Mine Restoration

INVESTMENTS LIMITED

GENERAL INFORMATION

MINE RESTORATION INVESTMENTS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 28 FEBRUARY 2013

Country of incorporation and domicile	South Africa
Directors	WJ Schoeman (Executive Director) M van den Berg (Executive Director) S Swana (Independent Non - Executive Director) AT Meyer (Independent Non - Executive Director) CB Roed (Independent Non - Executive Director) SP Tredoux (Independent Non - Executive Director) QJ George (Non - Executive Director) JC Herbst (Non - Executive Director) R Tait (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 financial statements were internally compiled by: M van den Berg Financial Director

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The reports and statements set out below comprise the consolidated financial statements presented to the shareholder:

SUSTAINABILITY AND CORPORATE GOVERNANCE REPORT

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. As previously indicated this is a major task and an ongoing process. Over the next few years 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 three non-executive directors, two executive directors, and four independent non-executive directors. The non-executive directors are of sufficient calibre 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 and a Social and Ethics Committee.

The Board, which is chaired by an 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 25 September 2012, three board meetings have been held.

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.

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 familiarise 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 briquetting project. The continued development of the technology and new opportunities in the Acid Mine Drainage (AMD) and industrial water sector. 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. The Chairman or Chief Executive Officer ensures that all directors are adequately briefed prior to a Board meeting.

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

At a general meeting of the directors, the directors have the power to appoint 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.

SUSTAINABILITY AND CORPORATE GOVERNANCE REPORT

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 Jaco Schoeman. 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, 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 shareholders meetings and by the Board with subsequent confirmation by shareholders in a shareholders meeting.

Role and function of the Board

The memorandum of incorporation 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: a Combined Audit and Risk Committee (CARC), a Combined Remuneration and Nomination Committee (CRNC) and a Combined Social and Ethics Committee (CSEC). These committees report to the Board.

The CARC

The composition of the CARC consists of three independent non-executive members, namely Anthon Meyer, Sandile Swana and Chris Roed, which composition complies with the Companies Act 71. Sandile Swana chairs this committee.

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 will be invited to attend meetings. During the period under review and to the date of this report, two 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 CRNC

The Combined Remuneration and Nomination Committee includes three non-executive directors: Anthon Meyer, Chris Roed and Sandile Swana. Anthon Meyer chairs this committee.

The CRNC (continued)

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 memorandum of incorporation.

The MRI Group has no share incentive scheme in place.

The CSEC

The Board established the Company's Social and Ethics Committee 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 Sandile Swana. Sandile Swana chairs the committee. During the period under review the CSEC met once during the period under review.

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.

SUSTAINABILITY AND 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 2013 for the period under review, taking into account their dates of appointment, were as follows:

Subsequent to year-end, two board meetings and two meetings of the CARC were held and the attendance at these meetings were as follows:

Director / committee member	% of board meetings attended	Number of board meetings attended (2)	% of audit & risk committee meetings attended	Number of meetings attended (2)
M van den Berg~	100%	2/2	NA	NA
J Schoeman~	100%	2/2	NA	NA
S Tredoux*^	100%	2/2	NA	NA
JC Herbst*	100%	2/2	NA	NA
C Pettit*	50%	1/2	NA	NA
Q George*	100%	2/2	NA	NA
S Swana*^~	100%	2/2	100%	2/2
C Roed*^~	50%	1/2	50%	1/2
A Meyer*^~	100%	2/2	100%	2/2

** Non-Executive, ^ Independent, ~ Appointed with effect from 30 April 2012*

All directors, committee members and chairmen 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 ended 28 February 2013

	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 23 February 2013 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 2013 and the record of directors' dealings during the year under review is set out in the notes 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 member 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.

Company Secretary (continued)

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 2013 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.

Exept 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.

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 projects become operational. 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.

SUSTAINABILITY AND CORPORATE GOVERNANCE REPORT

Ethical leadership

The MRI Group subscribes to the highest ethical standards and behaviour 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 JSE Limited Listings Requirements and sound corporate governance. MRI is considering an investor relations programme.

Employment, development and employment equity

The MRI Group will endeavour 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 intends implementing initiatives that provide opportunities for all levels of staff as they become established and 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.

The Board believes that the MRI Group has implemented ethical standards during the year under review.

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

The MRI Group, the Board and the individual directors support implementing best governance principles and practices throughout the MRI Group.

The Board continues to subscribe to the values of good corporate governance as set out in the King Report on Governance of South Africa 2009, and those prescribed by the JSE Listings Requirements. The aim is to maintain the highest standards of integrity to ensure that the principles set out in King III are observed and implemented.

While the Board is of the opinion that the MRI Group complies in all material respects with the principles unbodied in King III and the additional requirements for corporate governance stipulated by the JSE. Where specific principles have not been applied, explanations for these are provided below.

Ethical Leadership and Corporate Citizenship	Apply	Partially apply	Under review/ do not apply
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

	Apply	Partially apply	Under review/ do not apply
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		√2	
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			√1
Directors and executives are fairly and responsibly remunerated	√		
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		√8	
A combined assurance model is applied to improve efficiency in assurance activities	√9		
Satisfies itself on the expertise, resources and experience of the company's finance functions	√		
Oversees internal audit	√		
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

SUSTAINABILITY AND CORPORATE GOVERNANCE REPORT

Governing Stakeholder Relationships	Apply	Partially apply	Under review/ do not apply
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 Governance of Information Technology			
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 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	Apply	Partially apply	Under review/ do not apply
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 Whilst directors are provided with information on the business on appointment, formal ongoing training for non-executive directors has not been introduced. This will be considered by the Board as the MRI Group grows.

√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 and one non-executive director were members of the CARC. Once the MRI Group grows and projects become operational, 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, Anthon Meyer; 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 are still to become operational.

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

SUSTAINABILITY AND CORPORATE GOVERNANCE REPORT

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 briquetting plant at Keaton Energy anthracite mine in Kwazulu Natal. Construction was expected to commence in January 2013.

The main risk during construction was adverse weather conditions. Any impact or delay on the project timeline will have a risk of increasing the working costs since MRI has no other source of income at this stage except through raising capital.

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 briquetting project becomes operational during 2013, 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 Combined Audit and Risk Committee (the Committee) is presented as required by Section 61(8 a iii) of the Companies Act (No. 71 of 2008).

Functions and Responsibilities of the Combined Audit and Risk Committee

The role of the Committee 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 Committee 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 Committee adopted an audit mandate which will be reviewed annually. The Committee 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 no non-audit services were utilised.

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

The Committee 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 Combined Audit and Risk Committee was constituted on 30 April 2012 and its members are:

S Swana (Chairman)

A Meyer

C Roed

In terms of King III, a minimum of three independent non-executive directors is recommended. In terms of the JSE Listings Requirements, the audit committee must be constituted in terms of King III. All three members of the Committee are independent non-executive directors. It should be noted that Mr. S Swana is a non-executive director of Trinity Asset Management, a shareholder of MRI.

The external auditors, the Chief Executive Officer and the Financial Director are all invited to attend the meetings of the Committee. The members of the Committee have at all times acted in an independent manner.

AUDIT AND RISK COMMITTEE REPORT

Frequency of meetings

The Committee 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 Committee has met three times during the 2013 financial year and twice after the previous annual general meeting and up to the date of this report.

Independence of external audit

One of the responsibilities of the Combined Audit and Risk Committee is the assessment of the independence of the external auditor. The Committee is satisfied that the external auditor is independent of the Company. The external auditor has also confirmed that its personnel are independent of the Company.

Expertise and experience of the financial director

As required by the JSE Listings Requirement 3.84(h), the Committee has satisfied itself that Mrs. M van den Berg 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 Committee 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 Committee considers the consolidated financial statements of Mine Restoration Investments Limited to be a fair presentation of its financial position as at 28 February 2013 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.

S Swana
Chairman of the committee

19 July 2013

DIRECTORS' RESPONSIBILITIES 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 company and 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 my 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 Company and MRI Group's cash flow forecast and the Board confirms 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 21 and 22.

The Company and consolidated financial statements set out on pages 23 to 62, which have been prepared on the going concern basis, were approved by the Board on 19 July 2013 and were signed on its behalf by:

Q George

WJ Schoeman

Johannesburg
19 July 2013

DIRECTORS' REPORT

The directors present their report for the period ended 28 February 2013.

Nature of business

The focus of the MRI Group is Acid Mine Drainage (AMD) and Coal Fines Briquetting (Coal Briquetting). Both these projects are directed at reducing the environmental impact of mining whilst at the same time producing a significant return on investment for shareholders.

Coal fines have traditionally been an unwanted byproduct in the coal mining industry. Fines are typically defined as coal with a particle size below 6mm. These fines have presented a major disposal challenge to the industry. As a result of their low marketing value, coal fines are generally disposed in dams or on stockpiles at or near mining sites. This practice has had a huge environmental impact worldwide. There are a number of problems associated with the disposal or storage of fines on stockpiles. These include dust release, acid drainage and spontaneous combustion. Fines supply and briquette off-take agreements have been signed between a MRI Group subsidiary, Octavovox (Pty) Ltd, a 51% held subsidiary company of Western Utilities Corporation (Pty) Ltd (WUC) and the coal mining operation that controls the mine in Vryheid, where the fines are situated.

The mine reserves comprise good quality bituminous coal and high-grade anthracite. The quality of the material makes it highly sought after in the metallurgical industry. Coal fines are an environmental hazard due to the adverse effects caused by this by-product. To date the only viable solution to these coal fines is the briquetting solution. Previously, briquetting has not been a viable option due to the problems encountered with the process. However, with recent progress in the briquetting methodology used, briquetting is now not only an environmental solution but a profitable business.

The Department of Water Affairs (DWA) appointed Aurecon to assist it in the evaluation of the various technologies available for the treatment of Acid Mine Drainage. It is expected that the DWA will issue a report later this year in which it will highlight the findings from Aurecon. It is also expected that once the report is released that the DWA will embark on a formal tender process for a long-term solution. WUC has been registered as a potential technology, management and service provider, and intends to participate in the tender once released.

Financial Results

Financial results are discussed in detail in the Chief Executive's Report.

Other income includes gain on bargain purchase of R 14 043 (2011: R 46 958) (R'000) arising from business combinations.

The MRI Group incurred a headline loss per share of 6.55 cents (2011: 17.4).

