 months ended 28 February 2014 R'000	14 months ended 28 February 2013 (restated) R'000
Other income	15	36	5 978
Operating expenses		(61 966)	(9 048)
Operating loss		**(61 930)**	**(3 070)**
Investment revenue	16	6	177
Finance cost	17	(6 156)	(4 908)
Loss before taxation		**(68 080)**	**(7 801)**
Taxation	18	7 833	(11 416)
Loss after tax		**(60 247)**	**(19 217)**
Other comprehensive income		**-**	**-**
Total comprehensive (loss)		**(60 427)**	**(19 217)**
Total comprehensive loss attributable to:			
Owners of the parent		(56 329)	(19 138)
Non-controlling interest		(3 918)	(79)
		(60 247)	**(19 217)**
Loss attributable to owners of the parent		**(56 329)**	**(19 138)**
Non-controlling interest		**(3 918)**	**(79)**
		(60 427)	**(19 218)**
Earnings per share			
Basic (loss) earnings per share (cents)	19	**(11.84)**	**(6.55)**
Diluted earnings per share (cents)		**(9.91)**	**(6.55)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated share capital R'000	Reverse acquisition reserves R'000	Capital reserve R'000	Retained income R'000	Total attributable to equity holders of the group R'000	Non-controlling interest R'000	Total equity R'000
Balance at 01 January 2011				(7 773)	(7 773)		(7 773)
Profit for the period				6 821	6 821	16 430	23 251
Balance at 01 January 2012				(952)	(952)	16 430	15 478
Loss for the period				(19 138)	(19 138)	(78)	(19 216)
Issue of shares on reverse-acquisition	78 784				78 784		78 784
Non-recourse funding by IDC			5 000		5 000		5 000
Reverse-acquisition adjustment		(31 066)			(31 066)		(31 066)
Business combination					-	1 000	1 000
Prior year errors adjusted	(15 695)	31 066			15 371		15 371
Prior year errors adjustment arising from reverse acquisition				7 794	7 794		7 794
Share issue expenses	(1 785)				(1 785)		(1 785)
Balance at 28 February 2013 (restated)	61 304	-	5 000	(12 296)	54 008	17 352	71 360
Loss for the period				(56 329)	(56 329)	(3 918)	(60 247)
Issue of shares	5 463				5 463		5 463
Share issue expenses	(500)				(500)		(500)
Balance at 28 February 2014	66 267	-	5 000	(68 625)	2 642	13 434	16 076

Capital reserve

The capital reserve comprises funding raised from the IDC in order to finance the pre- feasibility study on the AMD project. The agreement provided that should the project go ahead, the IDC would be entitled to fund further stages of the project and such funding would enable them to participate in up to 10% of the project but would not be entitled to receive any compensation for any contribution made as this was non-recourse funding. Therefore this instrument is considered an equity instrument.

CONSOLIDATED STATEMENT OF CASH FLOWS

Statement of cash flow	Notes	12 months ended 28 February 2014 R'000	14 months ended 28 February 2013 (restated) R'000
Cash flow from operating activities			
Cash generated in operations	20	(8 026)	385
Interest income		6	177
Finance costs adjusted for non-cash flows		(655)	(4 908)
Tax paid	21	(46)	9
Net cash from operating activities		(8 721)	(4 337)
Cash flows from investing activities			
Purchase of property, plant and equipment		*(7 777)*	(10 815)
Net cash from investing activities		(7 777)	(10 815)
Cash flows from financing activities			
Proceeds on share issues		5 463	40 000
Share issue expenses		(500)	(1 785)
Proceeds from other financial liabilities		14 206	4 644
Repayment of loans			(27 977)
Net cash from financing activities		19 169	14 882
Total cash movement for the period		2 671	(270)
Cash at the beginning of the period		314	584
Total cash at end of period		2 985	314

1. Basis of preparation of financial statements

The consolidated financial statements for the year ended 28 February 2014 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("**IFRS**"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited Listing Requirements and the requirements of the South African Companies Act, 71 of 2008.

The consolidated financial statements for the year ended 28 February 2014 were compiled by A Meyer, CA (SA), the financial director. The accounting policies are in terms of IFRS and are consistent with those of the most recent financial statements and the restated results.

The financial results have been audited by the Company's independent auditor, Horwath Leveton Boner, and their unmodified audit opinion is available for inspection at the registered office of the Company.

Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditor.

The financial statements are prepared in South African Rands (ZAR), the functional currency of the Group and all amounts are rounded to the nearest thousands, except when otherwise indicated.

The Group has elected to present the 'income statement' and a 'statement of comprehensive income' in one statement: the 'statement of comprehensive income'.

1.1. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries The Group exercises control if it has:

a. Power over the investee

b. Exposure, or rights, to variable returns from its involvement with the investee

c. The ability to use its power over the investee to affect the amount of the investors returns

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Where necessary, adjustments are made to the financial statements to bring their accounting policies into line with those used by other members of the Group. All subsidiaries have a reporting date of 28 February. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributable to non-controlling interests even if this results in the non-controlling interest having a deficit.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are:

Impairment testing

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value in use and fair value less costs to sell. Property, plant and equipment relating to the coal briquetting project have been evaluated for impairment and involved estimates that could have a significant impact on these financial statements. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value tangible assets. The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest rates.

Taxation

Management's judgment is exercised when determining the probability of future taxable profits, which will determine whether deferred tax assets should be recognised or authorised. The recognition of deferred tax assets will depend on whether it is possible to generate sufficient taxable income, taking into account any legal restrictions on the life and on the nature of the asset. When deciding whether to authorise taxation credits, management needs to determine the extent to which future taxable income is likely to be earned and be available for future setoff. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to authorise the net deferred tax assets recorded at the reporting date could be impacted. In the event that the assessment of future. In the event that the assessment of future payments and future authorisation changes, the change is recognised in the Statement of Comprehensive Income as a prior year under or over provision.

1.3 Segmental reporting

Segmental information is presented in note 22 to the annual financial statements.

Segment assets and liabilities comprise assets and liabilities attributable to a project. This is consistent with the assets and liabilities analysis as reviewed by the chief operating decision-maker.

No operating segments have been aggregated to form the above reportable operating segments.

1.4 Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are effected against profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for noncurrent assets (or disposal group) that are classified as held for sale in accordance with IFRS 5 Noncurrent assets held for sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

1.4 Business combinations (continued)

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested for impairment on an annual basis. If goodwill is assessed to

1.5 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the group;

and

- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, or replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is de-recognised.

Subsequent to initial measurement property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	4 years
Office equipment	3 years
IT equipment	3 years
Briquetting plant	15 years
Plant and machinery	10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Decommissioning costs are reviewed annually and raised if considered material. A provision for decommissioning costs in respect of the briquetting plant is not required as Keaton Energy Holdings Ltd, the ultimate owner of the mine where the briquetting plant is situated, are responsible for any environmental costs. Costs associated with decommissioning the coal briquetting plant are insignificant.

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Subsequent to initial measurement, intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at the end of every period.

Reassessing the useful life of an intangible asset as finite after it was initially classified as indefinite as an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Rehabilitation and processing rights relates to the Briquetting Project	8 years
Intellectual property relates to the Briquetting Project	8 years
Computer software	3 years

1.7 Financial instruments

Classification

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured, initially at fair value, net of transaction cost and subsequently as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

1.7 Financial instruments (continued)

Financial assets

Financial assets are classified into the following specified categories: ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within ‘finance costs’, ‘finance income’ or ‘other financial items’, except for impairment of trade receivables which is presented within ‘other expenses’.

Loans and receivables

Trade receivables, loans, cash and cash equivalents and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

De-recognition of financial assets

The Group de-recognises financial assets only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also collateralised borrowing for the proceeds received.

Impairment of financial assets

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment include significant financial difficulty of the issuer or counterparty, or default or delinquency in interest or principal payments, or it becoming probable that the borrower will enter bankruptcy or financial rehabilitation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group’s past experience of collecting payments, an objective evidence of impairment for a portfolio of receivables could include the group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Financial liabilities are carried at amortised cost.

The group's financial liabilities comprise borrowings and trade and other payables.

Classification as debt or equity

Debt and equity instruments are classified as either other financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.

1.8 Income tax

Current taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of financial position.

Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill of from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associated, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reserve in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. Deferred tax for the period is to be recognised in profit and loss except to the extent that it relates to a transaction that is recognised directly in other comprehensive income or in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in the tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to other comprehensive income or to equity.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

1.8 Income tax (continued)

Deferred taxation

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Tax expenses

Income tax expense recognised in profit or loss comprises the sum of deferred taxation and current taxation not recognised in other comprehensive income or directly in equity.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

1.10 Impairment of assets

Impairment of non-financial assets

The Group evaluates the carrying value of assets with finite useful lives when events and circumstances indicate that the carrying value may not be recoverable. Irrespective of whether there is indication of impairment, the group tests goodwill acquired in business combinations for impairment annually. This impairment test is performed during the initial period and annually thereafter. Intangible assets not yet available for use are tested annually for impairment.

An impairment loss is recognised in profit or loss when the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the fair value less cost to sell (fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date), or its value in use.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss recognised for an asset, other than goodwill, in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the recoverable amount exceeds the carrying amount. The reversal of the impairment is limited to the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years. The reversal of such an impairment loss is recognised in profit or loss in the same line item as the original impairment charge.

1.11 Share capital and equity

Share capital represents the nominal value of shares that have been issued.

Any transaction cost associated with the issuing of shares is deducted from share capital net of any related income tax benefit.

