

Mine Restoration Investments Limited

(Incorporated in the Republic of South Africa)

(Registration number 1987/004821/06)

Share Code: MRI

ISIN Code: ZAE000164562

("MRI" or the "Company")

UNAUDITED INTERIM RESULTS FOR THE 6 MONTHS ENDED 31 AUGUST 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 6-months to August 2014 R'000	Unaudited 6-months to August 2013 (Restated) R'000	Audited 12- months to February 2014 R'000
Coal fines revenue	2 827	-	-
Other income (see note 5)	29 506	-	36
Operating expenses	(12 572)	(4 093)	(61 966)
Operating profit/(loss)	19 761	(4 093)	(61 930)
Investment revenue	-	5	6
Finance cost	(3 059)	(2 707)	(6 156)
Profit/(Loss) before taxation	16 702	(6 795)	(68 080)
Taxation	(2 804)	1 550	7 833
Profit/(Loss) for the period	13 898	(5 245)	(60 247)
Other comprehensive income	-	-	-
Total comprehensive income/(loss)	13 898	(5 245)	(60 427)
Profit/(Loss) attributable to:			
Owners of the parent	12 016	(4 283)	(56 329)
Non-controlling interests	1 882	(962)	(3 918)
Total comprehensive income/(loss) attributable to:			
Equity holders	12 016	(4 283)	(56 329)
Non-controlling interests	1 882	(962)	(3 918)
Basic earnings/(loss) per share	2.17	(0.91)	(11.84)
Diluted earnings/(loss) per share	2.15	(0.91)	(9.91)
Weighted average number of shares ('000)	554 227	468 413	475 773
Diluted weighted average number of shares in issue ('000)	559 227	468 413	568 376

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 August 2014 R'000	Unaudited 31 August 2013 (Restated) R'000	Audited 28 February 2014 R'000
Assets			
Non-Current Assets			
Property, plant and equipment	14 348	14 404	18 296
Intangible assets	46 453	91 284	46 453
Goodwill	1 053	9 123	1 053
Deferred tax	4 288	1 550	3 016
	66 142	116 361	68 818
Current Assets			
Trade and other receivables	824	521	696
Cash and cash equivalents	120	3 270	2 985
	944	3 791	3 681
Total Assets	67 086	120 152	72 499
Equity and Liabilities			
Equity			
Amount attributable to equity holders	31 974	52 688	2 642
Non-Controlling Interest	15 316	16 390	13 434
	47 290	69 078	16 076
Liabilities			
Non-Current Liabilities			
Deferred tax	14 736	18 464	13 624
Other financial liabilities	-	25 768	41 709
	14 736	44 232	55 333
Current Liabilities			
Other financial liabilities	-	6 795	-
Trade and other payables	5 060	31	1 090
Current tax payable	-	16	-
	5 060	6 842	1 090
Total Equity and Liabilities	67 086	120 152	72 499

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Reverse Acquisition Reserves	Capital Reserve	Reserve for capital based payments	Retained earnings	Amount attributable to Equity Holders	Non- Controlling Interest	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Group								
Balance at 1 September 2012	40 027	17 953	-	-	1 424	59 404	16 380	75 784
Reverse acquisition	-	(49 019)	-	-	-	(49 019)	-	(49 019)
Issue of additional shares	36 972	-	-	-	-	36 972	1 000	37 972
Prior year errors adjusted	(15 695)	31 066	-	-	-	15 371	-	15 371
Non-recourse funding by IDC	-	-	5 000	-	-	5 000	-	5 000
Total comprehensive loss for the period	-	-	-	-	(13 719)	(13 719)	(28)	(13 747)
Balance at 28 February 2013 (restated)	61 304	-	5 000	-	(12 295)	54 009	17 352	71 361
Total comprehensive loss for the period	-	-	-	-	(4 284)	(4 284)	38	(4 246)

Issue of shares on reverse acquisition	2 963	-	-	-	-	2 963	-	2 963
Balance at 31 August 2013 (restated)	64 267	-	5 000	-	(16 579)	52 688	17 390	70 078
Total comprehensive loss for the period	-	-	-	-	(52 046)	(52 046)	(3 956)	(56 002)
Issue of shares	2 500	-	-	-	-	2 500	-	2 500
Share issue expenses	(500)	-	-	-	-	(500)	-	(500)
Balance at 28 February 2014	66 267	-	5 000	-	(68 625)	2 642	13 434	16 076
Total comprehensive profit for the period	-	-	-	-	12 016	12 016	1 882	13 898
Reserve for capital based payment - directors options	-	-	-	559	-	559	-	559
Issue of shares	16 757	-	-	-	-	16 757	-	16 757
Balance at 31 August 2014	83 024	-	5 000	559	(56 609)	31 974	15 316	47 290