Share Capital

MRI issued the following shares during the period under review:

- 182 300 030 shares at 19 cents per share in part settlement of the reverse acquisition.
- 1 765 498 shares at 19 cents per share in part settlement of the fees due to the designated advisor and corporate advisor in respect of the reverse acquisition.
- The issue of 210 526 316 shares at 19 cents per share to investors.
- The issue of 1 216 960 shares at 19 cents per share in part settlement of the fees due to the designated advisor (Arcay Moela Sponsors (Pty) Ltd) and corporate advisor inrespect of the issue of shares to investors.

There were no share re-purchases during the period under review up to the date of this report.

The authorised and issued share capital of the Company as at 28 February 2013 is set out in note 12 of the consolidated financial statements.

DIRECTORS' REPORT

Directors (also refer note 30)

The name, business address and capacity of each of the Board members is:

Quinton George	Block F, The Terraces; Steenberg Office Park, Cape Town.	Non-Executive Chairman
Jaco Schoeman	Route 21 Corporate Park. 45 Sovereign Drive, Ground Floor. Unit C, Irene X30, 0046, Centurion.	Group Executive Officer
James Herbst	First Floor, East Wing 146a Kelvin Drive Woodmead	Non-Executive Director
Stephen Tredoux	First Floor, East Wing, 146a Kelvin Drive, Woodmead	Independent Non-Executive Director
Michelle van den Berg	Route 21 Corporate Park, 45 Sovereign Drive, Ground Floor, Unit C, Irene X30, 0046, Centurion	Financial Director
Richard Tait	Office 202, Cape Quarter 27 Somerset Road, Green Point, Cape Town	Non-Executive Director
Sandile Swana	Block 3, Visiomed Office Park, 269 Beyers Naude Drive, Northcliff	Independent Non-Executive Director
Anthon Meyer	21b Phinda Street, Moreletta Park, Pretoria	Lead Independent Non-Executive Director
Chris Roed	25 Boston road, Bellville, Cape Town, 7530	Independent Non-Executive Director

After the period under review, Mr. Charles Pettit resigned. His resignation took effect on 18 April 2013 and Mr. Richard Tait was appointed as a Non-Executive Director in his stead.

Quinton George (Non-Executive Chairman) (41)

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 Johannesburg Stock Exchange (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.

On September 1, 2000, Quinton launched Trinity Holdings (Pty) Ltd, an investment management company registered with the Financial Services Board. Currently, Quinton is the CEO of Trinity Asset Management, notably one of South Africa's largest gold and resource fund managers.

DIRECTORS' REPORT

Jaco Schoeman (Group Chief Executive Officer) (39)

Jaco Schoeman is a scientist and holds a B. Tech Degree in Analytical Chemistry from Pretoria Technikon in South Africa. Jaco was previously the Technical Director of Mintails Ltd (ASX:MLI), a South African based, but Australia-listed gold mining company which reprocesses tailings. Prior to joining Mintails, he held senior positions including General Manager of Atomaer RSA, Product Specialist at Nalco-Chemserve and Senior Chemist at Amplats (now Anglo Platinum). His responsibilities at Mintails included initiating a commercial alternative to existing technologies for the treatment of AMD water.

Jaco previously had overall responsibility for the water treatment project, ensuring accountability of funds and reports to the board against agreed milestones. Jaco has also accepted responsibility for the establishment and continuation of vital strategic relationships with the regulatory agencies and major mining enterprises of South Africa.

Michelle van den Berg (Financial Director) (34)

Michelle completed high school in Middelburg and studied her National Diploma in Internal Auditing through Free State Technikon, where she became a Certified Professional Accountant after completing articles at Oelofse Auditors, Medpark Financial Services and Van Wyk Auditors.

Following her articles, Michelle became Financial Manager of Head to Toe before she left and started working at MNR Solutions (Pty) Ltd and Isisango Convention Centre (Pty) Ltd to fill the position of Financial Manager/Human Resources Representative and Accountant. In 2007, Michelle was employed as a financial accountant by Barnstone Corporate Services (Pty) Ltd where she was contracted out to WUC. However in 2008, WUC decided to include Michelle on their payroll while she continued to fulfill the role of financial accountant. Michelle will initially be assisted in her role as Financial Director by Anthon Meyer.

The CARC has confirmed that it is satisfied with the expertise and experience of Michelle as financial director of the MRI Group going forward.

James Herbst (Non-executive Director) (42)

James is a Chartered Accountant with experience in corporate finance, corporate law, investment banking, and investment management. After completing his articles with Coopers and Lybrand and the Chartered Financial Analyst programme, James worked for Fleming Martin Private Asset Management where he managed full discretionary funds.

He left in 2001 to start a private equity business that later culminated in the listing of Level 4 IT Services with its subsequent acquisition of DataPro, now Vox Telecom. Having completed his service contract with DataPro, James went on to pursue a career in corporate finance with the launch of WRH Corporate Advisors. In July 2007 WRH acted as corporate advisors to TelePassport, which was reverse-listed into Huge Group. Since his appointment as CEO of Huge Group, James has been instrumental in integrating Huge Group's two principal telecommunications businesses, which have been combined to form Huge Telecom.

Stephen Tredoux (Independent Non-Executive Director) (54)

Steve started his working career as an accountant but moved to general management where he worked in the property management industry and manufacturing. He joined the information technology sector where he was employed by National Data Systems as account director addressing all commercial and support issues for Nedbank.

He subsequently joined MTN in 1995, working there with the Service Providers, as well as investigating new routes to market, new product sets, and new ways of communicating with customers. When MTN acquired M-Tel, Steve was appointed in an executive sales and advertising capacity. He has considerable experience in sales distribution but is also a master at marketing and product development. Steve is a director on the listed Huge Group Limited board.

DIRECTORS' REPORT

Richard Tait (Non-Executive Director) (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 and turnaround of Riozim, a diversified mining company in Zimbabwe.

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).

Sandile Swana (Independent Non-Executive Director) (45)

Sandile Swana was born in Johannesburg, South Africa and matriculated at St John's College, Mthatha. He completed a B.Com under the Anglo American Scholarship Programme at Wits University, with majors in Economics and Business Information Systems. He received training in software development and project management. He has a BCom Hons (Unisa) and an MBA (UP).

He is a director of the following companies listed on the JSE: ConvergeNet Holdings and Gold One Data Works; which amongst other things specialises in the development and implementation of asset management systems for compliance with the Government Immovable Asset Management Act (GIAMA). He started lecturing at Wits Business School in 2007 covering Risk Management and Public Private Partnerships. He is a member of the following audit committees: ICASA (chairman); Gariep Municipality (Chairman), Gold One; ConvergeNet Holdings (Chairman) and Sallies Limited (Chairman).

He has wide ranging management and leadership experience having worked for multi-nationals and private companies including: Anglo American as a trainee (1988–1992); New York Times; Caltex Oil; The Don Suite Hotels and also acting as non-executive director of several JSE listed companies. Mr. Swana is a specialist and experienced leader in audit and risk in both the public and private sector including JSE listed Gold One Limited, White Water Resources, Sallies Limited and ConvergeNet Holdings. He has well developed quantitative skills.

Anthon Meyer (Lead Independent Non-Executive Director) (60)

Anthon 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, 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 (Independent Non-Executive Director) (47)

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).

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

Other than as mentioned above, no other changes to the board of directors took place during the period under review, and up to the date of this report.

DIRECTORS' REPORT

Directors' Emoluments

The emoluments of executive and non-executive directors are determined by the MRI Group's Combined Remuneration and Nomination Committee and the Board, where appropriate. Further information relating to the earnings of directors is provided in note 30 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.

Company Secretary

Neil Esterhuysen and Associates (Proprietary) Limited was appointed as Company Secretary on 4 September 2012 and has been the Company Secretary up to date of this report.

Auditor

Horwath Leveton Boner has been reappointed as the Company's external auditor for the year ended 28 February 2013. It will be proposed at the Annual General Meeting of shareholders that Horwath Leveton Boner continue in office in accordance with section 90(1) of the Companies Act, with Mr. Selwyn Bloch as the Designated Auditor. The Combined Audit and Risk Committee is satisfied with the independence of the external auditor to the Company.

Dividend

No dividends were recommended or declared in the current financial year.

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 30 April 2012, the following special resolutions were presented and approved:

1) General authority to acquire (repurchase) shares;

2) General authority to enter into funding agreements, provide loans or other financial assistance;

3) The remuneration payable to the non-executive directors.

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 on the results for the period ended 28 February 2013 and the audit opinion is set out on pages 21and 22 of the consolidated financial statements.

DECLARATION BY COMPANY SECRETARY

In terms of section 88 (2e) of the Companies Act, 71 of 2008 (Act), we certify that, to the best of our knowledge and belief, the Company has filed returns and notices as required by the Act with Companies Intellectual Property Commission for the period under review ended 28 February 2013 and from 4 September 2012 to the date of this report, all returns as are required of a public company in terms of the aforesaid Act have been filed, and all 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)

19 July 2013

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mine Restoration Investments Limited

We have audited the consolidated and separate financial statements of Mine Restoration Investments Limited, as set out on pages 23 to 62, which comprise the statement of financial position as at 28 February 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period 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 and separate 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 and separate 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 and separate financial statements present fairly, in all material respects, the financial position of Mine Restoration Investments Limited as at 28 February 2013, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act 71 of 2008.

INDEPENDENT AUDITOR'S REPORT

Emphasis of matters

Without qualifying our opinion, we refer to the matters below:

- Note 33 details prior period reclassifications relating to the accounting treatment of other financial liabilities and equity. The financial statements of the accounting acquirer in the reverse acquisition for the prior periods were audited by another auditor who expressed an unmodified opinion on those statements on 22 January 2012.
- Note 34 details events after reporting period that are material to the users understanding of the financial statements, describing loan facilities secured, the issue of shares and share options.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the period ended 28 February 2013, 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 and separate 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 and separate financial statements. However we have not audited these reports and accordingly do not express an opinion on these reports.