Retained earnings include all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and nonmonetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of no accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.13 Borrowing costs

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset, form part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Headline earnings per share are presented in terms of JSE Limited Listing requirements. Headline earnings as defined in circular 2/2013 issued by the South African Institute of Chartered Accountants, separates from earnings all separately identifiable re-measurements.

1.15 Operating lease

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
IFRS 10 Consolidated Financial Statements New standard that replaces IAS 27	**1 January 2013**
IFRS 13 Fair Value Measurement New guidance on fair value measurement and disclosure requirements	**1 January 2013**
IFRS 7 Financial Instruments: Disclosures Requires disclosures of gross amounts subject to rights of set-off, amounts set off in accordance with accounting standards, and the net related exposure.	**1 January 2013**
IAS 16 – Property, Plant and Equipment Amendments to the recognition and classification of servicing equipment	**1 January 2013**
IAS 32 – Financial Instruments: Presentation Amendments to clarify the tax effect of distribution to holders of equity instruments made to holders of equity instruments.	**1 January 2013**
IAS 34 – Interim Financial Reporting Amendments to improve the disclosures for interim financial and segment information for total assets and liabilities	**1 January 2013**
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine Clarifies the requirement for accounting for stripping costs in surface mining.	**1 January 2013**

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2014 or later periods:

IFRS 9 Financial Instruments

Annual Improvements 2010-2012 Cycle:

Amendments to the measurement requirements for all contingent consideration assets and liabilities included under IFRS 9

The effective date of the standard is for years beginning on or after 01 July 2014.

The group expects to adopt the standard for the first time in the 2015 consolidated financial statements.

It is unlikely that the standard will have a material impact on the consolidated financial statements

A finalized version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard measures guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:

The standard allows certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39.

The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss "model for the measurement of financial assets.

IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of the entity, in addition enhanced disclosures will provi9de better information about risk management and the effect of hedge accounting on the financial statements.

IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39

The effective date of the standard is for years beginning on or after 01 January 2018

IFRS 9 (2014) supersedes any previous versions of IFRS 9, but earlier versions of IFRS 9 remain available for application if the relevant date of application is before February 2015.

The group expects to adopt the standard for the first time in the 2019 consolidated financial statements.

It is unlikely that the standard will have a material impact on the company's consolidated financial statements.

IFRIC 21 Levies, an Interpretation on the accounting for levies imposed by governments

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The standard if effective on or after in the year thereafter 1 January 2014. It is unlikely the standard will have a material impact.

IFRS 15 Revenue from contracts

IFRS 15 requires entities to recognise revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. The new standard supersedes IAS 11-Construction,Ccontract, IAS 18 Revenue, IFR(IC 13 Customer Loyalty Programmes, IFRIC 15 Agreement for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31Revenue- Barter Transactions involving Advertising Services

The effective date of the standard is for years beginning on or after 01 January 2017.

The group expects to adopt the standard for the first time in the 2018 consolidated financial statements.

It is unlikely that the standard will have a material impact on the company's consolidated financial statements.

3. Property, plant and equipment

2014	Cost R'000	Accumulated Depreciation R'000	Carrying Value R'000
Plant and machinery	310	(44)	266
Furniture and fixtures	242	(223)	19
Motor vehicles	95	(12)	83
Office equipment	68	(57)	11
IT equipment	77	(77)	-
Briquetting plant	18 144	(227)	17 917
	18 936	**(640)**	**18 296**
2013			
Plant and machinery	310	(13)	297
Furniture and fixtures	231	(218)	13
Office equipment	68	(52)	16
IT equipment	77	(77)	-
Briquetting plant	10 472	-	10 472
	11 158	**(360)**	**10 798**

Reconciliation of Property, Plant and Equipment

2014	Opening Balance R'000	Additions R'000	Depreciation R'000	Total R'000
Plant and machinery	297	-	(31)	266
Furniture and fixtures	13	11	(5)	19
Motor vehicles		95	(12)	83
Office equipment	16	-	(5)	11
Briquetting plant	10 472	7 672	(227)	17 917
	10 798	**7 778**	**(280)**	**18 296**
2013				
Plant and machinery	-	310	(13)	297
Furniture and fixtures	1	13	(1)	13
Office equipment	1	19	(4)	16
IT equipment	6	-	(6)	-
Plant construction in progress	-	10 472	-	10 472
	8	**10 814**	**(24)**	**10 798**

As a result of the delay in the coal briquetting project the Briquetting plant was tested for impairment and forms part of the test for impairment of intangibles described in Note 4. Based on the key assumptions made and sensitivity analysis the valuation in use calculation exceeds the carrying value.

All assets serve as collateral to secure other financial liabilities.

4. Intangible assets

2014	**Cost R'000**	**Accumulated Amortisation And Impairment R'000**	**Carrying Value R'000**
Rehabilitation and processing rights	47 959	(3 366)	44 593
AMD project	45 082	(45 082)	--
Intellectual property	2 000	(140)	1 860
Computer software	35	(35)	--
	95 076	**(48 623)**	**46 453**
2013			
Rehabilitation and processing rights	47 959	-	47 959
AMD project	45 082	(2 630)	42 452
Intellectual property	2 000	-	2 000
Computer software	35	(35)	-
	95 076	**(2 665)**	**92 411**

Reconciliation of intangible assets

2014	**Opening balance R'000**	**Amortisation R'000**	**Impairment R'000**	**Total R'000**
Rehabilitation and processing rights	47 959	(3 366)		44 593
AMD project	42 452	(1 460)	(40 992)	-
Intellectual property	2 000	(140)		1 860
Computer software	35	(35)	-	-
	92 446	**(5 001)**	**(40 992)**	**46 453**
2013				
Rehabilitation and processing rights	47 959	-	-	47 959
AMD project	45 082	-	(2 630)	42 452
Intellectual property	-	2 000	-	2 000
Computer software	35	(35)	-	-
	93 076	**2 035**	**(2 630)**	**92 411**

All the intangibles serve as collateral to secure other financial liabilities.

Impairment test

Rehabilitation and processing rights, intellectual property, goodwill and Briquetting plant

The intangible asset for the rehabilitation and processing rights was created as a result of the agreements with Leeuw Mining and Exploration Proprietary Limited ("LME") and Keaton. These agreements were signed with Octavovox (Pty) Ltd and give the MRI Group the right to construct a coal processing and briquetting plant to process the coal fines. The Group was granted the processing rights for a period of 8 years, with an option to renew for a further period of 8 years.

The intention is to expand and implement solutions at larger coal producers who produce as a by-product significantly more fines although at lower grades.

At the financial year-end, the value of the intangible assets related to the coal processing project and the briquetting plant were tested for impairment, due to the delay in the project. The carrying values of these assets were compared with the estimated value in use. The value in use was based on the discounted cash flows from the sale of the screened fines from the LME site.

4. Intangible assets (continued)

The following key assumptions were used:

- A pretax discount rate of 21.5% was applied.
- The period covers the contract period of 16 years adjusted by one year to 15 years as a result of the delay in the project.
- The forecast is based on past feasibility studies and expected production yields based on new technology. Production is expected to reach 7 500 tons pm by February 2015
- The estimate is based on zero growth in revenue after February 2015 and costs have been assumed to remain constant

A sensitivity analysis based on a 1% increase in the discount rate to 22,5% was carried out. Based on the value in use calculations the recoverable amounts exceed the carrying values and the directors are satisfied that no impairment loss has been incurred.

AMD Project Impairment

Between 2007 and 2011, WUC invested a significant amount of capital in research and development of a solution to the AMD crisis facing the mining industry on the Witwatersrand Basin. This culminated in a definitive feasibility study and proposal which was presented to government, with further engagement between the Company and government.

In April 2011, the Government appointed the Trans Caledon Tunnelling Authority to undertake emergency remedial work, and Aurecon was appointed in February 2012 to conduct a detailed feasibility study of the acid mine drainage problem. The Department of Water Affairs has publicly released Study Report 5.4, "Treatment Technology Options" (dated May 2013), which outlines all the technology options available, including passive, pre-treatment, physical, chemical and biological processes. Amongst the chemical processes, they considered the Company's Alkali-Barium-Calcium ("**ABC**") process and the Ettringite precipitation process. Their principal assessment is that the ABC process is untested beyond pilot-plant stage and there is significant risk in scaling it up to full commercial operation.

The full conclusions and recommendations made to the minister are not in the public domain but it is apparent from the extracts that are in the public domain, the report advises the use of established processes, rather than the innovative technology developed by the Company.

In line with the requirements of IAS 36, the board reviewed the carrying value of the AMD project at the financial year-end. As no concrete evidence of the commercialisation of the project in the foreseeable future could be demonstrated, the board approached a technical consultant for some guidance. Although the consultant and board are still of the opinion that the technology has value, the board could not be satisfied that the intellectual property vesting in the project can be commercialised in the near future.

As the underlying value of the asset is imbedded in intellectual property, substantial additional cash will be required to convert the intellectual property into a cash generating asset. For these reasons, the board impaired the AMD project to zero in terms of IAS 36.

5. Goodwill

	Cost R'000	**Accumulated Impairment R'000**	**Carrying Value R'000**
2014	9 123	(8 070)	1 053
2013	9 123	-	9 123

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the two CGUs below:

AMD project nil (2013: R8 070)

Coal briquetting project (R1 053) (2013: R1 053)

The Group performed its annual impairment test in February 2014 (2013 was restated). As a result of the impairment of the AMD project the goodwill allocated to this project was considered to be fully impaired.

The recoverable amount of goodwill allocated to the Coal briquetting project has been determined based on a value in use calculation used in the impairment test of other intangibles fully described in note 4. The directors are satisfied that no additional impairment loss is required.

