

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 2019

The Board of Directors of MRI (the "Board") hereby presents the interim results of MRI for the six months ended 31 August 2019.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months to August 2019	Unaudited six months to August 2018	Audited 12- months to February 2019
	R' 000	R' 000	R' 000
Revenue	-	-	-
Cost of Sales	-	-	-
Other income	-	-	-
Operating expenses	(1 918)	(1 291)	(6 376)
			-
Operating loss	(1 918)	(1 291)	(6 376)
Investment revenue	401	-	-
Finance cost	(1 341)	(692)	(1 756)
Loss before taxation	(2 858)	(1 983)	(8 132)
Taxation	-	-	-
Loss for the period	(2 858)	(1 983)	(1 832)
Other comprehensive income	-	-	-
Total comprehensive loss	(2 858)	(1 983)	(8 132)
(Loss) attributable to:			
Owners of the parent	(2 858)	(1 983)	(8 166)
Non-controlling interests	-	-	34
Total comprehensive loss attributable to:			
Equity holders	(2 858)	(1 983)	(8 166)
Non-controlling interests	-	-	34
Basic loss per share	(0.33)	(0.23)	(0.95)
Diluted loss per share	(0.33)	(0.23)	(0.95)
Weighted average number of shares in issue ('000)	863 053	863 053	863 053

Diluted weighted average number of shares in issue (`000)	863 053	863 053	863 053
---	---------	---------	---------

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 August 2019 R' 000	Unaudited 31 August 2018 R' 000	Audited 28 February 2019 R' 000
Assets			
Current Assets			
Trade and other receivables	-	58	-
Cash and cash equivalents	-	40	107
	-	98	107
Total Assets	-	98	107
Equity and Liabilities			
Equity			
Amount attributable to equity holders	(18 906)	(9 864)	(16 047)
Non-Controlling Interest	(32)	(66)	(32)
	(18 938)	(9 930)	(16 079)
Liabilities			
Current Liabilities			
Cash and cash equivalents	1	-	-
Other financial liabilities (note 5)	15 342	8 929	14 000
Trade and other payables (note 5)	3 595	1 099	2 186
	18 938	10 028	16 186
Total Equity and Liabilities	-	98	107

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital Reserve	Equity due to change in ownership	Retained earnings	Amount attributable to Equity Holders	Non- Controlling Interest	Total equity
	R' 000	R' 000		R' 000	R' 000	R' 000	R' 000
Balance at 28 February 2017 (restated)	85 020	5 000	(2 459)	(91 760)	(4 199)	(64)	(4 263)
Total comprehensive loss for the period	-	-	-	(3 682)	(3 682)	(2)	(3 684)
Balance at 28 February 2018	85 020	5 000	(2 459)	(95 442)	(7 881)	(66)	(7 947)
Total comprehensive loss for the period	-	-	-	(8 166)	(8 166)	34	(8 132)
Balance at 28 February 2019	85 020	5 000	(2 459)	(103 608)	(16 047)	(32)	(16 079)
Total comprehensive loss for the period	-	-	-	(2 858)	(2 858)	-	(2 858)
Balance at 31 August 2019	85 020	5 000	(2 459)	(106 466)	(18 905)	(32)	(18 937)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months to August 2019	Unaudited six months to August 2018	Audited 12-months to February 2019
	R' 000	R' 000	R' 000
Cash flows from operating activities	(108)	(1 944)	(2 396)
Cash flows from investing activities	-		(2 838)
Cash flows from financing activities	-	1 933	5 290
Total cash movement for the period	(108)	(11)	56
Cash and cash equivalents at the beginning of the period	107	51	51
Cash and cash equivalents at end of the period	(1)	40	107

COMMENTARY

1. BASIS OF PREPARATION

These condensed consolidated unaudited interim financial statements have been prepared by Ulrich Bester, the Financial Director, in accordance with IAS 34: Interim Financial Reporting, the framework concepts and the recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Standards Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act"), and the Listings Requirements of the JSE Limited.

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 2019.