Horwath Leveton Boner

Horwath Leveton Boner
Registered Auditor

Per: Selwyn Bloch
Registered Auditor
Partner

3 Sandown Valley Crescent,
Sandown

19 July 2013

STATEMENT OF FINANCIAL POSITION

	Notes	Group 28 Feb 2013 R'000	Group 31 Dec 2011 R'000	Group 31 Dec 2010 R'000	Company 28 Feb 2013 R'000	Company 28 Feb 2012 R'000
Assets						
Non-Current Assets						
Property, plant and equipment	3	10 798	8	82	-	-
Intangible assets	4	92 411	93 043	44 514	-	-
Investments in subsidiaries	5	-	-	-	15 697	-
Other financial assets		-	-	5	-	-
Investment in associate	6	-	1 000	-	-	-
Deferred tax	7	7 173	6 365	2 377	-	-
		110 382	**100 416**	**46 978**	**15 697**	**-**
Current Assets						
Loans to group companies	8	-	-	-	61 815	-
Trade and other receivables	9	610	69	59	-	-
Cash and cash equivalents	10	314	584	471	193	4 229
		924	**653**	**530**	**62 008**	**4 229**
Total Assets		**111 306**	**101 069**	**47 508**	**77 705**	**4 229**
Equity and Liabilities						
Equity						
Capital and reserves						
Share capital and share premium	12	76 999	-	-	76 999	3 581
Reverse acquisition	13	(31 066)	-	-	-	2
Retained income		(6 047)	(952)	(7 773)	342	111
Equity Attributable to Holders of Parent		39 886	(952)	(7 773)	77 341	3 694
Equity loan	16	5 000	5 000	5 000	-	-
Non-controlling interest		17 352	16 430	-	-	-
Total equity		**62 238**	**20 478**	**(2 773)**	**77 341**	**3 694**
Liabilities						
Non-Current Liabilities						
Loans from group companies	8	-	49 738	33 857	-	-
Other financial liabilities	15	22 002	17 358	14 058	-	-
Deferred tax	7	25 626	13 428	-	-	-
		47 628	**80 524**	**47 915**	**-**	**-**
Current Liabilities						
Current tax payable		33	-	-	33	15
Trade and other payables	17	1 407	67	2 366	331	520
		1 440	**67**	**2 366**	**364**	**535**
Total Liabilities		**49 068**	**80 591**	**50 281**	**364**	**535**
Total Equity and Liabilities		**111 306**	**101 069**	**47 508**	**77 705**	**4 229**

STATEMENT OF COMPREHENSIVE INCOME

	Notes	Group 14 months ended 28 Feb 2013 R'000	Group 12 months ended 31 Dec 2011 R'000	Company 12 months ended 28 Feb 2013 R'000	Company 12 months ended 28 Feb 2012 R'000
Other income	19	20 021	48 377	4 184	-
Operating expenses		(9 048)	(12 068)	(4 157)	(2 183)
Operating profit (loss)	19	**10 973**	**36 309**	**27**	**(2 183)**
Investment revenue	20	177	8	247	227
Gain on non-current assets held for sale or disposal groups		-	-	-	27
Finance costs	21	(4 908)	(3 626)	-	-
Profit (loss) before taxation		6 242	32 691	274	(1 929)
Taxation	22	(11 415)	(9 440)	(44)	(15)
(Loss) profit for the period		**(5 173)**	**23 251**	**230**	**(1 944)**
Other comprehensive income		-	-	-	-
Total comprehensive (loss) income for the period		**(5 173)**	**23 251**	**230**	**(1 944)**
Total comprehensive (loss) income attributable to:					
Owners of the parent		(5 095)	6 821	230	(1 944)
Non-controlling interest		(78)	16 430	-	-
		(5 173)	**23 251**	**230**	**(1 944)**
(Loss) profit attributable to :					
Owners of the parent		(5 095)	6 821	230	(1 944)
Non-controlling interest		(78)	16 430	-	-
		(5 173)	**23 251**	**230**	**(1 944)**
Earnings per share					
Per share information					
Basic (loss) earnings per share (cents)	24	(1.74)	11.39	-	-

STATEMENT OF CASH FLOW

		Group		Company	
	Notes	14 months ended 28 Feb 2013 R'000	12 months ended 31 Dec 2011 R'000	12 months ended 28 Feb 2013 R'000	12 months ended 28 Feb 2012 R'000
Cash flows from operating activities					
Cash generated in operations	25	386	(12 878)	(162)	(1 736)
Interest income		177	8	247	227
Finance costs		(4 908)	(3 626)	-	-
Tax refunded (paid)	26	8	-	(26)	(40)
Profit on disposal of investments		-	-	-	27
Net cash from operating activities		**(4 337)**	**(16 496)**	**59**	**(1 522)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(10 814)	(10)	-	-
Sale of property, plant and equipment	3	-	10	-	-
Purchase of other intangible assets	4	-	(696)	-	-
Recovery of intangible assets	4	-	120	-	-
Cash outflow on business combination Octavovox (Pty) Ltd	14	-	(1 000)	-	-
Investment in associate company Prodiflex Coal (Pty) Ltd)	6,14	-	(1 000)	-	-
Sale of financial assets		-	5	-	-
Net cash from investing activities		**(10 814)**	**(2 571)**	**-**	**-**
Cash flows from financing activities					
Proceeds on share issue	12	40 000	-	40 000	-
Share issue expenses	12	(1 785)	-	(1 785)	-
Proceeds from other financial liabilities		4 643	3 299	-	-
Proceeds from loans from group companies		-	15 881	-	-
Repayment of loans from fellow subsidiary companies		(27 977)	-	(42 310)	-
Net cash from financing activities		**14 881**	**19 180**	**(4 095)**	**-**
Total cash movement for the period		(270)	113	(4 036)	(1 522)
Cash at the beginning of the period		584	471	4 229	5 751
Total cash at end of the period	**10**	**314**	**584**	**193**	**4 229**

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium
	R'000	R'000
Group		
Balance at 01 January 2011	**-**	**-**
Profit for the period	-	-
Total comprehensive income for the period	**-**	**-**
Balance at 01 January 2012	**-**	**-**
Loss for the period	-	-
Total comprehensive income for the period	**-**	**-**
Share capital on reverse-acquisition and issue of shares	455	78 329
Reverse-acquisition adjustment	-	-
Share issue expense	-	(1 785)
Total contributions by owners of the parent recognised directly in equity	**455**	**76 544**
Business combination	**-**	**-**
Balance at 28 February 2013	**455**	**76 544**
Note(s)	12	12

	Share capital
	R'000
Company	
Balance at 01 March 2011	**60**
Loss for the period	-
Total comprehensive loss for the period	**-**
Balance at 01 March 2012	**60**
Profit for the period	-
Total comprehensive income for the period	**-**
Share capital on reverse-acquisition and issue of shares	395
Transfer of reserves	-
Share issue expenses	-
Total contributions by owners of company recognised directly in equity	**395**
Balance at 28 February 2013	**455**
Note(s)	12

Total share capital R'000	Reverse acquisition reserves R'000	Retained income R'000	Total attributable to equity holders of the Company R'000	Non controlling interest R'000	Total equity R'000
-	**-**	**(7 773)**	**(7 773)**	**-**	**(7 773)**
-	-	6 821	6 821	16 430	23 251
-	**-**	**6 821**	**6 821**	**16 430**	**23 251**
-	**-**	**(952)**	**(952)**	**16 430**	**15 478**
-	-	(5 095)	(5 095)	(78)	(5 173)
-	**-**	**(5 095)**	**(5 095)**	**(78)**	**(5 173)**
78 784	-	-	78 784	-	78 784
-	(31 066)	-	(31 066)	-	(31 066)
(1 785)	-	-	(1 785)	-	(1 785)
76 999	**(31 066)**	**-**	**45 933**	**-**	**45 933**
-	**-**	**-**	**-**	**1 000**	**1 000**
76 999	**(31 066)**	**(6 047)**	**39 886**	**17 352**	**57 238**
	13			12	

Share premium R'000	Total share capital R'000	Reverses R'000	Retained income R'000	Total attributable to equity holders of the Company R'000	Total equity R'000
3 521	**3 581**	**2**	**2 055**	**5 638**	**5 638**
-	-	-	(1 944)	(1 944)	(1 944)
-	**-**	**-**	**(1 944)**	**(1 944)**	**(1 944)**
3 521	**3 581**	**2**	**111**	**3 694**	**3 694**
-	-	-	229	229	229
-	**-**	**-**	**229**	**229**	**229**
74 808	75 203	-	-	75 203	75 203
-	-	(2)	2	-	-
(1 785)	(1 785)	-	-	(1 785)	(1 785)
73 023	**73 418**	**(2)**	**2**	**73 418**	**73 418**
76 544	**76 999**	**-**	**342**	**77 341**	**77 341**
12	12				

ACCOUNTING POLICIES

1. Basis of preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, the Companies Act 71 of 2008, and SAICA Financial Reporting Guides. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

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

The Company and Group have 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 incorporate in the financial statements of the group and entities (including special purpose entities) controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 calculations and fair values less costs to sell. 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.

Impairment testing (continued)

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 authorisation 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 Company 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 financial position as a prior year under or over provision.

1.3 Segmental reporting

The Group has not presented operating segments as projects are not yet operational. This information will be presented once operational.

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.

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 heldforsale in accordance with IFRS 5 Noncurrent assets heldforsale 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.

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 noncontrolling 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 noncontrolling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

1.4 Business combinations (continued)

Goodwill is not amortised but is tested for impairment on an annual basis. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

1.5 Foreign currency translation

Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from remeasurement of monetary items at year-end exchange rates, are recognised in profit or loss. Non-monetary items measured at historical cost, are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items at fair value are translated using the exchange rates at the date when fair value was determined.

On consolidation, assets and liabilities are translated into Rand at the closing rate at the reporting date. Income and expenses are translated into the Group's presentation currency at the average rates over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the foreign currency translation reserve. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

1.6 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 derecognised.

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

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 derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition 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.

1.7 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**
Acid Mine Drainage project	20 years
Rehabilitation and processing rights relates to the Briquetting Project	8 years
Intellectual property relates to the Briquetting Project	8 years
Computer software	3 years

1.8 Investments in subsidiaries

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.9 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy of the investee but is not controlled or jointly controlled over these policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investments classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method an investment is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate which includes any long-term interest that, in substance, forms part of the Group's net investment in the associate, the Group discontinues recognising its share of future losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net gain fair value of the identifiable assets and liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss.

1.10 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.

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.

Derecognition of financial assets

The group derecognises 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.

Derecognition of financial assets (continued)

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, except those at fair value through profit and loss, 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, including redeemable notes classified as AFS and finance lease receivables, 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. For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

1.11 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 arises from goodwill of from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that effects 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.

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.

1.12 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.

1.13 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 (the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties), 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.