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 6-months to August 2014 R'000	Unaudited 6-months to August 2013 (Restated) R'000	Audited 12-months to February 2014 R'000
Cash flows from operating activities	17 421	(6 939)	(14 221)
Cash flows from investing activities	(241)	(3 627)	(7 777)
Cash flows from financing activities	(20 045)	13 522	24 669
Total cash movement for the period	(2 865)	2 956	2 671
Cash and cash equivalents at the beginning of the period	2 985	314	314
Cash and cash equivalents at end of the period	120	3 270	2 985

COMMENTARY

1. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared by A Meyer in accordance IFRS, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act No 71 of 2008, as amended and the JSE Limited Listings Requirements and include the disclosures required by IAS34 *Interim Financial Reporting* and AC 500 standards as issued by the Accounting Practices Board.

The financial statements have been prepared using accounting policies that comply with IFRS and which are consistent with those applied in the preparation of the audited financial statements for the year ended 28 February 2014.

These condensed consolidated interim financial statements have not been reviewed by the external auditor.

2. FINANCIAL RESULTS

The Group is pleased to announce that it produced its first earnings and headline earnings attributable to owners of the parent amounting to R12.02m (2013: (R4.28m)).

As detailed in the trading statement published on SENS on 25 November 2014, the Company terminated the loan with the Development Bank of South Africa ("DBSA"), which was non-recourse in nature and was only formally terminated on 28 May 2014 ("**Loan Reversal**"). As a result, the Loan Reversal has been accounted for during in the financial period ended 31 August 2014.

3. STATUS AND OVERVIEW OF PROJECTS

The Group commenced commercial production from its coal fines processing plant at Keaton Energy Holdings Limited's Vaalkrantz Colliery in February 2014. Initially, the plant battled to produce product that met quality requirements specified by the customers, owing to technical challenges in the screening circuit. However, the Company entered into a commercial arrangement with Virto Group Inc ("**Virto**"), a provider of cutting edge screening technology. Virto funded the capital expenditure required to install their equipment, which is leased to the Company in return for a royalty. After test production work commencing in May this year, the decision was taken in July 2014 to commence with full scale operation.

The first phase of the plant has been successfully commissioned, with the second phase of the upgrade due to be installed during December 2014, slightly later than originally anticipated. This will increase production above 5,000tpm, with the final phase (an upgrade in feed capacity of waste material from the void) due to be implemented early in 2015. The final phase should bring the capacity of the plant to above 7,500tpm before the end of the current financial year ending 28th February 2015

4. FUTURE PROSPECTS

The Company has entered into test work with a number of external parties, and anticipates that it will find commercially viable opportunities to deploy its operating experience in the processing of coal fines in conjunction with Virto's technology during the course of the next financial year. It will focus on its core expertise of coal fines processing, with briquetting as a possible additional beneficiation step.

5. SEGMENT INFORMATION

	AMD project R'000	Coal Briquetting R'000	Parent R'000	Total R'000
Segmental reporting - 2014				
Segmental total assets	342	66,104	640	67,086
Segmental total liabilities	(3,193)	(15,560)	(1,043)	(19,796)
Net segment assets/(liabilities)	(2,851)	50,544	(403)	47,290
Segmental revenue		2,827		2,827
Segmental other income	28,968	177	361	29,506
Segmental expenses	(4,723)	(8,144)	(5,568)	(18,435)
Segmental profit/(loss)	24,245	(5,140)	(5,207)	13,898
Income from termination of non-recourse loan included in segmental profit/(loss)				
DBSA loan	28,968	-	-	28,968
Provision for capital gains tax	(2,965)	-	-	(2,965)
Segmental reporting - 2013 (restated)				
Segmental total assets	58,220	61,873	60	120,152
Segmental total liabilities	(41,578)	(14,321)	4,825	(51,074)
Net segment assets	16,642	47,551	4,885	69,078

As the projects were not yet operational a segment analysis by profits was not applicable.

The MRI Group segmental analysis is based on the AMD and Coal Briquetting Projects. The coal briquetting plant was commissioned in December 2013 and started 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 during the financial year ended 28 February 2014 as the Group has as yet been unable to secure contracts to generate revenue.