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

2. FINANCIAL RESULTS AND FUTURE PROSPECTS

After closing down the coal operation, the Company focused on eliminating all corporate costs and maintaining the Company as a cash shell. Throughout this period, the Board continued its discussions

with various stakeholders regarding the proposed re-capitalisation of the Company.

On 10 October 2019, it was announced by the Company on the Stock Exchange News Service ("SENS") that it had entered into a share purchase agreement with the shareholders of Langpan Mining Co Proprietary Limited ("Langpan") ("the Vendors") in terms of which the Vendors would dispose of their entire shareholding (100%) in Langpan for an aggregate purchase consideration of R550 million, to be settled through the issue by MRI of 137 500 000 000 shares to the Vendors. On 13 July 2020, it was announced that this share purchase agreement had lapsed but that the Company remained in discussions with the Vendors regarding the proposed transaction. The Board entered into a new share purchase agreement, on essentially the same terms and conditions, with the Vendors on 13 August 2020.

The Company also intends to raise additional capital in order to repay existing debt through the proceeds of a partially underwritten rights offer. Creditors subordinated their claims and provided support in order to maintain the Company's solvency and liquidity and going concern.

3. HEADLINE LOSS PER SHARE ("HLPS")

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

	Unaudited six months to August 2019	Unaudited six months to August 2018	Audited 12-months to February 2019
Loss per share (cents)	(0.33)	(0.23)	(0.95)
diluted loss per share (cents)	(0.33)	(0.23)	(0.95)
Headline loss per share (cents)	(0.33)	(0.23)	(0.95)
Diluted headline loss per share	(0.33)	(0.23)	(0.95)
HLPS Calculation			
(Loss)/profit for the period	(2 858)	(1 983)	(8 132)
Impairment of intangible assets and goodwill	-	-	-
Impairment of property, plant and equipment	-	-	-
Deferred tax on impairments of assets	-	-	-
Headline loss	(2 858)	(1 983)	(8 132)

Weighted average number of shares in issue ('000)	863 053	863 053	863 053
Actual number of shares in issue ('000)	863 053	863 053	863 053

4. CHANGES IN SHARE CAPITAL

Since the last reporting period there have been no changes in issued share capital.

5. OTHER FINANCIAL ASSETS AND LIABILITIES

On 1 September 2018, the Board entered into an unsecured loan facility with Langpan with a balance of R3,34 million as at 31 August 2019. The repayment of this loan facility will contribute to the working capital requirements of the Company. The Board took the decision to fully impair the loan in the 2019 financial year and as such the loan remains fully impaired at 31 August 2019.

In early 2018, an angel investor re-capitalised the Company, through a subordinated debt facility with a balance of R10,1 million at 31 August 2019, in order to settle claims and provide support so as to maintain the Company's solvency and to ensure that the Company is able to continue operating as a going concern. The balance of R5,2 million of the other financial liabilities relates to syndicated loans.

Trade and Other Payables of R3,6 million relates to amounts owed to various service providers including legal, accounting and other fees. The amount has been subsequently reduced, and the Company remains in continuous engagements with the creditors on a settlement plan.

On 13 August 2020, the Board signed a new share purchase agreement for the acquisition of 100% of the ordinary share capital of Langpan. The transaction will involve the parties engaged in the recapitalisation of the Company, and the angel investor has committed to funding the Company until transaction close. The subordinated debt facility is expected to be repaid from the proceeds of a proposed rights offer to be undertaken by MRI. The remaining increase in other financial liabilities relates to trade payables in the ordinary course of business.

6. CHANGES TO THE BOARD

During the reporting period, there were no changes to the Board.

7. GOING CONCERN

The financial period under review reflects a challenging financial period, with a net loss of R2,86 million. The directors are of the

opinion 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 material uncertainty which may cast doubt about the Company's ability to continue as a going concern. In light of the Company entering into the share purchase agreement with Langpan, the Board remains confident that the Company retains the continued support of its major shareholders and creditors 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 will have 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.

8. EVENTS AFTER THE END OF THE REPORTING PERIOD

Investors have subordinated their claims and provided support in order to maintain the Company's solvency and ability to continue operating as a going concern.