1.14 Share capital and equity

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

Share premium includes any premiums received on issue of share capital and premiums paid on repurchase of share capital. Any transaction cost associated with the issuing of shares is deducted from share premium, 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.

1.15 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.

ACCOUNTING POLICIES

1.16 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.

1.17 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 is presented in terms of JSE Limited Listing requirements. Headline earnings as defined in circular 3/2012 issued by the South African Institute of Chartered Accountants, separates from earnings all separately identifiable remeasurements.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current period

In the current period, 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 7 Amendments to IFRS 7 Disclosures – Transfers of financial assets	01 July 2011
• IAS 12 Income Taxes: Amendment: Deferred Tax: Recovery of Underlying Assets	01 January 2012

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 2013 or later periods:

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Financial liabilities shall not be reclassified.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 01 January 2015.

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 company's consolidated financial statements.

2.2 Standards and interpretations not yet effective (continued)

IFRS 10 Consolidated Financial Statements

Standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee. The effective date of the standard is for years beginning on or after 01 January 2013.

The group expects to adopt the standard for the first time in the 2014 consolidated financial statements.

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

IAS 11 Joint Arrangements

New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities. Effective from 1 January 2013.

The amended standard is not expected to have an impact on the group.

IAS 27 Separate Financial Statements

Consequential amendment as a result of IFRS 10. The amended Standard now only deals with separate financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated financial statements.

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

IFRS 12 Disclosure of Interests in Other Entities

The standard sets out disclosure requirements for investments in Subsidiaries, associates, joint ventures and unconsolidated structured entities. The disclosures are aimed to provide information about the significance and exposure to risks of such interests. The most significant impact is the disclosure requirement for unconsolidated structured entities or off balance sheet vehicles.

The effective date of the standard is for years beginning on or after 01 January 2013.

The group expects to adopt the standard for the first time in the 2014 consolidated financial statements.

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

IFRS 13 Fair Value Measurement

New standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRS's.

The effective date of the standard is for years beginning on or after 01 January 2013.

The group expects to adopt the standard for the first time in the 2014 consolidated financial statements.

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

IAS 19 Employee Benefits Revised

- Require recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements
- Introduce enhanced disclosures about defined benefit plans

2.2 Standards and interpretations not yet effective (continued)

- Modify accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits
- Clarification of miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk sharing and conditional indexation features

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated financial statements.

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

The amended standard is not expected to have impact on the group.

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

Amendment requires additional disclosures for financial assets and liabilities which are offset and for financial instruments subject to master netting arrangements.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated financial statements.

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

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities.

The effective date of the amendment is for years beginning on or after 01 January 2014.

The group expects to adopt the amendment for the first time in the 2014 consolidated financial statements.

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

IAS 1 – Annual Improvements for 2009 – 2011 cycle

Clarification is provided on the requirements for comparative information. Specifically, if a retrospective restatement is made, a retrospective change in accounting policy or a reclassification, the statement of financial position at the beginning of the previous period is only required if the impact on the beginning of the previous period is material. Related notes are not required, other than disclosure of specified information.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated financial statements.

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

IAS 16 – Annual Improvements for 2009 – 2011 cycle

Spare parts, stand by equipment and servicing equipment should only be classified as property, plant and equipment if they meet the definition.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated financial statements.

2.2 Standards and interpretations not yet effective (continued)

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

IAS 28 – Investments in Associates

Consequential amendments resulting from the issue of IFRS 10,11 and 12. Effective from 1 January 2013.

The amended standard is not expected to have impact on the group.

IAS 32 – Annual Improvements for 2009 – 2011 cycle

Tax effects of distributions made to holders of equity instruments. Income tax relating to distributions made to holders of equity instruments and tax effects of transaction costs of equity transactions must be accounted for in accordance with IAS 12 Income Taxes.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated financial statements.

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

IAS 34 – Annual Improvements for 2009 – 2011 cycle

Clarification on reporting of segment assets and segment liabilities in interim financial reports. Such reporting is only required when it is regularly reported to the chief operating decision maker, and when there has been a material change from the previous annual financial statements. The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated financial statements.

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

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.

Clarifies the requirement for accounting for stripping costs in surface mining. Specifically, it provides requirements on when to recognise costs as assets, when they provide improved access to ore. The depreciation requirements are also clarified.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group expects to adopt the amendment for the first time in the 2014 consolidated financial statements.

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

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

The amended standards are not expected to have an impact on the company.

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 in the year thereafter 1 January 2014. It is unlikely the standard will have a material impact.

3. Property, plant and equipment

	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Group - 28 February 2013			
Plant and machinery	310	(13)	297
Furniture and fixtures	231	(218)	13
Office equipment	68	(52)	16
IT equipment	77	(77)	-
Plant construction in progress	10 472	-	10 472
Total	**11 158**	**(360)**	**10 798**
Group - 31 December 2011			
Plant and machinery	-	-	-
Furniture and fixtures	218	(217)	1
Office equipment	48	(47)	1
IT equipment	77	(71)	6
Plant construction in progress	-	-	-
Total	**343**	**(335)**	**8**
Group - 31 December 2010			
Plant and machinery	-	-	-
Furniture and fixtures	218	(162)	56
Office equipment	48	(36)	12
IT equipment	77	(63)	14
Plant construction in progress	-	-	-
Total	**343**	**(261)**	**82**

Reconciliation of property, plant and equipment - Group 2013

	Opening balance 31 Dec 2011 R'000	Additions R'000	Depreciation R'000	Closing balance 28 Feb 2013 R'000
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**

Reconciliation of property, plant and equipment - Group 2011

	Opening balance 31 Dec 2010 R'000	Additions R'000	Disposals R'000	Depreciation R'000	Closing balance 31 Dec 2011 R'000
Furniture and fixtures	56	-	-	(55)	1
Office equipment	12	-	-	(11)	1
IT equipment	14	10	(10)	(8)	6
	82	**10**	**(10)**	**(74)**	**8**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group 2010

	Opening balance 31 Dec 2009 R'000	Additions R'000	Disposals R'000	Depreciation R'000	Closing balance 31 Dec 2010 R'000
Furniture and fixtures	103	-	-	(47)	56
Office equipment	22	-	-	(10)	12
IT equipment	57	-	(14)	(29)	14
	182	**-**	**(14)**	**(86)**	**82**

4. Intangible assets

	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Group - 28 February 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)	-
Total	**95 076**	**(2 665)**	**92 411**
Group - 31 December 2011			
Rehabilitation and processing rights	47 959	-	47 959
AMD project	45 082	-	45 082
Intellectual property	-	-	-
Computer software	35	(33)	2
Total	**93 076**	**(33)**	**93 043**
Group - 31 December 2010			
Rehabilitation and processing rights	-	-	-
AMD project	44 506	-	44 506
Intellectual property	-	-	-
Computer software	35	(27)	8
Total	**44 541**	**(27)**	**44 514**

Reconciliation of intangible assets-Group 2013

	Opening balance 31 Dec 2011 R'000	Additions R'000	Amortisation R'000	Closing balance 28 Feb 2013 R'000
Rehabilitation and processing rights	47 959	-	-	47 959
AMD project	45 082	-	(2 630)	42 452
Intellectual property	-	2 000	-	2 000
Computer software	2	-	(2)	-
	93 043	**2 000**	**(2 632)**	**92 411**

4. Intangible assets (continued)

Reconciliation of intangible assets - Group 2011

	Opening balance 31 Dec 2010 R'000	Additions R'000	Amortisation R'000	Recovery R'000	Closing balance 31 Dec 2011 R'000
Rehabilitation and processing rights	-	47 959	-	-	47 959
AMD project	44 506	696	-	(120)	45 082
Computer software	8	-	(6)	-	2
	44 514	**48 655**	**(6)**	**(120)**	**93 043**

Reconciliation of intangible assets - Group 2010

	Opening balance 31 Dec 2009 R'000	Additions R'000	Amortisation R'000	Impairment reversal R'000	Closing balance 31 Dec 2010 R'000
AMD project	-	2 883	-	41 623	44 506
Computer software	20	-	(12)	-	8
	20	**2 883**	**(12)**	**41 623**	**44 514**

Rehabilitation and processing rights

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 Energies Holdings Limited (Keaton). These agreements were signed with Octavovox (Pty) Ltd and gives the MRI Group the right to construct a coal briquetting plant to process the coal fines.

The value of the contracts are based on a discounted cash flow model. Once this plant is operational 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.

As detailed in various announcements released on SENS, the last of which was dated 17 May 2013, due to a number of factors, it is expected that the commissioning of the Briquetting Project will commence end July 2013, with on-specification briquette production in September 2013.

The reasons for the delay are as follows:

1. Excessive rainfall in the months of February 2013 to April 2013 has hindered safe working on site and the mine area was inaccessible for heavy duty transport.
2. Suitable local mobile machinery was not available in order to reduce costs.
3. The civil work was delayed because all of the safety and medical inductions needed to be completed again to create a new system of safety acceptable documentation so that the subcontractor could go onto site.
4. Due to the nature of the fill area, longer excavation was required to be performed and larger amounts of waste needed to be removed.

In terms of the rehabilitation and processing rights agreement, the Coal Briquetting plant had to be commissioned on or before 30 December 2012. LME and Keaton were made aware of the reasons for the delay, and have permitted the continuation of the project.

4. Intangible assets (continued)

AMD Project

The MRI Group was established to develop and make commercial process technology which will facilitate the treatment of acid mine drainage, which is an industrial by product of the mining process, and to sell the treated water to commercial and industrial customers. The definitive feasibility study (DFS) has been completed by Golder Associates and the detailed scoping report for the environmental impact assessment has been submitted. The MRI Group has submitted a tender to the Department of Water Affairs to secure a licence and enter into a signed offtake agreement with Rand Water for the sale of water. The award of the tender process is expected to be finalised by September 2013. Based on the definitive feasibility study, the competitive selling price of water and technological knowhow developed it is probable that the expected future economic benefits that are attributable to the asset will flow to the MRI Group. After the award of the tender it will take approximately two years to construct the water treatment plant before the project becomes operational.

AMD is one of the largest environmental liabilities associated with mining worldwide. Although this technology was developed to address the AMD crisis in South Africa, it can be effectively implemented anywhere in the world. WUC owns 100% of the intangible asset and 20% of the intellectual property of the ABC Process. The Council of Scientific and Industrial Research and Key Structure Holdings (Pty) Ltd each own 40% of the intellectual property. This technology will be used in the water treatment plant. The parties will own any improvements and/or additional patents, and will derive any economic benefits in their share ratio from the use of this technology in future applications. The economic benefits from the existing intangible asset is entirely for the account of the MRI Group.

