

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

REVIEWED RESULTS FOR THE PERIOD ENDED 28 FEBRUARY 2013

CONDENSED STATEMENT OF FINANCIAL POSITION

	Group	
	28 February 2013	31 December 2011
	R' 000	R' 000
ASSETS		
Non-current assets		
Property, plant and equipment	10 798	10
Intangible assets	92 411	93 041
Investment in associate	-	1 000
Deferred tax	7 173	6 365
Current assets		
Trade and other receivables	610	69
Cash and cash equivalents	314	584
Total assets	111 306	101 069
EQUITY AND LIABILITIES		
Capital and reserves	39 886	(952)
Non-controlling interest	17 352	16 430
LIABILITIES		
Non-current liabilities		
Loan from group company	-	49 738
Other financial liabilities	27 002	22 358
Deferred tax	25 626	13 428
Current liabilities		
Current tax payable	33	-
Trade and other payables	1 407	67
Total equity and liabilities	111 306	101 069

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Group	
	14 months ended 28 February 2013 R'000	12 months ended 31 December 2011 R'000
Other income	20 021	48 377
Operating expenses	(9 048)	(12 053)
Operating profit	10 973	36 324
Investment revenue	177	8
Finance cost	(4 908)	(3 626)
Profit before taxation	6 242	32 706
Taxation	(11 415)	(9 455)
Profit/(loss) after tax	(5 173)	23 251
Profit/(loss) attributable to Owners of the parent	(5 095)	6 821
Non-controlling interest	(78)	16 430
	(5 173)	23 251

HEADLINE EARNINGS/(LOSS) PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of headline earnings/(loss) per share are as follows:

	Group	
	14 months ended 28 February 2013	12 months ended 31 December 2011
Basic earnings/(loss) per share		
Profit/(loss) attributable to equity shareholders (R'000)	(5 095)	6 821
Weighted average number of shares in issue ('000)	292 106	59 886
Basic earnings/(loss) per share (cents)	(1.74)	11.39

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

	Group	
	14 months ended 28 February 2013	14 months ended 28 February 2013
Headline earnings/(loss) per share		
Profit/(loss) after taxation (R'000)	(5 095)	6 821
Headline earnings/(loss) adjustment		
Gain on bargain purchase (R'000)	(14 043)	(17 243)
Total headline earnings/(loss) (R'000)	(19 138)	(10 422)
Weighted average number of shares in issue ('000)	292 106	59 886
Headline (loss) per share (cents)	(6.55)	(17.40)

CONDENSED STATEMENT OF CASHFLOWS

	Group	
	14 months ended 28 February 2013	12 months ended 31 December 2011
	R' 000	R' 000
Cash flows from operating activities	(4 337)	(16 496)
Cash flow from investing activities	(10 815)	(2 571)
Cash flows from financing activities	14 882	19 180
Net increase/(decrease) in cash and cash equivalents	(270)	114
Cash at beginning of the period	584	470
Cash at the end of the period	314	584

CONDENSED STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital R' 000	Share premium R' 000	Total share capital R' 000	Reverse acquisition reserves R' 000	Retained income R' 000	Total attributable to equity holders of the group/company R' 000	Non- controlling interest R' 000	Total equity R' 000
Balance at 01 January 2011					(7 772)	(7 772)		(7 772)
Profit for the period					6 821	6 821	16 430	23 251
Total comprehensive income for the period					6 821	6 821	16 430	23 251
Balance at 01 January 2012					(951)	(951)	16 430	15 479
Loss for the period					(5 095)	(5 095)	(78)	(5 173)
Total comprehensive loss for the period					(5 095)	(5 095)	(78)	(5 173)
Issue of shares on reverse-acquisition	455	78 329	78 784			78 784		78 784
Reverse-acquisition adjustment				(31 066)		(31 066)		(31 066)
Share issue expenses		(1 785)	(1 785)			(1 785)		(1 785)
Balance at 28 February 2013	455	76 544	76 999	(31 066)	(6 046)	39 887	16 352	56 239

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT FOR THE GROUP 2013

	OPENING BALANCE R' 000	ADDITIONS R' 000	DEPRECIATION R' 000	TOTAL 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)	-
Computer software	2	-	(2)	-
Plant construction in progress	-	10 472	-	10 472
	10	10 814	(26)	10 798