On 10 October 2019, the Company announced on SENS that it had entered into a share purchase agreement with the shareholders of Langpan, in terms of which the Vendors would dispose of their entire shareholding (100%) in Langpan for an aggregate purchase consideration of R550 million, to be settled through the issue by MRI of 137 500 000 000 shares to the Vendors.

The advent of the novel coronavirus created significant uncertainty in global capital and commodity markets. In order to protect the Company and the Langpan transaction, the transaction stakeholders approved a restructure of the underlying transaction to mitigate any uncertainty. As a result of this restructure, the Board allowed the original share purchase agreement to lapse on 8 July 2020 to provide the Board the requisite time to review the revised structure for adequacy. The Board reviewed the revised structure and found the transaction to have the same commercial merits as before. This prompted the Board to sign a new share purchase agreement, on essentially the same terms and conditions as before, on 13 August 2020.

On 9 July 2020, BDO notified the Board about a possible reportable irregularity ("RI") relating to the "possibility of trading recklessly and the allegations made against some directors". On 20 August 2020, BDO notified the Board that an RI had been raised on 7 August 2020 and that the reported particulars of the irregularity had been reported to Independent Regulatory Board for Auditors

("IRBA"). The RI relating to the director's contraventions of the Companies Act was found to be consistent with the reportable irregularity continuing. In order to remedy the RI, the Board dismissed the implicated directors and appointed new directors to bolster the Board's governance credentials.

On 24 July 2020, the Board terminated the appointments of Richard Tait and Quinton George. On 13 August 2020, the Board appointed Mahlatsi Movundlela and Thato Makgolane as Independent Non-Executive Chairman and Independent Non-Executive Director, respectively. On 28 August 2020, Syd Caddy and Chris Roed resigned as directors.

As a direct result of the RI and Langpan transaction, on 16 September 2020, the Board received a demand notice from a 17.38% shareholder, calling for shareholders meeting in terms of section 61(3) of the Companies Act. The purpose of the shareholder meeting was to re-appoint the dismissed directors, and to terminate the appointments of the entire Board. The stated aim of the requested changes to the Board is to prevent the Langpan transaction from going ahead and the rights issue being put to the shareholders for their consideration both in the normal course. In light of this particular shareholder being center to the RI and the Langpan transaction, the Board was of the view that the demand was frivolous and vexatious and thus did not proceed in the calling of the meeting.

In order to protect the interests of the Company, its shareholders and creditors and the Langpan transaction, the Board has entered into a commercial settlement agreement, on 27 October 2020 with the abovementioned shareholder and the dismissed directors. The settlement agreement entails the following material outcomes:

- The Board has approved the insertion of a resolution in terms of section 75(7)(b)(i) of the Companies Act to be included in the circular(s) pertaining to the Langpan transaction.
- The shareholder has agreed to sell its 17.38% shareholding in the Company to an independent third party.
- On 28 October 2020, the call for the shareholders meeting was unconditionally withdrawn.

DIVIDENDS

No dividend was declared for the interim financial period ended 31 August 2019 (2018: Nil).

29 October 2020
Johannesburg

M Movundlela
Independent Non-executive
Chairman

MJ Miller
Chief Executive Officer

CORPORATE INFORMATION

Postal address: PO Box 1823, Bedfordview, 2008

Registered and Physical address: 1st Floor St James Office Park,
76 Concorde Road East, Bedfordview, Gauteng, 2008

Tel no:+27 (0) 11 036 3100

Fax no:+27 (0) 86 654 6818

Web: www.minerestoration.co.za

Board of Directors: T Makgolane*, M Movundlela* (Chairman), M
Miller (CEO), U Bester (FD), A Collins*.
(#Non-Executive, * Independent Non-Executive)

Company Secretary: Neil Esterhuysen & Associates Inc.

Transfer Secretaries: Computershare Investor Services
Proprietary Limited, Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196, Private Bag X9000, Saxonwold, 2132

Auditor: BDO South Africa Incorporated*

(*MRI terminated BDO South Africa Incorporated's external audit
services with effect from 14 October 2020. As of this date, MRI is
in the process of identifying and appointing new auditors.)

Designated Adviser: Merchantec Capital