The ABC Process is a combination of the following processes:

1. pre-treatment, which includes neutralization and metal removal through dosing of an alkali,
2. sulphate removal,
3. sludge processing for recovery of the essential raw materials - lime and BaS (CaS patent)-
4. H2S Processing (Pipco patent).

There are various ways in which the MRI Group can implement the technology in a way that it will be economically feasible, including but not limited to:

1. selling the treated water back to municipalities; or
2. selling the by-products created in the treatment process at market related prices.

In the development of the AMD technology, the MRI Group incurred development costs totalling approximately R45 million. These costs are reflected as an intangible asset.

The directors are of the opinion that it is probable that the expected future economic benefits that are attributable to the AMD project will flow to the MRI Group. These development costs can be reliably measured. Therefore, in accordance with IAS38: Intangible Assets, the AMD project has been recognised in the statement of financial position.

The completed DFS on the implementation of the technology for treating AMD clearly illustrated the economic benefits associated with the technology.

The conclusions and financial viability of the DFS is strongly reliant on the following assumptions:

- achieving the volume, price and quality of water provided;
- obtaining a signed off-take agreement with Rand Water.

Intellectual property

Intellectual property refers to the formulae and processes used in the briquetting of anthracite or coal fines.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Investments in subsidiaries

Name of company	% voting power 2013	% voting power 2012	% holding 2013	% holding 2012	Carrying value 2013	Carrying value 2012
Western Utilities Corporation (Pty) Limited	100.00%	- %	100.00%	- %	15 697	-

Western Utilities Corporation Proprietary Limited (WUC)

During the period under review, MRI (Formerly Capricorn Investment Holdings Limited) was, from an IFRS perspective, acquired by Western Utilities Corporation Proprietary Limited (WUC) by way of a reverse-acquisition. The acquisition is a reverse-acquisition in terms of IFRS 3: Business Combinations. Accordingly, MRI is regarded as the legal parent and accounting acquiree and WUC is regarded as the legal subsidiary and the accounting acquirer. In accordance with this accounting treatment, the following took place:

a) The identifiable assets and liabilities of MRI were recognised at their fair value.

b) The consolidated financial statements issued are those of MRI, the legal parent and accounting acquiree, but are a continuation of WUC, the legal subsidiary and accounting acquirer. The MRI Group share capital has been adjusted to reflect the share capital of MRI.

c) The financial year-end of WUC was 31 December. CIPC approved the change of the year-end of WUC to the last day of February, in line with the year-end of MRI. Accordingly, the results for MRI's separate financial statements are shown for a 12 month period and the MRI Group for a 14 month period. The comparatives reflected in the separate financial statements are for the year ended 28 February 2012 and in the consolidated financial statements for the year ended 31 December 2011.

d) The reverse-acquisition took effect from 25 June 2012 in order to provide the funding required to complete the Briquetting Project. This will facilitate the growth of the MRI Group in the medium term.

Prodiflex Coal Proprietary Limited (Prodiflex)

WUC entered into a sale of shares agreement on 15 December 2011, whereby 50 of the issued ordinary shares, comprising 50% of the total share capital of Prodiflex, were purchased.

Subsequent to the financial year-end WUC assumed control of Prodiflex as it was able to govern the financial and operating policies of the company. Accordingly Prodiflex became a subsidiary.

Octavovox Proprietary Limited (Octavovox)

WUC entered into a sale of shares agreement on 15 December 2011, whereby 51 of the issued ordinary shares, comprising 51% of the total share capital of Octavovox Proprietary Limited, were purchased.

The transaction enabled the MRI Group to acquire the rehabilitation and processing rights to process coal fines.

6. Investment in associate

Name of company	% voting power 2013	% voting power 2012	% holding 2013	% holding 2012	Carrying value 2013	Carrying value 2012
Prodiflex Coal Proprietary Limited	50.00 %	-%	-	-	-	1 000

There were no profit or losses in the associate in 2011. The associate became a subsidiary in the current financial period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Deferred tax

	Group			Company	
	28 Feb 2013 R'000	**31 Dec 2011 R'000**	**31 Dec 2010 R'000**	**28 Feb 2013 R'000**	**29 Feb 2012 R'000**
Deferred tax (liability) asset					
Deferred tax liability	(25 626)	(13 428)	-	-	-
Deferred tax asset	7 173	6 365	2 377	-	-
	(18 453)	**(7 063)**	**2 377**	**-**	**-**
Reconciliation of deferred tax asset (liability)					
At beginning of the year	(7 063)	2 377	1 905	-	15
Increase (decrease) in tax losses available for set off against future taxable income	816	3 976	474	-	-
Originating temporary differences on provisions and accruals	(16)	12	4	-	(15)
Reversing temporary differences on prepaid expenses	7	-	(6)	-	-
Originating temporary differences on intangibles assets	(12 166)	(13 428)	-	-	-
Originating temporary differences on tangibles assets	(31)	-	-	-	-
	(18 453)	**(7 063)**	**2 377**	**-**	**-**
Comprising:					
Tangible assets	(31)	-	-	-	-
Intangible assets	(25 595)	(13 428)	-	-	-
Prepaid expenses	-	7	(6)	-	-
Tax losses available for set off against future taxable income	7 173	6 374	2 379	-	-
Provisions	-	(16)	4	-	-
	(18 453)	**(7 063)**	**2 377**	**-**	**-**

Recognition of deferred tax asset

All companies are expected to become profitable once the projects become operational. This is based on management approved budgets and the feasibility study. The directors are confident that there will be sufficient taxable profits in the foreseeable future against which the deferred tax asset can be utilised.

8. Loans to (from) group companies

	Group			Company	
	28 Feb 2013 R'000	**31 Dec 2011 R'000**	**31 Dec 2010 R'000**	**28 Feb 2013 R'000**	**29 Feb 2012 R'000**
Subsidiary					
Western Utilities Corporation Proprietary Limited	-	-	-	61 815	-
Holding company					
Watermark Global Plc	-	(49 738)	(33 857)	-	-
The Western Utilities Corporation Proprietary Limited loan is unsecured, interest free and has no fixed terms of repayment.					
The Watermark Global Plc loan was unsecured and denominated in GBP of 3 966 376. The interest rate was subject to movements in LIBOR. The loan was repaid during the period under review.					
The Development Bank of Southern Africa holds a first ranking pledge and cession of shareholder claims over the loan to Western Utilities Corporation (Pty) Ltd reflected in the company financial statements.					
Current assets	-	-	-	61 815	-
Non-current liabilities	-	(49 738)	(33 857)	-	-
	-	**(49 738)**	**(33 857)**	**61 815**	**-**

9. Trade and other receivables

Trade receivables	16	2	11	-	-
Prepayments	-	24	23	-	-
Deposits	46	2	2	-	-
VAT	548	41	23	-	-
	610	**69**	**59**	**-**	**-**

Fair value of trade receivables

Due to the short term nature of trade receivables, the carrying amount approximates fair value.

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 R430 (2011:R69) (2010:R59) (R'000).

10. Cash and cash equivalents

	Group			Company	
	28 Feb 2013 R'000	31 Dec 2011 R'000	31 Dec 2010 R'000	28 Feb 2013 R'000	29 Feb 2012 R'000
Cash and cash equivalents consist of:					
Cash on hand	6	1	1	-	-
Bank balances	162	359	246	89	193
Short term deposits	104	183	183	104	4 036
Other cash and cash equivalents	42	41	41	-	-
	314	**584**	**471**	**193**	**4 229**

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 R117 (2011:R584) (2010:R471) (R'000).

11. Financial assets by category

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

	Loans and receivables R'000	Total R'000
Group – 28 Feb 2013		
Trade and other receivables	62	62
Cash and cash equivalents	314	314
	376	**376**
Group - 31 Dec 2011		
Trade and other receivables	4	4
Cash and cash equivalents	584	584
	588	**588**
Group – 31 Dec 2010		
Trade and other receivables	13	13
Cash and cash equivalents	471	471
	484	**484**
Company - 28 Feb 2013		
Loans to group companies	61 815	61 815
Cash and cash equivalents	193	193
	62 008	**62 008**
Company - 29 Feb 2012		
Cash and cash equivalents	**4 229**	**4 229**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Share capital and Share premium

	Group 28 Feb 2013 R'000	Group 31 Dec 2011 R'000	Company 28 Feb 2013 R'000	Company 29 Feb 2012 R'000
Authorised				
1 000 000 000 Ordinary shares of R 0.001 each	1 000	1 000	1 000	1 000
Reconciliation of number of shares issued:				
Reported as at 1 January 2012/1 March 2012	59 886	59 886	59 886	59 886
Issue of shares – ordinary shares	395 809	-	395 809	-
	455 695	**59 886**	**455 695**	**59 886**
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				
455 695 274 Ordinary shares of R 0.001 each	455	-	455	60
Share premium	78 329	-	78 329	3 521
Share issue expenses written off against share premium	(1 785)	-	(1 785)	-
	76 999	**-**	**76 999**	**3 581**

13. Reverse acquisition

	R'000
Gain on bargain purchase	14 043
Retained income of MRI at date of acquisition	1 326
Eliminate inter-company Investment on reverse-acquisition	15 697
	31 066

14. Business Combinations

2013

Mine Restoration Investments Limited (MRI)

MRI was acquired on 25 June 2012 by way of a reverse-acquisition. Refer to note 5 for details of the transaction.

	R'000	R'000
Assets acquired and liabilities recognised at 25 June 2012 (date of acquisition)		
Bank		142
Loan receivable		47 650
Trade and other receivables		1 126
Trade and other payables		(90)
Fair value of assets less liabilities		**48 828**
Consideration transferred		(34 785)
Cash	(23 407)	
Shares in issue	(11 378)	
Gain on bargain purchase attributable to equity holders of parent		**14 043**

Legally MRI acquired a 100% interest in WUC.

The fair-value of the consideration transferred is calculated using the quoted market price of MRI at the date of the business combination, comprising 59 866 ('000) ordinary shares at 19 cents per share and R23 407 (R'000) being the cash portion of the purchase consideration for all the shares and claims against WUC held by Watermark Global plc. (WET), the previous shareholder of WUC. The reverse-acquisition was effected by the issue of 182 300 ('000) shares in MRI at 19 cents per share to WET and a cash consideration. From an accounting point of view WET, the ultimate shareholder of WUC, obtained a 74.7% interest in MRI.