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT FOR THE GROUP 2011

	OPENING BALANCE R' 000	ADDITIONS R' 000	DISPOSALS R' 000	DEPRECIATION R' 000	TOTAL R' 000
Furniture and fixtures	56	-	-	(55)	1
Office equipment	12	-	-	(11)	1
IT equipment	14	10	(10)	(8)	6
Computer software	8	-	-	(6)	2
	90	10	(10)	(80)	10

RECONCILIATION OF INTANGIBLE ASSETS FOR THE GROUP 2013

	OPENING BALANCE R' 000	ADDITIONS THROUGH BUSINESS COMBINATIONS R' 000	AMORTISATION R' 000	TOTAL R' 000
Rehabilitation and processing rights	47 959	-	-	47 959
AMD project	45 082	-	(2 630)	42 452
Intellectual property	-	2 000	-	2 000
	93 041	2 000	(2 630)	92 411

RECONCILIATION OF INTANGIBLE ASSETS FOR THE GROUP 2011

	OPENING BALANCE R' 000	ADDITIONS R' 000	ADDITIONS THROUGH BUSINESS COMBINATIONS R' 000	DISPOSALS R' 000	TOTAL R' 000
Rehabilitation and processing rights	-	-	47 959	-	47 959
AMD project	44 506	696	-	(120)	45 082
	44 506	696	47 959	(120)	93 041

COMMENTARY

RESULTS

During the period under review, MRI was, for the purposes of International Financial Reporting Standards ("IFRS"), acquired by Western Utilities Corporation Proprietary Limited ("WUC") ("the Acquisition"). The legal acquisition of WUC by MRI is a reverse-acquisition in terms of IFRS 3: Business Combinations.

WUC's financial year-end was previously 31 December. The Companies and Intellectual Properties Commission ("CIPC") approved the change of the year-end of WUC to end of February in line with the financial year-end of MRI. Accordingly, the results presented herein are presented for a 14-month period to 28 February 2013. As a result of this change and the need to reflect a continuation of WUC in the group results, the comparative figures are not the results of MRI as previously published.

BASIS OF PREPARATION

The condensed Group financial statements for the year ended 28 February 2013 have been prepared in accordance with the measurement and recognition criteria of IFRS, IAS 34: Interim Financial Reporting, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act No. 71 of South Africa, 2008 as amended.

The condensed group financial statements for the period ended 28 February 2013 were compiled under the supervision of M van den Berg, the financial director. The accounting policies are consistent with those of the most recent financial statements.

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

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

BUSINESS OVERVIEW

The headline loss per share is 6.55 cents compared to a headline loss per share of 17.4 cents reported for the period ended 31 December 2011 and to a headline loss per share of 52 cents reported in terms of the profit forecast included in the circular to shareholders dated 2 April 2012.

MRI, previously Capricorn Investment Holdings Limited ("Capricorn"), changed its name to reflect the new business and focus of the Group post the Acquisition. The Acquisition has brought two new strategic focus areas to the Company, namely Acid Mine Drainage ("AMD") and Coal Fines Briquetting ("the Briquetting Project"). Both these projects are focussed on reducing the environmental impact of mining whilst producing a significant return on investment for shareholders.

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 commercial commissioning of the Briquetting Project will commence in July 2013, with full production in September 2013. The Group is engaged in raising additional capital of R9 707 145 to purchase plant and equipment to complete the Briquetting Project.

The reasons for delay are as follow:

- a) Excessive rainfall in the months of February 2013 to April 2013 has hindered safe working on the site and the mine area was being inaccessible for heavy duty transport.
- b) Suitable local mobile machinery was not available in order to reduce costs.
- c) 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 documentation acceptable so that the subcontractor could go onto site.
- d) Due to the nature of the fill area, longer excavation was required to be performed and larger amounts of waste needed to be removed.

Despite the delays, management is still optimistic about the Briquetting Project and when it will go into commercial operation. Revenues generated from this project will be used to further capitalise the Company and invest and grow the business. The Company is continuously evaluating various projects for implementation of the technology.

