



## **MINE RESTORATION INVESTMENTS LIMITED**

Incorporated in the Republic of South Africa

(Registration No. 1987/004821/06)

Share code: MRI

ISIN: ZAE000164562

("MRI" or "the Company")

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## **RELATED PARTY LOAN AGREEMENT**

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### **1. Introduction**

Further to the terms announcement released by the Company on the Stock Exchange News Service ("**SENS**") on 10 October 2019, shareholders are advised that MRI has concluded a loan agreement with Langpan Mining Co Proprietary Limited ("**Langpan**") for the advancement of R3 000 000 ("**the Loan**"). The Loan is unsecured and bears interest at the prime lending rate from time to time, plus eight percent.

### **2. Overview of MRI And Langpan**

MRI has been listed on the Alternative Exchange of the JSE since June 2012 and exists as a cash shell.

Langpan mines and processes chrome ore to form chrome concentrate, with a by-product having a high concentration of Platinum Group Metals. Langpan entered into a share purchase agreement with MRI on 10 October 2019 for MRI's acquisition of 100% of the ordinary shares of Langpan ("**the Proposed Transaction**"). The acquisition is part of MRI's strategy to become a mining house that promotes rural investment into sustainable mining projects on an inclusive and equitable basis.

### **3. Rationale for the Loan**

The Loan was advanced to Langpan in anticipation of the Proposed Transaction. The agreement governing the terms and conditions of the Loan ("**the Loan Agreement**") stipulates that the loaned funds are to be utilised in the settlement of the costs, fees and expenses related to the Proposed Transaction and for the operating expenses and working capital requirements of Langpan, in anticipation of the Proposed Transaction being implemented.

### **4. Categorisation and Related Party Transaction**

Langpan is currently owned by the following parties:

- Jurgens Johannes Nel (7.9%);
- Scott Austin Gaskell (6.1%);
- BLM Global Partners RSA (Pty) Ltd (2.4%);
- Disruption Capital Limited ("**DCL**") (53.9%);
- Kianalily Proprietary Limited ("**Kianalily**") (8.5%); and
- Palugen Proprietary Limited (21.2%).

Mike Miller and Alistair Collins, both directors of MRI, collectively own 56% of DCL. In addition, Ulrich Bester, the financial director of MRI, and his associates own 100% of Kianalily. Accordingly, in terms of the Listings Requirements of the JSE Limited, the Loan is classified as a Category 2, small related party transaction.

The independent directors of MRI are in the process of appointing an independent professional expert ("**the IPE**") to opine on the fairness of the Loan Agreement. The opinion of the IPE will be announced on SENS as soon as it has been finalised.

## **5. Conditions precedent and effective date**

No conditions precedent to the Loan Agreement remain outstanding. Accordingly, the Loan became effective on 1 September 2018. To the extent that the IPE opines that the terms of the Loan Agreement are not fair, the Loan will be referred to MRI shareholders in general meeting for approval.

## **6. Financial information**

The face value of the Loan as at 1 September 2018 was R3 000 000. As at 30 June 2020, the total outstanding amount under the Loan Agreement was R3 862 305.77, comprising capital of R2 933 320.70, and interest of R928 985.07. These figures are unaudited and have not been reviewed by MRI's auditors.

Johannesburg  
6 July 2020

Designated Advisor



Questco Proprietary Limited