

Mine Restoration Investments Limited
(Incorporated in the Republic of South Africa)
(Registration number 1987/004821/06)
Share Code: MRI
ISIN Code: ZAE000164562
("MRI" or the "Company")

Unaudited interim results for the six months ended 31 August 2015

Condensed consolidated statement of comprehensive income

	Unaudited six months to August 2015 R'000	Unaudited six months to August 2014 R'000	Audited 12 months to February 2015 R'000
Coal fines revenue	2 642	2 827	9 110
Cost of sales	(1 232)	-	(3 824)
Other income (see note 5)	1 003	29 506	33 105
Operating expenses	(3 956)	(12 572)	(20 843)
Impairments	(31 009)		(25 872)
Operating profit/(loss)	(32 552)	19 761	(8 324)
Investment revenue	-	-	-
Finance cost	-	(3 059)	(5 421)
(Loss)/Profit before taxation	(32 552)	16 702	(13 745)
Taxation	5 876	(2 804)	4 683
(Loss)/Profit) for the period	(26 676)	13 898	(9 062)
Other comprehensive income	-	-	-
Total comprehensive income/(loss)	(26 676)	13 898	(9 062)
(Loss)/Profit attributable to:			
Owners of the parent	(26 720)	12 016	5 345
Non-controlling interests	44	1 882	(14 407)
Total comprehensive (loss)/income attributable to:			
Equity holders	(26 720)	12 016	5 345
Non-controlling interests	44	1 882	(14 407)
Basic (loss)/earnings per share	(3.11)	2.17	0.74
Diluted (loss)/earnings per share	(3.11)	2.15	0.73
Weighted average number of shares ('000)	858 749	554 227	727 114
Diluted weighted			

average number of shares in issue ('000)	858 749	559 227	732 114
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Condensed consolidated statement of financial position

	Unaudited 31 August 2015 R'000	Unaudited 31 August 2014 R'000	Audited 28 February 2015 R'000
Assets			
Non-current assets			
Property, plant and equipment	4 123	14 348	11 585
Intangible assets	-	46 453	21 384
Goodwill	-	1 053	-
Deferred tax	85	4 288	111
	4 208	66 142	33 080
Current assets			
Trade and other receivables	133	824	1 349
Cash and cash equivalents	74	120	596
	207	944	1 945
Total assets	4 415	67 086	35 023
Equity and liabilities			
Equity			
Amount attributable to equity holders	569	31 974	25 304
Non-controlling interest	(156)	15 316	(973)
	413	47 290	24 330
Liabilities			
Non-current liabilities			
Deferred tax	-	14 736	6 036
Other financial liabilities	-	-	-
	-	14 736	6 036
Current liabilities			
Other financial liabilities	250	-	553
Trade and other payables	3 752	5 060	3 260
Deferred income	-	-	844
	4 002	5 060	4 657
Total equity and liabilities	4 415	67 086	35 023

Condensed consolidated statement of changes in equity

	Share capital R' 000	Capital reserve R' 000	Reserve for capital based payments R' 000	
Balance at 28 February 2013 (restated)	61 304	5 000	-	
Total comprehensive loss for the period	-	-	-	
Issue of shares on reverse acquisition	2 963	-	-	
Balance at 31 August 2013 (restated)	64 267	5 000	-	
Total comprehensive loss for the period	-	-	-	
Issue of shares	2 500	-	-	
Share issue expenses	(500)	-	-	
Balance at 28 February 2014	66 267	5 000	-	
Total comprehensive profit for the period	-	-	-	
Reserve for capital based payment - directors options	-	-	559	
Issue of shares	16 757	-	-	
Balance at 28 February 2015	83 024	5 000	559	
Total comprehensive profit for the period	-	-	-	
Release on NCI on share purchase	-	-	-	
Issue of shares	1 996	-	-	
Balance at 31 August 2015	85 020	5 000	559	
	Retained earnings R' 000	Amount attri- butable to equity holders R' 000	Non- Con- trolling interest R' 000	Total equity R' 000
Balance at 28 February 2013 (restated)	(12 295)	54 009	17 352	71 361
Total comprehen- sive loss	(4 284)	(4 284)	38	(4 246)

for the period Issue of shares on reverse acquisition	-	2 963	-	2 963
Balance at 31 August 2013 (restated)	(16 579)	52 688	17 390	70 078
Total comprehen- sive loss for the period	(52 046)	(52 046)	(3 956)	(56 002)
Issue of shares	-	2 500	-	2 500
Share issue expenses	-	(500)	-	(500)
Balance at 28 February 2014	(68 625)	2 642	13 434	16 076
Total comprehen- sive profit for the period	5 345	5 345	(14 407)	(9 063)
Reserve for capital based payment - directors options	-	559	-	559
Issue of shares	-	16 757	-	16 757
Balance at 28 February 2015	(63 280)	25 304	(973)	24 330
Total comprehen- sive profit for the period	(26 720)	(26 720)	44	(26 676)
Release on NCI on share purchase	-	-	773	773
Issue of shares	-	1996	-	1 996
Balance at 31 August	(90 010)	569	(156)	413