6. Deferred tax

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Deferred tax (liability) asset		
Deferred tax liability	(13 624)	(25 626)
Deferred tax asset	3 016	7 173
	(10 608)	**(18 453)**
Reconciliation of deferred tax asset (liability)		
At beginning of the year	(18 453)	(7 063)
Increase (decrease) in tax losses available for set off against future taxable income	(4 157)	816
Originating temporary differences on provisions and accruals	-	(16)
Reversing temporary differences on prepaid expenses	-	7
Reversing (Originating) temporary differences on intangibles assets	12 588	(12 166)
Originating temporary differences on tangibles assets	(586)	(31)
	(10 608)	**(18 453)**
Comprising:		
Tangible assets	(617)	(31)
Intangible assets	(13 007)	(25 595)
Tax losses available for set off against future taxable income	3 016	7 173
	(10 608)	**(18 453)**

Recognition of deferred tax asset

The recognized tax assets relates to the tax losses accumulated of the company holding the briquetting project. The directors are confident that there will be sufficient taxable profits in the foreseeable future against which the deferred tax asset can be utilised. All other tax losses have been excluded from the tax asset calculation.

7. Trade and other receivables

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Trade receivables	116	16
Deposits	46	46
VAT	534	548
	696	**610**

Fair value of trade receivables

Due to the short term nature of trade receivables, the carrying amount approximates fair value. There are no trade receivables that past due and no impairment is required.

The Development Bank of Southern Africa holds a first ranking pledge and cession of debtors balances and claims against third parties in the amount of R81 (2013: R430) (R'000).

See note 12 for terms and conditions relating to the pledge.

Trade receivables refer to operating expenses recovered. Revenue started to be generated from March 2014.

8. Cash and cash equivalents

Cash and cash equivalents consist of:	**28 Feb 2014 R'000**	**28 Feb 2013 R'000 (restated)**
Cash on hand	1	6
Bank balances	2 984	163
Short term deposits	-	104
Other cash and cash equivalents	-	42
	2 985	315

The carrying value of cash and cash equivalents is considered a reasonable approximation of fair value. The Development Bank of Southern Africa holds a first ranking pledge and cession of bank and investment accounts in the value of R8 (2013: R117) (R'000). See note 12 for terms and conditions relating to the pledge.

9. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Trade and other receivables	162	62
Cash and cash equivalents	2 985	315
	3 147	**377**

Unless otherwise disclosed, the directors consider that the carrying value of financial assets, recognised at amortised cost in the financial statements, approximates their fair values. The fair values of financial assets are presented in the related notes.

10. Share capital

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Authorised		
1 000 000 000 no par value ordinary shares	1 000	1 000
Reconciliation of number of shares issued:		
Reported as at 1 March 2013 (2012)	455 695	59 886
Issue of shares – ordinary shares	42 590	395 809
Shares in dispute with former director	197	-
	498 482	**455 695**

The unissued ordinary shares are under the control of the directors in terms of a resolution of shareholders of MRI passed at the last Annual General Meeting. This authority remains in force until the next Annual General Meeting. The MRI Group does not have any unlisted securities.

Issued

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
455 891 774 no par value ordinary shares	61 304	63 089
14 812 520 shares issued at 20 cents each	2 963	-
27 777 778 shares issued at 9 cents each	2 500	-
Share issue expenses	(500)	(1 785)
498 482 072 no par value ordinary shares	**66 267**	**61 304**

10. Share capital (continued)

The Group does not hold any treasury shares.

Subsequent to the financial year end the Company issued the following equity shares and share options in line with various corporate actions detailed in the Circular issued to shareholders on 16 May 2014 and as announced on SENS on 8 April 2014:

- a specific issue of a maximum of 246 181 701 new MRI shares for cash at an issue price of R0.05 per share in settlement of the AfrAsia Special Opportunities Fund Proprietary Limited loan, amounting to approximately R12.5 million;
- a specific issue of a maximum of 65 960 757 new MRI shares for cash at an issue price of R0.05 per share in settlement of the Armadale Capital Plc loan, amounting to approximately R3.5 million;
- a specific issue of 10 000 000 new MRI shares for cash at an issue price of R0.05 per share in settlement of corporate advisory fees owed to AfrAsia Corporate Finance Proprietary Limited;
- the granting of an incentive option in respect of 10 000 000 new MRI shares at a strike price of R0.05 per share to CEO, Mr Richard Tait (these options were issued to the CEO on vesting which is 50% in 12 months from 15 November 2013 and 50% 12 months thereafter); and
- a specific issue of 13 000 000 new MRI shares for cash at an issue price of R0.05 per share in settlement of directors and employee fees.

These issues and conversions were completed on 1 July 2014 as per the SENS announcement of the same date.

11. Business combination

Prodiflex Coal

WUC acquired 50% of Prodiflex on 15 December 2011. Initially the transaction was recognised as an investment in an associate. With effect from 1 January 2012 this investment changed to an investment in a subsidiary as the Group exercised control and continues to do so in terms of IFRS 10. The Group elected to measure the non-controlling interests in the acquiree at fair value

The investment in the associate of R1 million relates to 50% of the intellectual property acquired for the Briquetting Project. The fair value of the intellectual property was based on the sale agreement and subsequently tested for impairment. The primary reason for the acquisition was to enable the Group to process fines for conversion into briquettes.

Fair value of the intellectual property	2 000
Consideration transferred	-
Fair value of former Associate	
The fair value of the Associate was equal to its carrying value	(1 000)
Non-controlling interest	(1 000)
Goodwill (Gain on bargain purchase)	-

12. Other financial liabilities

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Development bank of Southern Africa Limited (DBSA):	27 503	22 002
First ranking pledge and cession in security of MRI claims in WUC; first ranking cession in security of all the bank and investment accounts of the borrower; first ranking pledge and cession of all debtors balances and claims which the borrower may have against third parties. The loan bears interest at 25% per annum on the capital and 25% on interest capitalized every July. The capital amount of R10 million is due and payable on the implementation of the water reclamation project provided that it occurred before July 2014. Because the water reclamation project was not implemented before that date, the loan together with interest is not repayable and DBSA was obliged to release security. This will be reflected in financial statements for the next reporting period		
Afrasia Special Opportunities Fund Proprietary Limited(ASOF):	**11 000**	**-**
A loan was granted by ASOF to Octavovox Pty Ltd, a subsidiary of MRI. The terms of the loan are as follows: As security, all shareholders of Octavovox ceded all their rights, title and interest in and to its shares and claims as well as bank accounts and debtors against the borrower in favor of ASOF. MRI also provided ASOF with a corporate guarantee. The loan is repayable on the anniversary of the advances and bears interest between 2% and 2.5% per month. ASOF also had a conversion option to convert the loan into MRI shares, an option that was executed on 30 June 2014 when the loan plus capitalized interest was converted into shares of MRI at a conversions rate of 5 cents per share. This conversion resulted in the loan being settled in its entirety in the subsequent financial year.		
Armadale Capital Plc (ACP):		
A loan was granted by ACP to MRI. The terms of the loan are as follows: The ACP loan was subordinated to the rights of ASOF and ACP agreed to indemnify ASOF from possible losses under its secured loan agreement. The loan is repayable on the anniversary of the advances and bears interest at the prime interest rate plus 1%. ACP had a conversion option to convert the loan into MRI shares, an option that was executed on 30 June 2014 when the loan plus capitalized interest was converted into shares of MRI at a conversions rate of 5 cents per share. This conversion resulted in the loan being settled in its entirety in the subsequent financial year.	**3 206**	**-**
	41 709	**22 002**
Current liabilities		
At amortised cost	**41 709**	**-**
Non-current liabilities		
At amortised cost	**-**	**22 002**

Conversion options have no equity value as the loans were subject to high interest rates and therefor no equity value is required to be separated.

13. Trade and other payables

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Trade payables	178	1 378
Other payables	912	29
	1 090	**1 407**

The increase in 'other payables' is mainly attributable to the amount due in directors' fees which were settled by way of a share issue subsequent to the financial year end.

Fair value of trade and other payables

All amounts are short-term and the carrying value of trade and other payables is considered a reasonable approximation of fair value.

14. Financial liabilities by category

The accounting policies for financial liabilities have been applied to the line items below:

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Other financial liabilities	41 709	22 002
Trade and other payables	1 090	1 407
	42 799	23 409

Unless otherwise disclosed, the directors consider that the carrying value of financial liabilities recognised at amortised cost in the financial statements approximates their fair values. The fair value of financial liabilities is presented in the related notes.

15. Operating profit (loss)

Operating profit (loss) for the year is stated after accounting for the following:

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Operating income		
Profit on exchange differences	-	(5 937)
Exchange differences arose from the loan due to Armadale Capital Plc. The loan was repaid in the previous financial period.		
Sundry income (expenses recovered)	(36)	(41)
	(36)	(5 978)
Operating lease charges		
Premises	247	334
Motor vehicles	33	4
	280	**338**
Amortisation of intangible assets	4 966	2 632
Depreciation on property, plant and equipment	280	24
Employee costs	-	338
Impairment of intangible assets and goodwill	49 062	-

16. Investment revenue

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Interest revenue		
Bank	6	177

17. Finance costs

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Other financial liabilities	6 156	4 908
	6 156	**4 908**

18. Taxation

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Taxation recognised in profit/(loss)		
Current tax expense	12	25
Deferred		
Originating and reversing temporary differences	(7 845)	11 391
	(7 833)	**11 416**
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense		
Accounting loss	(68 080)	(7 801)
Tax at the applicable tax rate of 28% (2013: 28%)	(19 062)	(2 184)
Tax effect of adjustments on taxable income		
Non-deductible expenditure	4 106	1 434
Deferred tax charge – deferred tax asset (2013: intangibles)	7 123	12 166
	(7 833)	**11 416**

The estimated tax loss recognised and available for set off against future taxable income is R27 426 (2013: R 25 618) (R'000). Tax loss not recognised as a deferred tax asset amounts to R30 822 (R'000) (2013: Rnil).

19. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	28 Feb 2014	28 Feb 2013 (restated)
Basic (loss) earnings per share		
From operations (cents)	(11.84)	(6.55)
Basic earnings per share for the MRI Group was based on loss of	(56 329)	(19 138)
And weighted average number of ordinary shares ('000)	475 773	292 106
Diluted Basic earnings/ (loss) per share		
From operations (cents)	(9.91)	(6.55)
Profit or loss for the period attributable to equity holders of the parent	(56 329)	(19 138)
Diluted weighted average number of shares in issue ('000)	568 376	292 106

The after tax effect of interest on profit or loss to calculate diluted earnings per share has not been adjusted as it is insignificant.

19. Earnings per share (continued)

Reconciliation of earnings to headline earnings attributable to equity holders of the parent:

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Headline loss per share (cents)	(3.94)	(6.55)
Reconciliation between earnings (loss) and headline earnings (loss)		
Basic earnings (loss)	(56 329)	(19 138)
Adjusted for:		
Impairment of intangible assets and goodwill	49 062	-
Deferred tax on intangible assets impaired	(11478)	-
Headline loss	(18 745)	(19 138)
Weighted average number of shares in issue ('000)	475 773	292 106
Headline loss per share (cents)	(3.94)	(6.55)
Diluted weighted average number of shares in issue ('000)	568 376	292 106
Diluted headline loss per share (cents)	(3.30)	(6.55)

Projected financial results were presented in a circular to shareholders dated 2 April 2012 and the basic and headline earnings per share of 90 cents forecast compared to a basic loss per share of 11.84 cents and headline loss per share of 3.94 cents.

The following factors contributed to the difference in the projected financial results and financial results:

1) the delay in full production of the coal briquetting and processing project; and

2) the impairment of the AMD asset.

The weighted average number of shares for the purpose of diluted earnings per share reconciles to the weighted average number of shares used in the calculation of basic earnings per share as follows:

	28 Feb 2014	28 Feb 2013
Weighted number of shares used in the calculation of basic earnings per share	475 773	292 106
Shares deemed to be issued in respect of loan conversions	92 603	-
Weighted average number of shares used in the calculation of diluted earnings per share	**568 376**	**292 106**

If the shares issued subsequent to the financial year end ,as detailed in note 10, had been outstanding at the financial year end the number of shares outstanding would have increased by 335 142 ('000).

20. Cash generated from (used in) operations

	28 Feb 2014	28 Feb 2013
Operating loss	(61 930)	(3 070)
Adjustments for:		
Depreciation	280	2 656
Goodwill impairment	8 070	
Impairment and amortisation	45 958	
Changes in working capital:		
Trade and other receivables	(87)	(540)
Trade and other payables	(317)	1 339
	(8 026)	**385**

21. Tax refunded (paid)

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Balance at beginning of the period	34	-
Current tax for the period recognised in profit or loss	12	25
Balance at end of the period	-	34
Payment	**46**	**9**

22. Segment Information

	AMD project R'000	Coal Briquetting R'000	Parent R'000	Total R'000
Segmental reporting – 2014				
Segmental total assets	1 133	70 059	1307	72 499
Segmental total liabilities	(27 525)	(28 453)	(445)	(56 423)
Net segment assets/(liabilities)	**(26 392)**	**41 606**	**862**	**16 076**
Segmental other income	-	17	19	36
Segmental expenses	(51 380)	(5 855)	(3 048)	(60 283)
Segmental loss	**(51 380)**	**(5 838)**	**(3 029)**	**(60 247)**
Impairment losses included in segmental loss				
AMD Project	40 992	**-**	**-**	**40 992**
Goodwill	8 070	**-**	**-**	**8 070**
Segmental reporting - 2013 (restated)				
Segmental total assets	58 220	62 015	194	120 429
Segmental total liabilities	(39 945)	(13 759)	4 636	(49 068)
Net segment assets	**18 275**	**48 256**	**4 830**	**71 361**

The MRI Group segmental analysis is based on the AMD and Coal Briquetting Projects. The coal briquetting plant was commissioned in December 2013 and starting generating revenue subsequent to the financial year-end. The Group was reliant on one major customer in respect of the coal briquetting project. The AMD project was impaired in full as the Group has as yet been unable to secure contracts to generate revenue.

23. Commitments

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Authorised capital expenditure		
Not yet contracted for but authorised by directors		
Plant construction	1 409	9 707
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	142	235
- in second to fifth year inclusive	-	363
	142	598

24. Related party balances and related party transactions

Current year

The following related party transactions were entered into during the financial year:

	AfrAsia Special Opportunities Fund Proprietary Limited R'000	Armadale Capital Plc R'000
Other financial liabilities	10 392	3 037
Advances during the year		
Fees charged	966	4
Interest charge	601	165
Repayment of fees charged	(959)	-
Closing balances at financial year-end	11 000	3 206

Both Armadale Capital Plc and AfrAsia Special Opportunities Fund (Pty) Ltd , with significant influence, are shareholders of MRI as to 29.9% and 30.6% respectively as at the date of this report. A Meyer, the Group's financial director, received remuneration for services as an employee of the Group via his company, Q-Fon (Pty) Ltd to the amount of R201 000.

R Tait, the Group's CEO, received remuneration for services as an employee of the Group to the amount of R600 000 via AfrAsia Corporate Finance (Pty) Ltd, the Group's corporate advisor, until 28 February 2014.

10 000 000 new MRI shares were issued to AfrAsia at 5 cents each, the Group's corporate advisor, in settlement of fees earned for services rendered during the year under review.

In June 2012, as the largest shareholders, Trinity Asset Management Proprietary Limited and Armadale Capital Plc agreed to underwrite any shortfall in the working capital of MRI to the maximum value of R4 million for the period until 30 June 2013. This funding was called upon. As part of the funding agreement an additional 14 812 520 new ordinary shares of no par value was issued for cash on 28 March 2013.

None of the transactions incorporate special terms and conditions and no guarantees were given or received.

Prior year

Loans advanced by Armadale Capital Plc to WUC were repaid out of the funds raised at the time of the reverse-listing of WUC into MRI.

A company, Auctus PM Consulting, controlled by the previous Chief Executive Officer of MRI, J Schoeman, was paid R 56 000 for services rendered.

AfrAsia Corporate Finance and Arcay Moela Sponsors (Pty) Ltd each earned fees in relation to the listing of MRI in June 2012 of R1 239(R'000) and R726 (R'000) respectively.

25. Directors' emoluments

	28 Feb 2014 R'000	28 Feb 2013 R'000 (restated)
Executive directors		
WJ Schoeman (Resigned 15 November 2013)	103	90
M van den Berg (Resigned 30 August 2013) (3)	333	210
AT Meyer(1)	104	-
RM Tait (2)	125	-
Non-executive directors		
S Swana (Resigned 19 July 2013)	32	100
QJ George	137	100
CE Pettit (Resigned 18 April 2013)	11	80
AT Meyer (Changes role to Financial Director 1 October 2013)	-	100
CB Roed	125	100
SP Tredoux (Resigned 3 September 2013)	69	130
JC Herbst (Resigned 3 September 2013)	69	100
B McQueen	-	30
K Jarvis	-	30
J Lewis	60	-
S Caddy	57	-
	1 225	1 070

(1) Changed his role from Non-Executive Director to Financial Director on 1 October 2013. Mr Meyer's remuneration for services as a director was paid to A Meyer & Co. (Pty) Ltd.

(2) Appointed on 18 April 2013 as non-executive director with a change in role to CEO effective 18 November 2013. Mr Tait's remuneration was paid to AfrSAsia Corporate Finance (Pty) Ltd until 28 February 2014. Payments are now made directly to Mr Tait.

(3) Received an additional payment of R154 000 from subsidiary company, WUC, during the year under review

Remuneration paid to all executive directors are short term in nature. There were no other director's benefits in the 2013 and 2014 financial year.

26. Risk management

Financial risk management

The MRI Group is exposed to various risks in relation to financial instruments. The MRI Group's financial assets and financial liabilities by category are classified in the accounting policies for financial instruments. The main types of risk are credit risk and interest risk.

Liquidity risk

The MRI Group manages liquidity by constantly monitoring its future commitments.

The table below analyses the MRI Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

26. Risk management (continued)

	Less than 1 year R'000	Between 1 and 2 years R'000
At 28 February 2014		
Other financial liabilities	41 709	-
Trade and other payables	1 090	-
At 28 February 2013		
Other financial liabilities	-	22 002
Future finance charges	-	5 501
Trade and other payables	1 407	-

Liquidity risk management

Ultimate responsibility for liquidity risk management is with management, which has established an appropriate framework for the management of the MRI Group's requirements. The MRI Group manages liquidity risk by continuously monitoring forecasts and actual cash flows. The liquidity risk is fully discussed in Note 27 on Going Concern

Interest rate risk

The MRI Group does not have floating interest rate borrowings. Therefore there is no risk of interest rate movements. Subsequent to the financial year - end Other financial liabilities either expired or were converted into equity and therefore the Group had no exposure to finance costs. Deposits with the banks are insignificant.