6. HEADLINE EARNINGS/(LOSS) PER SHARE ("HEPS")

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

	Unaudited 6- months to August 2014	Unaudited 6- months to August 2013 (Restated)	Audited 12- months to February 2014
Earnings/(loss) per share (cents)	2.17	(0.91)	(1.74)
Diluted earnings/(loss) per share (cents)	2.15	(0.91)	(9.91)
Headline earnings/(loss) per share (cents)	2.17	(0.91)	(1.74)
Diluted headline earnings/(loss) per share	2.15	(0.91)	(3.30)
HEPS Calculation			
Profit/(loss) for the year	12 016	(4 283)	(56 329)
Impairment of intangible assets and goodwill	-	-	37 584
Headline earnings/(loss)	12 016	(4 283)	(18 745)
Weighted average number of shares in issue ('000)	554 227	468 413	475 773
Actual number of shares in issue ('000)	833 624	470 704	498 482
Diluted HEPS Calculation			
Profit/(loss) for the year	12 016	(4 283)	(56 329)
Impairment of intangible assets and goodwill	-	-	37 548
Headline earnings/(loss)	12 016	(4 283)	(18 745)
Diluted weighted average number of shares in issue ('000)	559 227	468 413	568 376

7. CHANGES IN SHARE CAPITAL

Since the last reporting period, as detailed in the SENS announcement dated 2 June 2014 and the period under review, the Company issued the following new shares:

- 246 181 701 at an issue price of R0.05 per share in settlement of the AfrAsia Special Opportunities Fund Proprietary Limited loan;
- 65 960 757 at an issue price of R0.05 per share in settlement of the Armadale Capital Plc loan;
- 10 000 000 at an issue price of R0.05 per share in settlement of corporate advisory fees owed to AfrAsia Corporate Finance Proprietary Limited; and
- 13 000 000 at an issue price of R0.05 per share in settlement of directors and employee fees.

The above issues of shares were approved by MRI shareholders at a general meeting held on 17 June 2014.

Share-based Payment

MRI shareholders approved 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. This is considered a share based payment arrangement, details of which are provided as follows:

Type of arrangement:	Senior management share option plan
Date of grant:	June 2014
Number of shares granted:	10 000 000
Contractual life:	2 years

The estimated fair value of the share option granted in the Senior management share option plan is R559 479. This was calculated by applying the Black-Scholes Option pricing model. The model inputs were the share price at grant date of 10 cents, exercise price of 5 cents, expected volatility of 30 per cent, no expected dividends, contractual life of two years, and a risk-free interest rate of 6 per cent. Historical volatility was 30 per cent. The Company expects the volatility of its share price to reduce as it matures. The estimated fair value of each share granted in the executive share plan is 5.6 cents.

9. EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant transactions, which require disclosure, have occurred since the end of the period to the date of this announcement.

10. CHANGES TO THE COMPOSITION OF THE BOARD

Since the prior reporting period, the following changes to the board have taken place:

- Mr Anthon Meyer will change his role from executive, financial director of MRI to non-executive director with effect from 1 December 2014;
- Mr Carl-Heinz Gernandt has been appointed as financial director of the Company with effect from 1 December 2014; and
- Mr Justin Lewis resigned as non-executive director of MRI with effect from 29 October 2014.

11. CHANGE TO THE DESIGNATED ADVISER

AfrAsia Corporate Finance (Pty) Ltd was appointed as designated adviser of the Company with effect from 1 September 2014.

12. DIVIDENDS

No dividend will be declared for the interim financial period ended 31 August 2014 (2013: Nil).

1 December 2014
Johannesburg

Q George

Prepared by: A Meyer

CORPORATE INFORMATION

Mine Restoration Investments Limited

Country of incorporation and domicilium: South Africa

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Directors: Q George# (Chairman), A Meyer, C Roed*, R Tait (CEO), CH Gernandt^, S Caddy*
(#Non-Executive, * Independent Non-Executives, ^ with effect from 1 December 2014)

Company Secretary: Neil Esterhuysen & Associates Inc

Registered Office: Route 21, Corporate Park, 45 Sovereign Drive, Ground Floor, Unit C, Irene X30, 0046

Transfer Secretaries: Computershare Investor Services (Pty) Limited, 70 Marshall Street, Marshalltown 2001, PO Box 61051, Marshalltown 2107

Auditor: Horwath Leveton Boner

Corporate and Designated Adviser: AfrAsia Corporate Finance Proprietary Limited