Trade receivables comprise pre-paid share issue expenses, which were subsequently recovered from the listing of shares on the JSE Limited on 25 June 2012.

The loan of R47 650 (R'000) is the contractual amount due from WUC and is considered to be at fair value.

The agreement in respect of the reverse-acquisition was entered into to enable the MRI Group to raise R40 million through a share issue on the JSE Limited. The funds were used to settle a portion of the acquisition price as well as to provide working and project capital.

The gain on bargain purchase arose because the consideration paid for the combination is effectively less than the fair value of the net assets acquired. This was due to the fact that WET sold its interest in WUC for a 74.7% interest in a listed entity at a value less than the consideration received.

Included in the MRI Group loss for the period ended 28 February 2013 is a loss of R1 438 (R'000) attributable to MRI, after eliminating inter-company transactions. Had the business combination been effected on 1 January 2012, the loss would have been R5 716 (R'000). The losses are mainly attributable to listing expenses.

14. Business Combinations (continued)

Prodiflex Coal Proprietary Limited (Prodiflex)

In the previous financial year (15 December 2011) WUC acquired 50% of Prodiflex. Initially the transaction was recognised as an investment in an associate. Subsequently, this changed to an investment in a subsidiary. Except for the intellectual property, the company was dormant at the date of the acquisition. The cash consideration of R1 million which relates to 50% of the intellectual property acquired for the Briquetting Project.

	R'000
Fair value of the intellectual property	2 000
Consideration transferred	(1 000)
Non-controlling interest	(1 000)
Gain on bargain purchase	**-**

The intellectual property was acquired to enable the MRI Group to engage in the manufacture of briquettes. The R2 million value of the intellectual property is considered to be fair value.

2011

Octavovox Proprietary Limited (Octavovox)

In the previous financial year (15 December 2011) WUC acquired 51% of Octavovox. The cash consideration of R1 million relates to the rehabilitation and processing contract acquired by Octavovox. Except for this contract the company was dormant at the date of acquisition.

	R'000
Fair value of rehabilitation and processing contract acquired	47 958
Consideration transferred	(1 000)
Gain on bargain purchase	**46 958**
Attributable to:	
Equity holders of parent	23 949
Non-controlling interest	23 009
Gain on bargain purchase	**46 958**

The rehabilitation and processing agreement was valued at fair value by Mazars Corporate Finance Proprietary Limited. Their valuation in included in the circular sent to shareholders in April 2012.

Gain on bargain purchase

Where the fair value of the assets acquired and liabilities recognised in a business combination exceed the consideration transferred, this results in a gain on bargain purchase. The gain from the bargain purchase is included in other income of the MRI Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Other financial liabilities

	Group			Company	
	28 Feb 2013 R'000	**31 Dec 2011 R'000**	**31 Dec 2010 R'000**	**28 Feb 2013 R'000**	**29 Feb 2012 R'000**
Development Bank of Southern Africa Limited:	22 002	16 970	13 576	-	-
Security held: 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 capitalised every July. The capital amount of R10 million is due and payable on the implementation of the water reclamation project or in July 2014, whichever occurs first. If the water reclamation project is not implemented, the loan together with interest shall never become repayable.					
Mintails South Africa Proprietary Limited:	-	100	92	-	-
The loan is unsecured and subject to interest at 8% per annum. The loan was repaid during the current financial year.					
Harmony Gold Mining Company Limited:	-	88	88	-	-
The loan is unsecured and did not bear interest. The loan was repaid during the current financial year.					
Central Rand Gold (Pty) Ltd:	-	-	88	-	-
The loan is unsecured and did not bear interest. The loan was repaid during the current financial year.					
Rand Uranium Proprietary Limited:	-	100	92	-	-
The loan is unsecured and is subject to interest at 8% per annum. The loan was repaid during the current financial year.					
West Wits Mining Limited:	-	100	92	-	-
The loan is unsecured and did not bear interest. The loan was repaid during the current financial year.					
Western Basin Environmental Corporation:	-	-	30	-	-
The loan is unsecured and did not bear interest. The loan was repaid during the 2011 financial year.					
	22 002	**17 358**	**14 058**	**-**	**-**
Non-current liabilities					
At amortised cost	**22 002**	**17 358**	**14 058**	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Equity loan

	Group 28 Feb 2013 R'000	31 Dec 2011 R'000	31 Dec 2010 R'000
Co-operation agreement entered into with the Industrial Development Corporation of Southern Africa Limited. If the water reclamation project is implemented, the Industrial Development Corporation will have the right to participate in the Equity of the project, up to 10%.			
	5 000	5 000	5 000

17. Trade and other payables

	Group			Company	
	28 Feb 2013 R'000	31 Dec 2011 R'000	31 Dec 2010 R'000	28 Feb 2013 R'000	29 Feb 2012 R'000
Trade payables	1 378	67	2 014	302	520
Other payables	29	-	352	29	-
	1 407	**67**	**2 366**	**331**	**520**

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.

18. Financial liabilities by category

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

	Financial liabilities at amortised cost R'000	Total R'000
Group - 28 Feb 2013		
Other financial liabilities	22 002	22 002
Trade and other payables	1 407	1 407
	23 409	**23 409**
Group - 31 Dec 2011		
Loans from group companies	49 738	49 738
Other financial liabilities	17 358	17 358
Trade and other payables	67	67
	67 163	**67 163**
Group - 31 Dec 2010		
Other financial liabilities	14 059	14 059
Trade and other payables	2 366	2 366
	16 425	**16 425**
Company - 28 Feb 2013		
Trade and other payables	**331**	**331**
Company - 29 Feb 2012		
Trade and other payables	**520**	**520**

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 are presented in the related notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Operating profit (loss)

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

	Group		Company	
	28 Feb 2013 R'000	**31 Dec 2011 R'000**	**28 Feb 2013 R'000**	**29 Feb 2012 R'000**
Operating income				
Profit on exchange differences	(5 937)	-	-	-
Exchange differences arise from the loan due to Watermark Global plc. The loan was repaid in the current financial period.				
Gain from bargain purchase	(14 043)	(46 959)	-	-
Sundry income (expenses recovered)	(41)	(1 418)	-	-
	(20 021)	**(48 377)**	**-**	**-**
Operating lease charges				
Premises	334	272	-	-
Motor vehicles	4	-	-	-
	338	**272**	**-**	**-**
Profit on sale of non-current assets held for sale				
Profit on disposal of former subsidiaries	-	-	-	(27)
Amortisation of intangible assets	2 632	6	-	-
Depreciation on property, plant and equipment	24	74	-	-
Employee costs	338	290	-	-
Loss on exchange differences	-	8 222	-	-

20. Investment revenue

Interest revenue				
Bank	177	8	247	227

21. Finance costs

Other financial liabilities	4 908	3 626	-	-
	4 908	**3 626**	**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Taxation

	Group		Company	
	28 Feb 2013 R'000	**31 Dec 2011 R'000**	**28 Feb 2013 R'000**	**29 Feb 2012 R'000**
Taxation recognised in profit/(loss)				
Current tax expense	25	-	44	-
Deferred				
Originating and reversing temporary differences	11 390	9 440	-	15
	11 415	**9 440**	**44**	**15**
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense				
Accounting profit	6 242	32 706		
Tax at the applicable tax rate of 28% (2011: 28%)	1 747	9 157		
Tax effect of adjustments on taxable income				
Non-deductible expenditure	1 434	3		
Exempt income	(3 932)	(13 148)		
Deferred tax on intangibles	12 166	13 428		
	11 415	**9 440**		
The estimated tax loss available for set off against future taxable income is R25 618 (2011: R 22 765). (R'000)				
23. Auditor's remuneration				
Fees	421	171	184	93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. 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.

	Group 28 Feb 2013 R'000	Group 31 Dec 2011 R'000
Basic (loss) earnings per share		
From continuing operations (cents)	(1.74)	11.39
Basic earnings per share for the MRI Group was based on earnings (loss) of (R 5 095) (2011: R 6 821) (R'000) and a weighted average number of ordinary shares of 292 106 (2011: 59 886) ('000).		
Reconciliation of profit or loss for the period to basic earnings		
Profit or loss for the period attributable to equity holders of the parent	(5 095)	6 821
Diluted earnings per share is equal to earnings per share because there are no dilutive potential ordinary shares in issue		
Headline earnings and diluted headline earnings per share		
Headline loss per share (cents)	(6.55)	(17.40)
Reconciliation between earnings (loss) and headline earnings (loss)		
Basic earnings (loss)	(5 095)	6 821
Adjusted for:		
Gain on bargain purchase	(14 043)	(17 243)
Headline earnings	**(19 138)**	**(10 422)**

Projected financial results were presented in the circular to shareholders dated 2 April 2012 and a basic and headline loss per share of 0.52 cents forecast compared to a basic loss per share of 1.74 cents and headline loss per share of 6.55 cents.