Credit risk

Credit risk is managed on a group basis. The MRI Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Deposits and cash balances are maintained by the Standard Bank of South Africa. As the projects are not yet operational there are no trade debtors.

No trade and other receivables are past due date and no impairment losses were incurred.

Capital management

The MRI Group's capital management objectives are to ensure the MRI Group's ability to continue as a going concern and to provide an adequate return to shareholders from the capital projects in acid mine drainage and coal briquetting. The MRI Group monitors capital through the optimization of the debt and equity balance. The capital structure of the MRI Group consists of borrowings and equity. The directors review capital structure on a regular basis. As part of these reviews the costs of capital and the risk associated with each class of capital is considered.

27. Going concern

After the impairment of the AMD project, the Group's net equity and reserves as at 28 February 2014 were reduced to R2.6m, with other financial liabilities of R41.7m, of which R27.5m was owed to DBSA (for a loan granted to WUC for development of the AMD project), R11m to ASOF (for completion of the coal project) and R3.2m to Armadale (for working capital support). Subsequent to the financial year-end, the DBSA loan expired and is not repayable under the terms of the loan agreement. Security documents have been returned, and this will result in a significant adjustment to the results and financial position in the subsequent financial period. In addition the ASOF and Armadale loans were converted into ordinary equity in MRI which not only increased the equity base but eliminated the remaining interest-bearing debt. The Group is currently debt free and only has trade creditors, which greatly reduces the financial risk to the company as a going concern.

The principal source of revenue for the Group is from the coal fines processing and briquetting plant operating at Vaalkrantz Colliery (owned by Keaton). There were significant delays in commissioning the plant, which only commenced test production in July 2013, and further delays in firming up offtake agreements, which only allowed commercial production to commence in February 2014. The plant was originally intended to produce anthracitic briquettes but management reached a new agreement with Keaton to produce washed fines as an intermediate product, marketed by Keaton on a revenue sharing model.

27. Going concern (continued)

The Group continues to pursue possible customers for its briquettes, as these can still be produced as a final product, but will assess the cost/benefits of the different product streams to maximize shareholder value.

The Group remains exposed to Vaalkrantz as the sole source of revenue in the short-term; the closure of the colliery or the offtake arrangement would pose a material risk to the MRI Group. However, Keaton is a mid-tier JSE-listed coal producer with a strong management team, solid financials and a commitment to growing the resources at Vaalkrantz, with the fines marketing contract contributing significantly to the colliery's performance. MRI has established a good working relationship with Keaton, so the Board is satisfied that this risk is minimal.

During the ramp-up of production in the subsequent financial year, production targets were consistently missed and the plant failed to reach design capacity of 5,000tpm by May 2014 as contractually stipulated. (Production was approximately 600t in April and over 1,000tpm in May and June, and over 2,000tpm in July and August, which exceeded breakeven production levels.) Octavovox has subsequently terminated the management agreement with Prodiflex Coal as a result and MRI has assumed full operational responsibility for the project. This has included bringing in a technology partner, Virto Group Inc, to provide alternative screening and washing capacity. Virto installed test equipment and has improved the technical capacity. At its expense, Virto will be installing additional equipment which will increase overall plant capacity in excess of 7,500tpm by year-end, and with the currently installed equipment, management is confident that the plant will operate close to the 5,000tpm level in September and be consistently meeting it by December 2014, with the full capacity of 7,500tpm being achieved by February 2015.

The reliance on the single revenue source, with missed targets, placed a strain on the cash flow from operations and has not allowed management to maintain a buffer of 2 months' working capital in cash reserves as planned. These circumstances pose a material uncertainty that the business is able to continue as a going concern, particularly if targets and assumptions (as outlined in the impairment test valuation of intangibles and plant as per note 4) are missed. Many technical hitches of the past few months have been overcome, including erratic water supply, power interruptions, pump failures and inconsistent product feed, and the Virto screening technology has been proven to work. The plant manager was replaced in April 2014 and he has built a competent team with the requisite skills and attitude to maximise production, and provide personnel for future projects. We have established an excellent working relationship with both Vaalkrantz management and Virto, which has assisted us in getting round technical issues and minimizing cost during the ramp-up period. MRI management closely monitors all cash expenditure, is closely involved in the day-to-day operation of the project, and in conjunction with our technology partner, is confident that the production targets we have set are realistic and achievable. MRI has entered into a MOU with Virto to govern revenue and cost sharing at the Vaalkrantz project, and for future projects.

Consequently the Board is satisfied that it is appropriate that the financial reports are prepared on a going concern basis.

28. Restatement of the 2013 results

Pursuant to findings raised following a pro-active monitoring process undertaken by the Issuer Regulation Division of the JSE Limited during the latter half of 2013 and the first quarter of 2014, the previously published audited results for the 14 months ended 28 February 2013 and the interim results for the six months ended 31 August 2013, were restated, which restatement was published on SENS on 4 April 2014. The restatement adjustments are set out in the summary detailed below:

28. Restatement of the 2013 results (continued)

	14-months to February 2013 R'000	Adjustments R'000	28 February 2013 Restated R'000
Other income	20 021	(14 043)	5 978
Operating expenses	(9 048)		(9 048)
Operating profit/(loss)	10 973	(14 043)	(3 070)
Investment revenue	177		177
Interest expense	(4 908)		(4 908)
Profit/(loss) before taxation	6 242	(14 043)	(7 801)
Taxation charge	(11 415)		(11 415)
Loss for the period	(5 173)	(14 043)	(19 216)
Other comprehensive income	-		-
Total comprehensive loss	(5 173)	(14 043)	(19 216)
Loss attributable to:			
Equity holders	(5 095)	(14 043)	(19 138)
Non-controlling interests	(78)		(78)
Total comprehensive loss attributable to:			
Equity holders	(5 095)	(14 043)	(19 138)
Non-controlling interests	(78)		(78)
Basic and diluted loss per share	(1.74)		(6.55)
Basic and diluted headline loss per share	(6.55)		(6.55)
Weighted average number of shares ('000)	292 106		292 106
Assets			
Non-Current Assets			
Property, plant and equipment	10 798		10 798
Intangible assets	92 411		92 411
Goodwill		9 123	9 123
Deferred tax	7 173		7 173
Total Non-Current Assets	**110 382**	**9 123**	**119 505**
Current Assets			
Trade and other receivables	610		610
Cash and cash equivalents	314		314
Total Current Assets	**924**	**-**	**924**
Total Assets	**111 306**	**9 123**	**120 429**
Equity and Liabilities			
Equity			
Share Capital	76 999	(15 695)	61 304
Reverse acquisition reserve	(31 066)	31 066	-
Retained earnings	(6 047)	(6 248)	(12 295)
Amount attributable to equity holders	39 886	9 123	49 009
Capital reserve	5 000		5 000
Non-Controlling Interest	17 352		17 352
	62 238	9 123	71 361
Liabilities			
Non-Current Liabilities			
Deferred tax	25 626		25 626
Other financial liabilities	22 002		22 002
	47 628	**-**	**47 628**
Current Liabilities			
Other financial liabilities	-		-
Trade and other payables	1 407		1407
Current tax payable	33		33
	1 440	-	1 440
Total Equity and Liabilities	**111 306**	**9 123**	**120 429**

28. Restatement of the 2013 results (continued)

The restatement is in respect of the error in the accounting treatment of the reverse acquisition of Western Utilities Corporation Proprietary Limited ("WUC"), the accounting acquirer and legal subsidiary and MRI, the legal parent and accounting acquiree. The effect of the restatement on profits was to reverse the Gain on Bargain Purchase of R14 million and therefore increase the loss from R5.2 million to a loss of R19.2 million. The effect on the financial position was to raise goodwill by R9.1million and total equity by a corresponding amount. The error arose due to incorrectly including a cash consideration which formed part of the transaction to acquire the former holding company's loan in WUC, as part of the reverse acquisition.

29. Events after the end of the reporting period

The Group received a non-recourse loan from the Development Bank of South Africa ("DBSA") in respect of funding the development of the AMD project. The loan was repayable in 5 years from the advance date and attracted interest of 25% per year, compounded monthly. The loan became non-recourse in nature (i.e. no longer repayable) when the 5 year period lapsed.

All security held by the DBSA in respect of the loan has been returned to the Company and all claims terminated.

Shareholders are referred to note 10 above regarding corporate actions the Company undertook which involved the issuing of new MRI shares and converting Company debt into equity. MRI shareholders approved the above-mentioned corporate actions in a general meeting on 17 June 2014.

The Group has applied for a grant from the Department of Trade and Industry to the value of R2.8 million, to be paid over 2 years. Approval is still pending but the directors anticipate that the grant application will be successful.