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Condensed consolidated statement of cash flows

	Unaudited six months to August 2015 R'000	Unaudited six months to August 2014 R'000	Audited 12 months to February 2015 R'000
Cash flows from operating activities	(683)	17 421	(4 904)
Cash flows from investing activities	(32)	(241)	(394)
Cash flows from financing activities	193	(20 045)	2 909
Total cash movement for the period	(552)	(2 865)	(2 389)
Cash and cash equivalents at the beginning of the period	596	2 985	2 985
Cash and cash equivalents at end of the period	74	120	596

Commentary

1. Basis of preparation

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

The financial statements have been prepared using accounting policies that comply with IFRS and which are consistent with those applied in the preparation of the audited financial statements for the year ended 28 February 2015.

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

2. Financial results

The Company endured an extremely challenging operating environment for the period under review, with the impact of the severe drought in northern KwaZulu-Natal, and falling coal prices, forcing management to place the Vryheid operations on care-and-maintenance, and retrench staff. As there are no realistic prospects of conditions improving in the foreseeable future, the board has also taken the decision to impair the value of assets to the realizable market value, and to fully impair the intangible asset relating to the processing right of the dump. The net effect of this is that

shareholders suffered a comprehensive loss of R26.72 million (2014: profit of R12.12 million).

3. Status and overview of projects

During the period under review, the Company continued to try optimise its coal fines processing plant at Keaton Energy Holdings Limited's Vaalkrantz Colliery, near Vryheid. Having upgraded capacity during the previous year with the implementation of new screening technology, provided by Virto in return for a royalty, the operation continued to battle with slurry handling. The Company brought in expertise from a dredging and slurry handling company for a 3 month trial period, which ended in May, but which failed to have a material impact on performance.

As outlined in the SENS announcements of 26 June and 20 July 2015, the lack of water available to our operation from Vaalkrantz rendered the project commercially viable, and the Company took the very difficult step of placing the operation on care-and-maintenance in July, resulting in the retrenchment of the workforce. It is the considered view of management and the board that there are no realistic prospects of reopening the operation, and the Company is investigating opportunities to realise value from its assets either through a sale or redeployment in other projects.

4. Future prospects

The Company has entered into test work with a number of external parties, in conjunction with Virto, and has been in discussion with several parties about potentially installing and operating a coal fines processing plant of similar scale to the Vaalkrantz operation. However, owing to the current operating environment for the coal mining industry, most parties are reluctant to incur any new capital or operating expenditure, and there are no prospects of imminent projects.

As outlined in the detailed cautionary SENS announcement on 26 June 2015, and updated in a subsequent SENS announcement, the Company entered into a memorandum of agreement in terms of which, MRI will acquire up to 39.2% of the issued share capital of IMBS, a South African company that has developed proprietary technology for the processing of super-fine iron ore into a scrap metal substitute, with a demonstration unit in Phalaborwa. Shareholders are advised to refer to the above-mentioned SENS announcement for full details.

5. Segment information

	AMD project R'000	Coal Briquetting R'000	Parent R'000	Total R'000
Segmental reporting - February 2015				
Segmental total assets	-	34 643	380	35 023
Segmental total liabilities	-	(8 850)	(1 844)	(10 693)

Net segment assets/(liabilities)	-	25 793	(1 464)	24 330
Segmental revenue	-	9 110	-	9 110
Segmental other income	-	210	32 895	33 105
Segmental expenses	-	(37 638)	(13 640)	(51 278)
Segmental profit/(loss)	-	(28 318)	19 255	(9 063)
Income from termination of non-recourse loan included in segmental profit/(loss)				
DBSA loan	-	-	-	-
Provision for capital gains tax	-	-	-	-
Segmental reporting - August 2014				
Segmental total assets	342	66 104	640	67 086
Segmental total liabilities	(3 193)	(15 560)	(1 043)	(19 796)
Net segment assets/(liabilities)	(2 851)	50 544	(403)	47 290
Segmental revenue	-	2 827	-	2 827
Segmental other income	28 968	177	361	29 506
Segmental expenses	(4 723)	(8 144)	(5 568)	(18 435)
Segmental profit/(loss)	24 245	(5 140)	(5 207)	13 898
Income from termination of non-recourse loan included in segmental profit/(loss)				
DBSA loan	28 968	-	-	28 968
Provision for capital gains tax	(2 965)	-	-	(2 965)

During the period under review, the only operating segment was the coal processing and briquetting operation, which ceased operating in July 2015.