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

1) the delay in full production of the Briquetting project, as detailed in various announcements released, the last of which was dated 19 July 2013;

2) a significant difference in the tax charge mainly due to a deferred tax liability being raised on the Acid Mine Drainage project, as defined in the circular; and

3) the profit forecast having been based on the assumption that the listing of the company was to take place at the beginning of the financial year, which listing in fact only became effective on 25 June 2012. This has had an effect in the average number of shares in issue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Cash generated from (used in) operations

	Group 28 Feb 2013 R'000	Group 31 Dec 2011 R'000	Company 28 Feb 2013 R'000	Company 29 Feb 2012 R'000
Profit /(loss) before taxation	6 242	32 691	274	(1 929)
Adjustments for:				
Depreciation and amortisation	2 656	81	-	-
Profit on sale of non-current assets	-	-	-	(27)
Interest received	(176)	(8)	(247)	(226)
Finance costs	4 908	3 626	-	-
Gain on bargain purchase	(14 043)	(46 958)	-	-
Changes in working capital:				
Trade and other receivables	(540)	(11)	-	-
Trade and other payables	1 339	(2 299)	(189)	446
	386	**(12 878)**	**(162)**	**(1 736)**

26. Tax refunded (paid)

	Group 28 Feb 2013 R'000	Group 31 Dec 2011 R'000	Company 28 Feb 2013 R'000	Company 29 Feb 2012 R'000
Balance at beginning of the period	-	-	(15)	(55)
Current tax for the period recognised in profit or loss	(25)	-	(44)	-
Balance at end of the period	33	-	33	15
	8	**-**	**(26)**	**(40)**

27. Segmental reporting-Group 2013

	AMD Project R'000	Coal Briquetting R'000	Parent R'000	Total R'000
Segment total assets	50 150	60 962	194	111 306
Segment total liabilities	(39 945)	(13 759)	4 636	(49 068)
Net segment assets	**10 205**	**47 203**	**4 830**	**62 238**
Segmental reporting-Group 2011				
Segment total assets	53 110	47 959	-	101 069
Segment total liabilities	(72 163)	(13 428)	5 000	(80 591)
Net segment assets	**(19 053)**	**34 531**	**5 000**	**20 478**
Segmental reporting-Group 2010				
Segment total assets	47 508	-	-	47 508
Segment total liabilities	(50 281)	-	-	(50 281)
Net segment assets	**(2 773)**	**-**	**-**	**(2 773)**

The MRI Group segmental analysis is based on the AMD and Coal Briquetting Projects. As the projects are not yet operational a segment analysis by profits is not applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. Commitments

	Group		Company	
	28 Feb 2013 R'000	31 Dec 2011 R'000	28 Feb 2013 R'000	29 Feb 2012 R'000
Authorised capital expenditure				
Not yet contracted for but authorised by directors				
Plant construction in progress	9 707	-	-	-
Operating leases – as lessee (expense)				
Minimum lease payments due				
- within one year	235	-	-	-
- in second to fifth year inclusive	363	-	-	-
	598	**-**	**-**	**-**

29. Related parties

No transactions between the Company and its subsidiaries have occurred during the financial period except for administration fees and advances as disclosed below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Details of transactions between the Group and other related parties are disclosed below.

Relationships
Subsidiaries - refer to note 5

Previous holding company - Watermark Global Plc

Auctus PM Consulting Proprietary Limited
- WJ Schoeman

AfrAsia Corporate Finance (Proprietary) Limited
– Shareholding in MRI

Arcay Moela Sponsors (Proprietary) Limited
– Shareholding in MRI

Western Basin Environmental Corporation
– WJ Schoeman

	Group 28 Feb 2013 R'000	Group 31 Dec 2011 R'000	Company 28 Feb 2013 R'000	Company 29 Feb 2012 R'000
Related party balances				
Loan accounts Owing (to) by related parties -refer note 8				
Western Utilities Corporation (Proprietary) Limited	-	-	61 815	-
Watermark Global Plc	-	(49 738)	-	-
Amounts included in trade receivables (trade payable) regarding related parties				
Auctus PM Consulting (Proprietary) Limited	(56)	(57)	-	-
Auctus PM Consulting (Proprietary) Limited	2	2	-	-
Related party transactions				
Purchases from (sales to) related parties				
Auctus PM Consulting (Proprietary) Limited	-	56	-	-
Listing fees and share issue expenses				
AfrAsia Corporate Finance (Proprietary) Limited	1 239	-	1 239	-
Arcay Moela Sponsors (Proprietary) Limited	726	-	726	-
Cost recoveries				
Auctus PM Consulting (Proprietary) Limited	-	25	-	-
Administration fees (received from) related parties				
Western Utilities Corporation (Proprietary) Limited	-	-	(4 184)	-
Services rendered				
Western Basin Environmental Corporation	(14)	-	-	-

30. Directors' emoluments

	Emoluments R'000	Total R'000
2013		
Executive directors		
WJ Schoeman	90	90
M van den Berg	210	210
Non-executive directors		
S Swana	100	100
QJ George	100	100
CE Pettit	80	80
AT Meyer	100	100
CB Roed	100	100
SP Tredoux	130	130
JC Herbst	100	100
B McQueen	30	30
K Jarvis	30	30
	1 070	**1 070**

Remuneration paid to all executive directors are short term in nature. No emoluments were paid to the directors for the financial year ended 29 February 2012. There were no other director's benefits in the 2012 and 2013 financial year.

31. 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 authorised 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 and net-settled derivative 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.

	Less than 1 year R'000	Between 1 and 2 years R'000
Group		
At 28 February 2013		
Other financial liabilities	-	22 002
Trade and other payables	1 407	-
At 31 December 2011		
Borrowings	-	49 738
Other financial liabilities	-	17 358
Trade and other payables	67	-
At 31 December 2010		
Borrowings	-	33 857
Other financial liabilities	-	14 058
Trade and other payables	331	-

31. Risk management (continued)

	Less than 1 year R'000	Between 1 and 2 years R'000
Company		
At 28 February 2013		
Trade and other payables	331	-
28 February 2012		
Trade and other payables	520	-

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 MRI Group has obtained unsecured financing facilities of R5 million from major shareholders. In addition the MRI Group has secured a loan facility of R11 million in order to complete the Coal Briquetting Project.

Refer to notes 32 and 34 for details for future funding for the MRI Group.

Interest rate risk

The MRI Group does not have floating interest rate borrowings. Therefore there is no interest rate risk. Deposits with the banks are not significant.

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.

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.

32. Going concern

Two major shareholders, Watermark Global plc and Trinity Asset Management Proprietary Limited have committed themselves to meet the operating expenditure of the MRI Group, limited to R2.5 million each for the period until 28 February 2014.

The directors consider that this funding is sufficient and therefore the going concern basis is appropriate in the preparation of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. Prior period reclassification

In the 2010 and 2011 financial period, the MRI Group recognised the loan due to The Industrial Development Corporation as Other financial liabilities. As there is no obligation to repay the loan the loan has been reclassified as equity. The effect on the statement of financial position is shown below. There was no effect on the statement of comprehensive income.

2010
Statement of financial position
Group

	Dec 2010 as previously stated R'000	Reclassification R'000	Dec 2010 as restated R'000
Other financial liabilities	19 058	(5 000)	14 058
Total equity	(7 773)	5 000	(2 773)

2011
Statement of financial position
Group

	Dec 2011 as previously stated R'000	Reclassification R'000	Dec 2011 as restated R'000
Other financial liabilities	22 358	(5 000)	17 358
Total equity	15 478	5 000	20 478

34. Events after the end of the reporting period

Application for a grant from the Department of Trade and Industry has been approved to the value of R2.8 million, to be paid over 2 years, subject to 3rd party funding to the value of R3.5 million.

Two major shareholders of MRI, Trinity Asset Management (TAM) and Watermark Global Plc. (WET) have jointly undertaken to provide additional funding of up to R5 million for working capital to 28 February 2014. The funding may be provided either by way of a specific share issue of new MRI shares for cash or by way of an interest beating loan at prime. WET is entitled to an initiation fee which will be determined at a later stage and must be agreed upon by the parties. As the funds will be drawn down as and when required an estimate of the financial effect of interest charge cannot be made.

As the largest shareholders, Trinity Asset Management Proprietary Limited and Watermark Global Plc. (WET) had underwritten 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 were issued for cash of R 2 million on 28 March 2013 to Trinity Asset Management Proprietary Limited. The R2 million loan received from Watermark Global Plc. shall bear, interest at prime rate until maturity date (15 December 2013), which interest shall roll over and be payable in cash, together with the loan capital. Any time during the period of the loan, Watermark Global Plc. may convert a portion or all of the outstanding loan capital, together with accrued interest at a conversion price which is equal to the weighted average trade price of MRI's shares measured over the 30 business days prior to the date on which Watermark Global Plc. elects to effect the conversion. Trinity Asset Management Proprietary Limited holds shares in MRI on behalf of clients and 9.99% in its own right. The financial effect would be an interest charge of R113 (R'000).

AfrAsia Special Opportunities Fund (Pty) Ltd (ASOF)
The Group has secured a funding facility of R11 million from ASOF. In terms of the agreement ASOF has an option to subscribe for shares in the share capital of MRI. As security MRI has issued a written guarantee for the fulfilment of the obligations under the loan facility. In addition MRI has ceded to ASOF all its share and claims in and against WUC, all its bank accounts and debtors and a written subordination agreement, whereby MRI subordinates all its claims against WUC in favour of ASOF. The loan is repayable on 17 July 2014 and bears interest of 2.5% per month for the first 6 months and thereafter at the rate of 2% per month. As the funds will be drawn down as and when required an estimate of the financial effect of an interest charge cannot be made.

A new Memorandum of Incorporation was adopted on 9 May 2013 and the par value shares were converted to shares of no par value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. Directors' interest in issued shares

The individual interests declared by the directors and officers in the Company's share capital as at 28 February 2013 as well as the comparative totals for the year ended 29 February 2012, were as follows:

Director	Beneficial Direct	Beneficial Indirect	Total – 2012 (as at 24 February 2012)	% - 2012
J Herbst*	3 745 115	-	3 715 115	6.25%

Director	Beneficial Direct	Beneficial Indirect	Total – 2013 (as at 22 February 2013)	% - 2013
J Herbst*	3 745 115	-	3 715 115	0.82%

** Non-Executive, ~ Appointed 30 November 2010*

Mr. J Schoeman was a non-executive director of Watermark Global Plc., but resigned from Watermark Global Plc. (WET) on 22 of November 2012. Mr. J Schoeman holds 35 000 000 shares in WET and therefore holds 4 166 519 share (0.914%) indirectly in MRI after year end. Similarly, Mrs. M van den Berg as financial director holds 500 000 shares in WET and therefore holds 59 522 shares (0.013%) indirectly in MRI after year end.

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 2013 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 and pursuant to the acquisition and reverse-listing transaction as detailed in the circular dated 2 April 2012, Mr. Q George does not have any direct or indirect beneficial shareholding in TAM nor in the Company. Mr. Sandile Swana is a non-executive director of TAM. He does not have any direct or indirect beneficial shareholding in TAM nor in the Company as at 28 February 2013. As part of the funding agreement between MRI and TAM an additional 14 812 520 new ordinary shares of no par value were issued for cash on 28 March 2013. A total of 2 975 120 shares were issued to TAM on 28 March 2013 and 26 April 2013.

Mr. R Tait is a director of AfrAsia Corporate Finance Proprietary Limited (AfrAsia). Afraisa is the corporate advisor to the MRI Group. AfrAsia received payment of a portion of its fees in shares for services rendered in terms of the reverse listing. AfrAsia were issued 1 447 368 new shares in the Company in June 2012 at an issue price of 19 cents per share.