With regards to the AMD project, government requested further information which had to be submitted to the Department of Water Affairs by 31 January 2013 by interested parties, of which WUC is one. WUC has already completed a Bankable Feasibility Study including engineering and environmental authorisation processes for the project. This project remains a strategic focus of the Group going forward. Government is expected to award the tender in September 2013.

NAME CHANGE

A general meeting was held on 30 April 2012 to approve the Acquisition and the reverse-acquisition, shareholders also approved the change of name of Capricorn to Mine Restoration Investments Limited. The special resolution adopting the name change has been registered with CIPC.

BUSINESS COMBINATIONS

REVERSE-ACQUISITION

During the period under review, MRI was, from an IFRS perspective, acquired by 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 company and the accounting acquirer. In accordance with this accounting treatment, the following has taken place:

- a) The identifiable assets and liabilities of MRI were brought into the books and measured at their fair-value;
- b) The condensed consolidated financial statements issued are those of MRI, the legal parent and accounting acquiree, but are described in the notes as a continuation of the financial statements of WUC, the legal subsidiary company and accounting acquirer. The results have been adjusted to reflect the legal capital of MRI. However, the financial statements reflect a continuation of the financial statements of WUC.
- c) The reverse-acquisition took effect from 25 June 2012 and was made in order to provide WUC with the funding required to complete the Briquetting Project. The reverse-acquisition will facilitate the growth of the Group in the medium term. MRI acquired the entire issued shares; and shareholder claims against WUC.

Mine Restoration Investments Limited

	R' 000
Assets at 25 June 2012	
Bank	142
Loan	1 078
Trade and other receivables	1 126
Liabilities at 25 June 2012	
Trade and other payables	(90)
Fair value of assets less liabilities	2 256
Loan acquired from Watermark Global plc	46 572
Consideration paid	(34 785)
Gain on bargain purchase attributable to Equity holders of Parent	14 043

The fair-value of the consideration transferred is calculated using the quoted market price of MRI at date of the business combination comprising 59 866 020 shares at 19 cents per share and R 23 407 594 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 182 300 030 shares in MRI at 19 cents per share to WET and the cash consideration.

BUSINESS COMBINATIONS 2011

Octavovox (Pty) Ltd

In the previous financial year (15 December 2011) WUC acquired 51% of Octavovox (Pty) Ltd; which will serve as the holder of all supply and construction contracts of the Group. The cash consideration was R1 million, which relates to the rehabilitation and processing contract acquired by Octavovox (Pty) Ltd. The fair value of the intangible asset arising on the business combination in Octavovox (Pty) Ltd was R 47 958 960.

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

Prodiflex Coal (Pty) Ltd

In the previous financial year (15 December 2011) WUC acquired 50% of Prodiflex Coal (Pty) Ltd; which will serve as the project manager responsible for all service contracts. The cash consideration was R1 million, which relates to 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	-

Where the fair value of the assets and liabilities acquired exceed the consideration transferred, this has resulted in a gain on bargain purchase. The gains from the bargain purchase is included in other income of the Group.

RESULTS OF OPERATIONS

The results of the operations of the Group, for the 14-month period ended 28 February 2013 reflect ongoing costs while the Briquetting Project's plant is being completed. Revenue from the Briquetting Project is expected to commence during the last quarter of 2013.

AMD

WUC has submitted, on request from the Department of Water Affairs ("DWA"), information about its AMD technology and project to inform the Feasibility study currently being completed. A tender for the Long Term Solution of the AMD problem is envisaged to be issued by the DWA in due course. The technology developed over the past 5 years has been evaluated under a Bankable Feasibility Study.

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 Group, either as part of the Long Term Solution for AMD in the Witwatersrand Mining Area or through various other opportunities currently being investigated. The costs associated with the technology can also be reliably measured. Therefore, in accordance with IAS 38, the AMD project has been recognised in the Statement of financial position. The technology and information developed has application in other countries, for example: South and North America.

Briquetting Project

The carrying value of the rehabilitation and processing rights for the Briquetting Project is based on a discounted cash flow model. Agreements were entered into with Leeuw Mining and Exploration Limited and Keaton Energy Holding for the construction of the plant on their site. Once this plant is operational the intention is to expand in order to supply the larger coal producers who produce significantly more coal fines although at lower grades. There is a Notarial Covering Bond limited, to R 20 000 000 registered, over the plant to cover the value of loan between Octavovox (Pty) Ltd and WUC.