6. Headline earnings/(loss) per share ("HEPS")

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

	Unaudited Six months to August	Unaudited Six months to August	Audited 12 months to February
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	2015	2014	2015
(Loss)/earnings per share (cents)	(3.11)	2.17	0.74
(loss)/diluted earnings per share (cents)	(3.11)	2.15	0.73
Headline (loss)/earnings per share (cents)	(0.18)	2.17	2.27
Diluted headline (loss)/earnings per share (cents)	(0.18)	2.15	2.25
HEPS Calculation			
(Loss)/profit for the year (R'000)	(26 720)	12 016	5 345
Impairment of intangible assets and goodwill (R'000)	21 384	-	10 708
Impairment of property, plant and equipment (R'000)	9 625	-	3 123
Deferred tax on impairments of assets (R'000)	(5 876)	-	(2 703)
Headline (loss) /earnings (R'000)	(1 587)	12 016	16 473
Weighted average number of shares in issue ('000)	858 749	554 227	727 114
Actual number of shares in issue ('000)	858 749	833 624	732 114
Diluted HEPS calculation			
(Loss)/profit for the year (R'000)	(26 720)	12 016	5 345
Impairment of intangible assets and goodwill (R'000)	21 384	-	10 708
Impairment of property, plant and equipment (R'000)	9 625	-	3 123
Deferred tax on impairments of assets (R'000)	(5 876)	-	(2 703)
Headline earnings/(loss) (R'000)	(1 587)	12 016	16 473
Diluted weighted average number of shares in issue ('000)	858 749	559 227	732 114

7. Changes in share capital

Since the last reporting period, as detailed in the SENS announcement dated 29 May 2015 and the period under review, the Company issued the following new shares:

- 21 428 570 at an issue price of R0.07 per share to buy out the minority shareholders of Octavovox on 23 April 2015; and
- 8 000 000 at an issue price of R0.062 per share as a cash issue on 21 July 2015;

8. Events after the end of the reporting period

One of the conditions of the IMBS transaction was that, MRI would provide a loan of R10 million to IMBS, repayable in IMBS shares if

the deal is consummated, or repaid in cash if not. As outlined in the SENS announcement of 1 September 2015, MRI obtained funding on commercial terms and has fulfilled that obligation. The funding was provided by Stellar Capital Partners, in addition to a R2.4 million working capital facility to allow the Company to meet its ongoing commitments. Both facilities mature on 31 December 2015, but because the originally contemplated timelines have not been achieved, the Company continues to work with IMBS to attempt to consummate the transaction, and is in discussions with its funder to try amend the financing arrangements accordingly. No other material events have taken place since the prior reporting period.

9. Changes to the composition of the Board

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

- Mr Carl-Heinz Gernandt resigned as Financial Director on 31 May 2015;
- Mr Luc Albinski was appointed as a Non-Executive Director on 1 June 2015; and
- Mr Norman Robert Preston has been appointed as Financial Director of the Company with effect from 1 November 2015.

10. Going concern

The financial period under review reflects a challenging financial period, with a net loss after tax of R26.72 million. The cash flow forecasts prepared by the directors indicate that the Company will require additional funding within the next 12 months in order to meet its commitments as they fall due, with no revenue generating operations. These conditions indicate the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. The board, however, remains confident that the Company retains the continued support of its major shareholders to provide additional funding should other sources not be forthcoming.

The directors have a reasonable expectation, having regard to the current status and the future strategy of the Company, that the Company has sufficient resources to continue as a going concern and have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis. Accordingly, the financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

11. Dividends

No dividend will be declared for the interim financial period ended 31 August 2015 (2014: Nil).

30 November 2015
Johannesburg

Q George

Prepared by: N Preston

Corporate information

Mine Restoration Investments Limited

Country of incorporation and domicilium: South Africa

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Directors: Q George# (Chairman), C Roed*, R Tait (CEO), S Caddy* , L Albinski*, N Preston (CFO)
(#Non-Executive, * Independent Non-Executives)

Company Secretary: Neil Esterhuysen & Associates Inc

Registered Office: The Zone Loft Offices West, 31 Tyrwhitt Avenue, Rosebank

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

Auditor: Grant Thornton Johannesburg Partnership

Corporate and Designated Adviser: Stellar Advisers Proprietary Limited