30. Directors' interest in issued shares

The individual interests declared by the directors and officers in the Company's share capital as at 28 February 2014 as well as the comparative totals for the year ended 28 February 2013, were as follows:

Director	Beneficial Direct	Beneficial Indirect	Total – 2013 (as at 22 February 2013)	% - 2013
Q George	-	-	-	-
C Pettit	-	-	-	-
S Tredoux	-	-	-	-
J Herbst*	3 745 115	-	3 745 115	0.82%
S Swana	-	-	-	-
J Schoeman	-	4 166 519	4 166 519	0.91%
M van den Berg	-	59 522	59 522	0.01%
K Jarvis	-	-	-	-
B McQueen	-	-	-	-
	3 745 115	4 226 041	7 971 156	1.74%

Director	Beneficial Direct	Beneficial Indirect	Total – 2014 (as at 22 February 2014)	% - 2014
Q George	-	-	-	-
R Tait~	-	-	-	-
A Meyer	-	-	-	-
C Roed	-	-	-	-
S Caddy@	-	-	-	-
J Lewis#	-	3 333 214	3 333 214	0.67%
S Tredoux*	-	-	-	-
J Herbst*	3 745 115	-	3 745 115	0.82%
S Swana$	-	-	-	-
J Schoeman^	-	4 166 519	4 166 519	0.91%
C Pettit%	-	-	-	-
M van den Berg+	-	59 522	59 522	0.01%

* Resigned with effect from 3 September 2013, ^ Resigned with effect from 15 November 2013 ~ Appointed with effect from 15 November 2013 @ Appointed with effect from 15 November 2013 $ Resigned with effect from 19 July 2013 # Appointed with effect from 5 September 2013 % Resigned with effect from 18 April 2013 + Resigned with effect from 30 August 2013

After 28 February 2014 and up to the date of this report, the following changes in directors' interests occurred:

- Various directors were issued shares in lieu of fees, refer to note 10 for details hereon; and
- A Meyer sold 100 000 shares at 9 cents each on 11 July 2014 and purchased 150 000 shares at 8 cents each on 21 July 2014

Other than as mentioned above, there has been no further change in director' interests in the share capital of the MRI Group subsequent to 28 February 2014 and up to date of this report.

Mr. Q George is a director of Trinity Asset Management Proprietary Limited ("TAM"). At the date of this report Mr. Q George does not have any direct or indirect beneficial shareholding in TAM nor in the Company.

Mr. R Tait is a non-executive director of AfrAsia Corporate Finance Proprietary Limited ("AfrAsia"). AfrAsia is the corporate advisor to the MRI Group. Mr. R Tait is not a direct or indirect shareholder of AfrAsia and accordingly does not have any direct or indirect beneficial interest in the Company.

AfrAsia received payment of a portion of its fees in shares (10 000 000 at 5 cents each) for services rendered during the year.

Refer to note 24 - Related parties.

31. Subsidiaries

- MRI holds 100% of the shares in WUC. WUC invested in the AMD project
- WUC holds 50% of the total share capital of Prodiflex Coal which has access to and the right to distribute the binding material used in the production of briquettes. As the holding satisfies the following conditions of control, Prodiflex Coal is accounted for as a subsidiary
  - power over the investee
  - exposure, or rights, to variable returns from its involvement with the investee
  - the ability to use its power over the investee to affect the amount of the investor's returns

The commercial arrangement is that the holding company makes all the financial and operating decisions.

- WUC holds 51% of the total share capital of Octavovox which owns the rehabilitation and processing rights to process coal fines.

Material partly-owned subsidiary

Prodiflex is immaterial in the operating activities of the Group

Financial information of a subsidiary that has material non-controlling interests are provided below:

31. Subsidiaries (continued)

Proportion of equity interest held by non-controlling interests:

	2014	2013
Octavovox (Pty) Ltd - 49%	**R'000**	**R'000**
Accumulated balance of material non-controlling interest	**12 434**	16 352
Loss allocated to non-controlling interest	**(1 809)**	(67)
The summarised financial information of the subsidiary are provided below. This information is based on amounts before inter-company eliminations.		
Summarised statement of profit or loss		
Operating costs	**(3 933)**	(149)
Finance costs	**(935)**	-
Loss before tax	**(4 868)**	(149)
Taxation	**1 176**	11
Loss for the year	**(3 692)**	(138)
Total comprehensive loss	**(3 692)**	(138)
Attributable to non-controlling interest	**(1 809)**	(68)
Summarised statement of financial position		
Bank and receivables (current)	**3 580**	184
Property, plant and equipment and other non-current financial assets	**23 456**	12 236
Trade and other payables (current)	**(33)**	(10)
Other financial liabilities and deferred tax (non-current)	**(30 833)**	(12 548)
Total equity	**(3 830)**	(138)
Attributable to:		
Equity holders of parent	**(1 953)**	(70)
Non-controlling interest	**(1 877)**	(68)
Summarised cash flow information		
Operating	**(4 990)**	(318)
Investing	**(7 277)**	(12 226)
Financing	**15 190**	12 548
Net increase in cash and cash equivalents	**2 923**	4

ANALYSIS OF SHAREHOLDERS AT 28 FEBRUARY 2014

1. Shareholders holding more than 5 % of the share capital

	No. of shares	% Holding
Armadale Capital Plc	182 300 030	36.57
PSL Client Safe Custody Asset Account	77 059 543	15.46
	259 359 573	52.03

2. Shareholder spread

	No. of shareholders	No. of shares	% Holding
Directors/Associates	4	11 304 370	2.27
Public	47	227 818 129	45.70
Non-Public			
PSL Client Safe Custody Asset Account	1	77 059 543	15.46
Armadale Capital Plc	1	182 300 030	36.57
	482	498 482 072	100

3. Categories of shareholders

Individuals	429	158 167 935	31.73
Nominees and trusts	20	31 028 688	6.22
Close corporations	4	965 750	0.19
Companies, financial institutions and other institutions	29	308 319 699	61.85
	482	498 482 072	100

4. Size of shareholding

0 – 1 000	31	23 221	0.005
1 001 – 5 000	42	141 920	0.028
5 001 – 100 000	205	8 631 374	1.732
100 001 – 1 000 000	151	49 435 524	9.917
1 000 001 and over	53	440 250 033	88.318
	482	498 482 072	100

MINE RESTORATION INVESTMENTS LIMITED
(Registration Number 1987/004821/06)
("MRI" or "the Company" or "the Group")
Share code: MRI ISIN: ZAE000149951

Directors	R Tait (Chief Executive Officer)
	AT Meyer (Financial Director)
	CB Roed (Lead Independent Non-Executive Director)
	QJ George (Non-Executive Chairman)
	J Lewis (Non-Executive Director)
	S Caddy (Independent Non-Executive Director)

Notice is hereby given that the annual general meeting of shareholders of the Company will be held in the boardroom of the designated adviser's offices, P3, Oxford Corner, 32A Jellicoe Avenue, Rosebank at 10:00 on Wednesday, 29 October 2014 **("the AGM")**, to consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions:

Electronic Participation at the AGM

Please note that the Company does not intend to make provisions for shareholders of the Company, or their proxies, to participate in the AGM by way of electronic communication.

The board of directors of the Company has determined that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of this AGM is Friday, 19 September 2014 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Friday, 24 October 2014. The last date to trade to qualify for the record date for purposes of participating in and voting at the AGM is Friday, 17 October 2014. Accordingly, only shareholders who are registered in the register of shareholders of the Company on Friday, 24 October 2014 will be entitled to participate in and vote at the AGM.

Section 63(1) of the Companies Act requires that a person wishing to participate in the AGM (including any representative or proxy) must provide satisfactory identification (such as identity documents, driver's licences or passports) before they may attend or participate at such AGM.

Ordinary resolution number 1 – Adoption of the Annual Financial Statements

"RESOLVED THAT the annual financial statements of the Company for the period ended 28 February 2014, together with the directors' and auditors' reports thereon and the audit committee report, be received, considered and adopted."

Explanatory Note:

The annual financial statements are required to be adopted in terms of the Companies Act. The minimum number of votes that is required to pass ordinary resolution 1 is a percentage equal to 50% (fifty percent) of the voting rights that are present in person, or by proxy, at the meeting.

Ordinary resolution number 2 – Reappointment of the auditor – Horwath Leveton Boner

"RESOLVED THAT the reappointment of Horwath Leveton Boner as auditor of the Company, with Mr Selwyn Bloch as the designated auditor at partner status, be and is hereby approved."

Explanatory note:

Horwath Leveton Boner has indicated its willingness to continue as the Company's auditor until the next AGM. The members of the Company's Combined Audit and Risk Committee have satisfied themselves as to the independence of Horwath Leveton Boner. The Company's Combined Audit and Risk Committee have the power in terms of the Companies Act to approve the remuneration of the external auditor.

The minimum number of votes that is required to pass ordinary resolution 2 is a percentage equal to 50% (fifty percent) of the voting rights that are present in person, or by proxy, at the meeting.

Ordinary resolution number 3 – Approval of Remuneration Policy

"RESOLVED THAT the shareholders endorse, by way of a non-binding advisory vote, the Company's remuneration policy (excluding the remuneration of the non-executive directors and the members of board committees for their services as directors and members of committees), as set out below, be and is hereby approved."

The Remuneration Policy will be reviewed annually. The following is a summary of the Remuneration Policy of the Company:

1. Objective

   Under the overriding guidance of the Combined Remuneration and Nomination Committee, ensure the integrity, transparency and legitimacy of remuneration within the Company including the development and implementation of related policies, programmes, practices and decisions.

2. Key Policy

   a. Non-discriminatory practice - remuneration policy directives and practices will be free of unfair distinction.

   b. Internal equity – transparent, equitable and consistent application.

   c. External parity - competitive remuneration based on remuneration trends.

   d. Performance based – direct link between remuneration and performance.

   e. Motivation – integral component of employee motivation.

3. Consideration

   a. Company viability – budgetary constraints as determined by the board.

   b. Company performance – target achievement and wealth generation.

   c. Retention of key skills.

   d. Sustainability.

   e. Career development.

4. Application

   a. Cost to company – flexible total package structure.

   b. Balance – basic salary versus performance reward.

   c. Shares – implementation of appropriate share incentive scheme/s for management.

5. Directors remuneration

   a. Executive directors – determined by the Combined Remuneration and Nomination Committee, approved thereafter by the board.

   b. Non-executive directors – determined by the executive directors, but pre-approved by shareholders.