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.

In accordance with the JSE Listings Requirements, 50% of the shares issued to AfrAsia are subject to a lock-up period of 2 years from 25 June 2012 (date of listing) due to AfrAsia being a related party.

ANALYSIS OF SHAREHOLDERS AT 28 FEBRUARY 2013

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

	No. of shares	% Holding
Watermark Global Plc	182 300 030	40.00
PSL Client Safe Custody Asset Account	113 342 621	24.86
	295 642 651	**64.86**

2. Shareholder spread

	No. of shareholders	No. of shares	% Holding
Directors associate of a director of MRI	1	3 745 115	0.82
Public	407	156 504 008	34.32
Non-Public			
PSL Client Safe Custody Asset Account	1	113 342 621	24.86
Watermark Global Plc	1	182 300 030	40.00
	410	**455 891 774**	**100**

3. Categories of shareholders

Individuals	359	85 741 694	18.81
Nominees and trusts	30	27 474 775	6.03
Close corporations	5	730 300	0.16
Companies, financial institutions and other institutions	16	341 945 005	75.00
	410	**455 891 774**	**100**

4. Size of shareholding

0 – 1 000	27	20 624	0.005
1 001 – 5 000	50	171 462	0.038
5 001 – 100 000	186	8 048 763	1.765
100 001 – 1 000 000	116	38 668 764	8.482
1 000 001 and over	31	408 982 161	89.710
	410	**455 891 774**	**100**

NOTICE OF ANNUAL GENERAL MEETING

Q George (Chairman)*#
J Schoeman (CEO)
M van den Berg (Financial Director)
R Tait*
SP Tredoux*#
JC Herbst*
S Swana*#
C Roed*#
A Meyer*#

** - Non-executive, # - Independent*

Notice is hereby given that the annual general meeting of shareholders of the Company will be held in the boardroom, Route 21 Corporate Park, 45 Sovereign Drive, Ground Floor, Unit C, Centurion, at 10:00 on Wednesday, 4 September 2013 ("the annual general meeting"), to consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions:

Electronic Participation in the Annual General Meeting

Please note that the Company intends to make provisions for shareholders of the Company, or their proxies, to participate in the annual general meeting by way of electronic communication. Should you wish to participate in the annual general meeting by way of electronic communication, you will need to contact the Company Secretary by Wednesday, 14 August 2013 on 012 664 4113 , so that the Company can provide for a teleconference dial-in facility. Please ensure that if you are participating in the meeting via teleconference that the voting proxies be sent through to the transfer secretaries, namely Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) by no later than 10h00 on Friday, 30 August 2013. No changes to voting instructions after this time and date can be accepted unless the Chairman of the meeting is satisfied as to the identification of the electronic participant.

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 annual general meeting is Friday, 26 July 2013 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the annual general meeting is Friday, 30 August 2013. The last date to trade to qualify for the record date for purposes of participating in and voting at the annual general meeting is Friday, 23 August 2013. Accordingly, only shareholders who are registered in the register of members of the Company on Friday, 30 August 2013 will be entitled to participate in and vote at the annual general meeting.

Section 63(1) of the Companies Act requires that a person wishing to participate in the annual general meeting (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 annual general meeting.

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 2013, 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 – Appointment and remuneration 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 annual general meeting. 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 has the power in terms of the Companies Act, 2008 (as amended) to approve the remuneration of the external auditor.

The minimum number of votes that is required to pass ordinary resolutions 1 and 2 is a percentage equal to 50% (fifty percent) of the voting rights that are present in person, or by proxy, at the meeting.

NOTICE OF ANNUAL GENERAL 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 annual general meeting. 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 5 is a percentage equal to 50% (fifty percent) of the voting rights that are present in person, or by proxy, at the meeting.

In terms of Section 66 (9) of the Companies Act, shareholders are required to approve the remuneration in relation to services of directors. The fees for non-executive directors were approved in a general meeting of shareholders held on 30 April 2012 by way of special resolution.

NOTICE OF ANNUAL GENERAL 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
- 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 aggregate issue of a class of shares already in issue in any financial year may not exceed 50% of the number of that class of shares (including securities which are compulsorily convertible into shares of that class); 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 memorandum of incorporation, 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 Advisor and controlling shareholder are precluded from voting on this ordinary resolution number 4.

Ordinary resolution number 5 – 7 Election and re-election of directors

Messers Steve Tredoux, James Herbst and Anthon Meyer, retire by rotation at the annual general meeting in accordance with article 6.3.2 of the provisions of the company's memorandum of incorporation. In accordance with the Company's memorandum of incorporation, one third of the directors are required to retire at each annual general meeting and may offer themselves for re-election.

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

5. Stephen Tredoux;
6. James Herbst;
7. Anthon Meyer;

Brief biographies in respect of directors offering themselves for re-election are contained on of the annual report.

Ordinary resolution numbers 8 - 10: 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:

8. -
9. Chris Roed;
10. Anthon Meyer;

In terms of section 94(2) of the Companies Act, 2008 (as amended), 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 report.

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, Risk and Compliance 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 16 – 18 of the annual report 2013.

The board of the company is satisfied that the proposed members of the audit 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 and/or preference shares in the share capital of the Company from any person in accordance with the requirements of the Company's memorandum of incorporation, the Companies Act, 2008 (as amended) and the JSE Listings Requirements, provided that:

- any such acquisition of ordinary and/or preference 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; and
- 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; and
- an announcement is published as soon as the Company, or any of its subsidiary companies, has acquired ordinary and/or preference 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; and
- 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; and
- ordinary and/or preference shares may not be acquired at a price greater than 10% above the weighted average of the market value at which such ordinary and/or preference 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; and
- the Company has been given authority by its Memorandum of Incorporation; and

- 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; and
- 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; and
- 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; and
- at any point in time, the Company and/or its subsidiaries may only appoint one agent to affect any such acquisition; and
- the Company and/or its subsidiaries undertake that they will not enter the market to acquire the Company's shares until the Company's sponsor 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

Explanatory Note:
In terms of the Company's memorandum of incorporation, 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.

Any decision by the directors, after considering the effect of an acquisition of up to 5% of the Company's issued ordinary and/or participating preference 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:

- the Company and its subsidiaries will be able to pay their debts in the ordinary course of business; and
- the assets of the Company and its subsidiary companies 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; and
- 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; and
- the working capital of the Company and its subsidiary companies is adequate for the purposes of the business of the Company and its subsidiary companies for the period of 12 months after the date of the notice of the repurchase. The Company will ensure that its Sponsor or Designated Advisor, as the case may be, will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements prior to the commencement of any purchase of the Company's shares on the open market.

NOTICE OF ANNUAL GENERAL MEETING

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 63 of this annual report.
- Directors' interests in securities – refer to pages 62 of this annual report.
- Share capital of the Company – refer to page 15 of this annual report.

Litigation statement

In terms of paragraph 11.26 of the JSE Listings Requirements, the directors whose names appear on pages 16 to 21 of this annual report, of which the notice of annual general meeting 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 16 to 21, 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 annual general meeting. 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% (fifty 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 Memorandum of Incorporation, 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."

NOTICE OF ANNUAL GENERAL MEETING

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, 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% (fifty 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 annual general meeting of MRI shareholders, to be held in **the boardroom, Route 21 Corporate Park, 45 Sovereign Drive, Ground Floor, Unit C, Centurion, at 10:00 on Wednesday, 4 September 2013,** 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, 2 September 2013.

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 annual general meeting 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 annual general meeting 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 annual general meeting.

Each shareholder, whether present in person or represented by proxy, is entitled to attend and vote at the annual general meeting. 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 annual general meeting of members. 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, 2 September 2013.

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 2008 (as amended), 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 memorandum of incorporation 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 annual general meeting 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 2013 and 2014 financial year:

Non-executive directors emoluments	**2013 R'000**	**2014 R'000**
S Swana	100	50
QJ George	100	120
CE Pettit	80	10
AT Meyer	100	120
CB Roed	100	120
SP Tredoux	130	120
JC Herbst	100	120
R Tait	-	110
B McQueen	30	-
K Jarvis	30	-
	770	**770**

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: 19 July 2013

SHAREHOLDERS DIARY

Financial Year-end	Thursday, 28 February 2013
• Record date for posting of annual reports	Friday, 26 July 2013
• The last date to trade to qualify for the record date for purposes of participating in and voting at the annual general meeting is Friday,	Friday, 23 August 2013
• Record date for inclusion in the register to be entitled to vote at the meeting	Friday, 30 August 2013
• Annual General Meeting date	Wednesday, 4 September 2013
• Next interim period	31 August 2013

Mine Restoration
INVESTMENTS LIMITED

FORM OF PROXY (for use by certificated and "own name" dematerialised shareholders only)

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, 4 September 2013 at Route 21 Corporate Park, 45 Sovereign Drive, Ground Floor, Unit C, Centurion, ("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. Steve Tredoux			
Ordinary resolution number 6 - Election and re-election of director – Mr. James Herbst			
Ordinary resolution number 7 - Election and re-election of director – Mr. Anthon Meyer			
Ordinary resolution numbers 8 - Election of Audit Committee member – Mr. Sandile Swana			
Ordinary resolution numbers 9 - Election of Audit Committee member – Mr. Chris Roed			
Ordinary resolution numbers 10 - Election of Audit Committee member – Mr. Anthon Meyer			
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 2013

Signature Assisted by me (where applicable)

Name Capacity Signature

FORM OF PROXY (for use by certificated and "own name" dematerialised shareholders only)

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.
3. 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, 2 September 2013.
4. 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.
5. 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.
6. 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.
7. If
   - 7.1 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
   - 7.2 the shareholder gives contrary instructions in relation to any matter; or
   - 7.3 any additional resolution/s which are properly put before the meeting; or
   - 7.4 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.
8. 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:
   - 8.1 it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or
   - 8.2 the Company has already received a certified copy of that authority.
9. 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.
10. Any alterations made in this form of proxy must be initialed by the authorised signatory/ies.
11. This proxy form is revoked if the shareholder who granted the proxy:
    - 11.1 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, 2 September 2013; or
    - 11.2 appoints a later, inconsistent appointment of proxy for the meeting; or
    - 11.3 attends the meeting in person.
12. 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, 2 September 2013.

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:
      - 10.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8 b i));
      - 10.2 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
      - 10.3 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)).

COMMUNICATIONS AGENCY

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