The Group is committed to purchasing plant and equipment to the value of R 9 707 145 to complete the Briquetting Project.

The terms of the WET loan at 31 December 2011 were subsequently changed, resulting in a recovery of costs.

Taxation credits and charges primarily result from adjustments to deferred taxation.

FUTURE PROSPECTS

The board of directors of MRI ("the Board") will continue to pursue the implementation of its technology for AMD treatment through WUC. It is also anticipated that the Briquetting Project will commence operations in July 2013.

SEGMENT INFORMATION

The Group is not presently managed by segment. Accordingly, no segment information is provided. As the projects become operational, this information will then be presented.

CHANGES IN SHARE CAPITAL AND SHARE PREMIUM

During the period, MRI was the subject of a reverse-acquisition by WUC, culminating in the issue by MRI of 182 300 030 new ordinary shares to the shareholder of WUC - for the acquisition of 100% of the share capital in and claims against WUC held by WET. An additional 1 765 948 shares were issued to the sponsor and corporate advisor in part settlement of fees due. Subsequently, 210 526 316 additional shares were issued to investors to raise R40 million in cash.

An additional 216 960 new ordinary shares were issued to the sponsor and corporate advisor in further part settlement of fees due. Details of the share issue were disclosed in the circular to shareholders. A portion of the funds raised in the share issue were used to repay a portion on the loan account that was due to WET.

RELATED PARTY TRANSACTIONS

Loans advanced by WET to WUC were repaid out of the funds raised at the time of the reverse-listing of WUC.

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

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

Other than mentioned above, and other than loans advanced or received in the normal course of business, there have been no other related party relationships during the year.

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 R1 406 568 per annum, to be paid over 2 years.

The major shareholders of MRI have jointly undertaken to provide additional funding of up to R5 million for working capital to 28 February 2014.

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

CHANGES TO THE COMPOSITION OF THE BOARD

During the period under review, Mrs. E Greenblatt and Messrs B McQueen and K Jarvis resigned. Their resignations took effect on 5 April 2012 and 30 April 2012 respectively.

Mr.S Tredoux's role as financial director changed to that of an independent non-executive director with effect from 30 April 2012. Similarly, Mr. J Herbst's role changed from chief executive officer to non-executive director with effect from 30 April 2012.

In addition, and as a result of the reverse-acquisition, the following new appointments to the Board were made with effect from 30 April 2012:

Quinton George - Non-Executive Chairman
Jaco Schoeman - Chief Executive Officer
Michelle van den Berg - Financial Director
Anthon Meyer - Independent Non-Executive Director
Chris Roed - Independent Non-Executive Director
Sandile Swana - Independent Non-Executive Director
Charles Pettit - 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.

The new board now consists of the following directors:

Quinton George - Non-Executive Chairman
Jaco Schoeman - Chief Executive Officer
Michelle van den Berg - Financial Director
Anthon Meyer - Independent Non-Executive Director
Chris Roed - Independent Non-Executive Director
Sandile Swana - Non-Executive Director
James Herbst - Non-Executive Director
Stephen Tredoux - Independent Non-Executive Director
Richard Tait - Non-Executive Director

DIVIDENDS

No dividend will be declared for the financial period ended 28 February 2013. (2012: Nil).

For and on behalf of the board

31 May 2013
Johannesburg

Q George

Prepared by: M van den Berg

CORPORATE INFORMATION

Mine Restoration Investments Limited

Country of incorporation and domicile: South Africa

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Web: www.minerestoration.co.za

Directors: Q George# (Chairman), J Schoeman (Chief Executive Officer), M van den Berg (Financial Director), A Meyer*, C Roed*, S Swana*, J Herbst#, S Tredoux*, R Tait# (#Non-Executive, * Independent Non-Executives)

Company Secretary: Neil Esterhuysen & Associates Inc

Registered Office: Units 23&24 Norma Jean Square, 244 Jean Avenue, Centurion

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

Auditor: Horwath Leveton Boner

Sponsor: SASFIN Capital (a division of SASFIN Bank Limited)