Explanatory Note:

Chapter 2 of King III dealing with boards and directors requires companies to table their remuneration policy to shareholders for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation.

This ordinary resolution is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the board will take the outcome of the vote into consideration when considering the Company's remuneration policy. Nevertheless, for record purposes, the minimum number of votes that is required to pass ordinary resolution 3 is a percentage equal to 50% (fifty percent) of the voting rights that are present in person, or by proxy, at the meeting.

Ordinary resolution number 4 – General authority to allot and issue shares for cash

"RESOLVED THAT, subject to the approval of 75% of the members present in person and by proxy and entitled to vote at the meeting, the directors of the Company be and hereby are authorised, by way of general authority, to allot and issue all or any of the authorised, but unissued shares, in the capital of the Company as they in their discretion deem fit, subject to the following limitations:

- the shares which are the subject of an issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue; and

- this authority shall not endure beyond the next annual general meeting of the Company nor shall it endure beyond 15 months from the date of this meeting; and

Ordinary resolution number 4 – General authority to allot and issue shares for cash (continued)

- there will be no restrictions in regard to the persons to whom shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Limited ("JSE") in its Listings Requirements) and not to related parties; and
- upon any issue of shares which, together with prior issues during any financial year, will constitute 5% or more of the number of shares of the class in issue, the Company shall by way of an announcement on Stock Exchange News Service **("SENS")** give full details thereof, including the effect on the net asset value of the Company and earnings per share; and
- the number of shares issued for cash in aggregate in any one financial year shall not exceed 416 812 265 shares, being 50% of the Company's issued share capital as at the date of this notice of AGM (including securities which are compulsorily convertible into shares of that class, to the extent applicable); and
- the maximum discount at which shares may be issued is 10% of the weighted average traded price of the Company's shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the issuer and the party subscribing for the securities."

Explanatory Note:

In terms of the Company's MOI, read with the JSE Listings Requirements, the shareholders may authorise the directors to allot and issue the authorised but unissued shares for cash, as the directors in their discretion think fit.

The minimum number of votes that is required to pass ordinary resolution 4 is a percentage equal to 75% (fifty percent) of the voting rights that are present in person, or by proxy, at the meeting. In accordance with the Alternative Exchange requirements, the Designated Adviser and controlling shareholder are precluded from voting on this ordinary resolution number 4, to the extent that they hold shares in MRI.

Ordinary resolution number 5 – 6 Election and re-election of directors

Messers George and Roed, retire by rotation at the AGM in accordance with article 6.3.2 of the provisions of the Company's MOI, these directors also offer to be re-elected. In accordance with the Company's MOI, one third of the directors are required to retire at each AGM and may offer themselves for re-election.

Shareholders are requested to elect, by way of separate resolutions, the following non-executive directors as members of the Company's board of directors:

5. Q George
6. C Roed

Brief biographies in respect of directors offering themselves for re-election are contained on pages 17 and 18 of this annual report.

Ordinary resolution numbers 7 - 9: Election of Audit Committee members

To elect, by way of separate resolutions, the following independent, non-executive directors, as members of the Company's audit committee:

7. C Roed
8. J Lewis
9. S Caddy

In terms of section 94(2) of the Companies Act, audit committee members must be elected by shareholders at each annual general meeting. King III likewise requires shareholders of a public company to elect the members of an audit committee at each annual general meeting.

In terms of Regulation 42 of the Companies Regulations, 2011 relating to the Act, at least one-third of the members of the Company's Audit and Risk Committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The proposed members have experience in audit, accounting, commerce, economics, law, corporate governance and general industry, as is evident from the curriculum vitae of each of the members contained in the annual report contained on pages 17 and 18 of this annual report.

The Board of the Company is satisfied that the proposed members of the audit and risk committee meet all relevant requirements.

Special resolution number 1: General authority to acquire (repurchase) shares

"RESOLVED THAT, subject to the approval of 75% of the members present in person and by proxy and entitled to vote at the meeting, the Company and/or any subsidiary of the Company is hereby authorised, by way of a general authority, from time to time to acquire ordinary shares in the share capital of the Company from any person in accordance with the requirements of the Company's MOI, the Companies Act, and the JSE Listings Requirements, provided that:

- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement with the counterparty;
- this general authority shall be valid until the earlier of the Company's next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that it shall not extend beyond 15 months from the date of passing of this special resolution number 1;
- an announcement is published as soon as the Company, or any of its subsidiary companies, has acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary and/or preference shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- acquisitions of shares in aggregate in any one financial year may not exceed 5% of the Company's issued ordinary and/or issued preference share capital, as the case may be, as at the date of passing of this special resolution number 1;
- ordinary shares may not be acquired at a price greater than 10% above the weighted average of the market value at which such ordinary shares are traded on the JSE as determined over the five business days immediately preceding the date of acquisition of such ordinary and/or preference shares;
- the Company has been given authority by its MOI;
- the board of directors authorises the acquisition and that the Company passed the solvency and liquidity test, as set out in Section 4 of the Companies Act, and that since the solvency and liquidity test was performed there have been no material changes to the financial position of the Company;
- in having regard to the terms of section 48 (2)(b) of the Companies Act, the board of a subsidiary company may acquire shares of its holding company on the further provisos that (i) not more than 10%, in aggregate, of the number of issued shares of any class of shares of the Company may be held by, or for the benefit of, all of the subsidiary companies of the Company taken together; and (ii) no voting rights attached to those shares may be exercised while the shares are held by a subsidiary company of the Company whose shares it holds;
- in terms of section 48 (8) (b) of the Companies Act, the repurchase of any shares is subject to the requirements of sections 114 and 115 if, considered alone, or together with other transactions in an integrated series of transactions, it involves the acquisition by the Company of more than 5% of the issued shares of any particular class of the Company's shares;
- at any point in time, the Company and/or its subsidiaries may only appoint one agent to affect any such acquisition;
- the Company and/or its subsidiaries undertake that they will not enter the market to acquire the Company's shares until the Company's Designated Adviser has provided written confirmation to the JSE regarding the adequacy of the Company's working capital, in accordance with Schedule 25 of the JSE Listings Requirements; and
- the Company and/or its subsidiaries do not acquire any shares during a prohibited period, as defined in the JSE Listings Requirements, unless a repurchase programme is in place where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over the Stock Exchange News Service (SENS) prior to the commencement of the prohibited period.

Explanatory Note:

The reason for and effect of this special resolution is to grant the Company and its subsidiaries a general authority to facilitate the acquisition by the Company and/or its subsidiaries of the Company's own shares, which general authority shall be valid until the earlier of the next annual general meeting of the Company or the variation or revocation of such general authority by special resolution.

Special resolution number 1: General authority to acquire (repurchase) shares (continued)

Explanatory Note (continued):

Any decision by the directors, after considering the effect of an acquisition of up to 5% of the Company's issued ordinary shares as the case may be, to use the general authority to acquire shares of the Company will be taken after having regard to the prevailing market conditions and other factors and provided, after such acquisition, the directors are of the opinion that:

In accordance with the Listings Requirements of the JSE, the directors record that:

- The directors shall ensure at the time of the Company's commencement of any acquisition of its own shares, after considering the effect of such acquisitions, up to the maximum limit of 5%, that they are of the opinion that if such acquisition were implemented that for a period of 12 months after the date of such general repurchase;
- the Company and its subsidiaries will be able to pay their debts in the ordinary course of business;
- the assets of the Company and its subsidiary companies will exceed the liabilities of the Company and its subsidiary companies as recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
- the share capital and reserves of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries;
- the working capital of the Company and its subsidiary companies will be adequate for the purposes of the business of the Company and its subsidiary companies; and
- the Company and the group will be able in the ordinary course of business to pay its debts.

The JSE Listings Requirements require, in terms of section 11.26, the following disclosures, which appear in this annual report:

- Directors and management – refer to page 16 of this annual report.
- Major shareholders – refer to page 21 of this annual report.
- Directors' interests in securities – refer to pages 16 of this annual report.
- Share capital of the Company – refer to page 16 and21 of this annual report.

Litigation statement

In terms of paragraph 11.26 of the JSE Listings Requirements, the directors whose names appear on pages 1 and 61 of this annual report, of which the notice of AGM forms part, are not aware of any legal or arbitration proceedings that are pending or threatened that may have or had in the recent past, being at least the previous 12 months, a material effect on the Company's financial position.

Directors' responsibility statement

The directors, whose names appear on pages 1 and 61, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported in this annual report, there have been no material changes in the financial or trading position of the Company since the date of signature of the audit report and up to the date of the notice of AGM. The directors have no specific intention, at present, for the Company to acquire any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year, which is in the best interests of the Company and its shareholders.

The directors are of the opinion that it would be in the best interests of the Company to extend such general authority and thereby allow the Company or any of its subsidiaries to be in a position to acquire the shares issued by the Company through the order book of the JSE, should the market conditions, tax dispensation and price justify such an action.

The minimum number of votes that is required to pass special resolution 1 is a percentage equal to 75% (seventy five percent) of the voting rights that are present in person, or by proxy, at the meeting.

Special resolution number 2: General authority to enter into funding agreements, provide loans or other financial assistance

"RESOLVED THAT, to the extent required by the Companies Act, the board of directors of the Company may, subject to compliance with the requirements of the Company's MOI, the Companies Act and the JSE Listing Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of loans, guarantees, the provision of security or otherwise to: 1) any of its present or future subsidiary companies and/or any other company or corporation that is or becomes related or inter-related to the Company for any purpose or in connection with any matter, including but not limited to the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company as contemplated in terms of section 44 of the Companies Act; 2) any of its present or future directors or prescribed officers, and such authority is to endure for a period of 2 (two) years from the date on which this special resolution is passed."

Explanatory Note:

The reason for special resolution number 2 is to obtain approval from the shareholders to enable the Company to provide financial assistance to group companies and directors, when the need arises, in accordance with the provisions of Sections 44 and 45 of the Companies Act. The effect of special resolution number 2 is that the Company will have the necessary authority, as and when required.

The minimum number of votes that is required to pass special resolution 2 is a percentage equal to 75% (seventy five percent) of the voting rights that are present in person, or by proxy, at the meeting.

Special resolution number 3: Non-executive directors' remuneration

Special resolution number 3 is proposed to enable the Company to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the Companies Act, which stipulate that remuneration to directors for their services as directors may be paid only in accordance with a special resolution approved by shareholders.

Companies may pay remuneration to directors for their services as directors unless otherwise provided by the MOI and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but as employees of the Company and as such, the resolution as included in this notice requests approval only for the remuneration paid to non-executive directors for their service as directors of the Company. The proposed fees are recommended for approval for a period of two years from the date of this AGM or until such time as the non-executive directors' remuneration is amended by way of special resolution of shareholders, whichever comes first.

Special resolution number 3 thus requires shareholders to approve fees payable to the Company's non-executive directorate. Below the fees for the 2014 and 2015 financial year:

	2015*	**2014***
Non-executive directors emoluments	**R'000**	**R'000**
Q George	11	11
C Roed	11	11
J Lewis	11	-
S Caddy	11	

*Monthly fees

Explanatory Note:

The reason for special resolution number 3 is to obtain approval from the shareholders to enable the Company to pay its non-executive directors in accordance with the provisions of the Companies Act. The effect of special resolution number 3 is that the Company will have the necessary authority, as and when required.

The minimum number of votes that is required to pass special resolution 3 is a percentage equal to 75% (seventy five percent) of the voting rights that are present in person, or by proxy, at the meeting.

Voting and Proxies

Certificated shareholders and dematerialised shareholders with "own name" registration

If you are unable to attend the AGM of MRI shareholders, to be held in **the boardroom of the designated adviser's offices**, P3, Oxford Corner, 32A Jellicoe Avenue, Rosebank **at 10:00 on 29 October 2014,** and wish to be represented thereat, you should complete and return the attached form of proxy in accordance with the instructions contained therein and lodge it with, or post it to, the transfer secretaries, Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by them by no later than 10h00 on Monday, 27 October 2014.

Dematerialised shareholders, other than those with "own name" registration

If you hold dematerialised shares in MRI through a CSDP or broker and do not have an "own name" registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the AGM or be represented by proxy thereat in order for your CSDP or broker to provide you with the necessary authorisation to do so, or should you not wish to attend the AGM in person you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the AGM.

Each shareholder, whether present in person or represented by proxy, is entitled to attend and vote at the AGM. On a show of hands every shareholder who is present in person or by proxy shall have one vote, and on a poll every shareholder present in person or by proxy shall have one vote for each share held by him/her.

A form of proxy (white) which sets out the relevant instructions for use is attached for those members who wish to be represented at the AGM. Duly completed forms of proxy must be lodged with the transfer secretaries of the Company to be received by not later than 10h00 on Monday, 27 October 2014.

By order of the board

Neil Esterhuysen & Associates Incorporation
Units 23 and 24 Norma Jean Square
244 Jean Avenue
Centurion
(PO Box 814, Irene, 0062)
Company Secretary
Date: 17 September 2014

FORM OF PROXY

For use by certificated and "own name" registered dematerialised shareholders of the Company ("shareholders") at the annual general meeting of MRI to be held at 10:00 on **Wednesday, 29 October 2014** at P3, Oxford Corner, 32A Jellicoe Avenue, Rosebank, ("the annual general meeting").

I/We (please print) ______________________________

of (address) ______________________________

being the holder/s of ______________ ordinary shares of no par value in MRI, appoint (see note 1):

1. ______________________________ or failing him,

2. ______________________________ or failing him,

3. the chairperson of the annual general meeting,

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting, which will be held for the purpose of considering, and if deemed fit passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes		
	For	**Against**	**Abstain**
Ordinary Resolution Number 1 - Adoption of the Annual Financial Statements			
Ordinary Resolution Number 2 - Reappointment and remuneration of an auditor – Horwath Leveton Boner			
Ordinary Resolution Number 3 - Approval of Remuneration Policy			
Ordinary Resolution Number 4 - General authority to allot and issue shares for cash			
Ordinary resolution number 5 - Election and re-election of director – Mr. Q George			
Ordinary resolution number 6 - Election and re-election of director – Mr. C Roed			
Ordinary resolution numbers 7 - Election of Audit Committee member – Mr. C Roed			
Ordinary resolution numbers 8 - Election of Audit Committee member – Mr. J Lewis			
Ordinary resolution numbers 9 - Election of Audit Committee member – Mr. S Caddy			
Special resolution number 1 - General authority to acquire (repurchase) shares			
Special resolution number 2 - General authority to enter into funding agreements, provide loans or other financial assistance			
Special resolution number 3 - Non-executive directors' remuneration			

Signed at ______________ on ______________ 2014

Signature ______________ Assisted by me (where applicable)

Name ______________ Capacity ______________ Signature

NOTES TO THE FOR OF PROXY

1. This form is for use by certificated shareholders and dematerialised shareholders with "own-name" registration, whose shares are registered in their own names on the record date and who wishes to appoint another person to represent them at the meeting. If duly authorised, companies and other corporate bodies who are shareholders, having shares registered in their own names, may appoint a proxy using this form, or may appoint a representative in accordance with the last paragraph below.
2. **Other shareholders should not use this form**. All beneficial holders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker, and do not have their shares registered in their own name, must provide the CSDP or broker with their voting instructions. Alternatively, if they wish to attend the meeting in person they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial owner and the CSDP or broker.
2. This proxy form will not be effective at the meeting unless received by the transfer secretaries, Computershare Investor Services (Pty) Ltd of 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107), by not later than 10h00 on Monday, 27 October 2014.
3. This proxy shall apply to all the ordinary shares registered in the name of shareholders at the record date unless a lesser number of shares are recorded.
4. A shareholder may appoint one person as his proxy by inserting the name of such proxy in the space provided. Such proxy need not be a shareholder of the Company. If the name of the proxy is not inserted, the chairman of the meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this proxy form may delegate the authority given to him in this proxy by delivering to the Company, in the manner required by these instructions, a further proxy form which has been completed in a manner consistent with the authority given to the proxy of this proxy form.
5. Unless revoked, the appointment of proxy in terms of this proxy form remains valid until the end of the meeting even if the meeting or a part thereof is postponed or adjourned.
6. If

6.1 a shareholder does not indicate on this instrument that the proxy is to vote in favour of, or against, or to abstain from voting on, any resolution; or

6.2 the shareholder gives contrary instructions in relation to any matter; or

6.3 any additional resolution/s which are properly put before the meeting; or

6.4 any resolution listed in the proxy form is modified or amended,

the proxy shall be entitled to vote or abstain from voting as he thinks fit in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the proxy shall comply with those instructions.

7. If this proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this proxy form will not be effective unless:

7.1 it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or

7.2 the Company has already received a certified copy of that authority.

8. The chairman of the meeting may, at his discretion, accept or reject any proxy form or other written appointment of a proxy which is received by the chairman prior to the time when the meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.
9. Any alterations made in this form of proxy must be initialed by the authorised signatory/ies.
10. This proxy form is revoked if the shareholder who granted the proxy:

10.1 delivers a copy of the revocation instrument to the Company and to the proxy or proxies concerned, so that it is received by the Company by not later than 10h00 on Monday, 27 October 2014; or

10.2 appoints a later, inconsistent appointment of proxy for the meeting; or

10.3 attends the meeting in person.

11. If duly authorised, companies and other corporate bodies who are shareholders of the Company having shares registered in their own name may, instead of completing this proxy form, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received at the Company's transfer secretaries at 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) by no later than 10h00 on Monday, 27 October 2014.

Summary of rights established by section 58 of the Companies Act, 71 of 2008 ("Companies Act"), as required in terms of subsection 58(8) (b)(i)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the Company, as a proxy to participate in, speak and vote at, a shareholders' meeting on his or her behalf (section 58(1a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1b)).
2. A proxy appointment must be in writing, dated, and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 below (section 58(2)).
3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3a)).
4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3b)).
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3c)) and in terms of the Memorandum of Incorporation ("MOI") of the Company at least 48 hours before the meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy:

- the appointment is suspended at any time to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58(4a));
- the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4b)); and
- if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4c)).

7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).
8. If the proxy instrument has been delivered to the Company, and as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder (section 58(6a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
10. If a Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:

- the invitation must be sent to every shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8a));
- the invitation or form of proxy instrument supplied by the Company must:

10.0.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8 b i));

10.0.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired an alternative name of a proxy chosen by the shareholder (section 58(8 b ii)); and

10.0.3 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of, or against any, resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8 b iii)); the Company must not require that the proxy appointment be made irrevocable (section 58(8c)); and the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8d)).

SHAREHOLDERS DIARY

Financial Year-end	**28 February 2014**
• Record date for posting of annual reports	Friday, 26 September 2014
• The last date to trade to qualify for the record date for purposes of participating in and voting at the annual general meeting	Friday, 17 October 2014
• Record date for inclusion in the register to be entitled to vote at the meeting	Friday, 24 October 2014
• Annual General Meeting date	Wednesday, 29 October 2014
• Next interim period	31 August 2014

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