

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")



REVISED RELATED PARTY ACQUISITION, RIGHTS OFFER AND AMENDMENT OF MEMORANDUM OF INCORPORATION

1. Introduction

On 10 October 2019, it was announced by MRI on the Securities Exchange News Service 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 will dispose of their entire shareholding (100%) in Langpan for an aggregate purchase consideration of R550 000 000, to be settled through the issue by MRI of 137 500 000 000 shares ("the Consideration Shares") ("the Proposed Transaction") to the Vendors. On 13 July 2020, it was announced that this share purchase agreement had lapsed but that the Company remains in discussions with the Vendors regarding the Proposed Transaction. The board of directors of MRI ("the Board") is pleased to announce that a new share purchase agreement has been entered into with the Vendors (a list of which is contained in paragraph 2.3 below) on 13 August 2020 ("the Share Purchase Agreement").

The Company also intends to raise additional capital in order to repay existing debt through the proceeds of a partially underwritten rights offer, details of which are set out in paragraph 3 below.

After the implementation of the Proposed Transaction, MRI will hold 100% of the shares in Langpan, making it a subsidiary of MRI. In accordance with paragraph 10.1 of the Listings Requirements of the JSE Limited ("JSE") ("Listings Requirements"), MRI will ensure that no provisions contained in the Memorandum of Incorporation ("MOI") of Langpan will frustrate the Company in any way from compliance with its obligations in terms of the Listings Requirements, nor will it relieve the Company from compliance with the Listings Requirements.

2. The Proposed Transaction

2.1. Description of the businesses of MRI and Langpan

MRI has been listed on the Alternative Exchange of the JSE since June 2012 and exists as a cash shell. The Company previously held two major investments in coal fines processing and briquetting, as well as acid mine drainage technology. Both investments were discontinued and fully impaired due to significant operational challenges.

Langpan mines and processes chrome ore to form chrome concentrate, with a by-product having a high concentration of Platinum Group Metals ("PGM"). Langpan owns the plant and machinery and the mining rights, respectively, in relation to the chrome and PGM mining and associated beneficiation operations on the farm Langpan 371KQ (collectively, "the Mining Assets"). Langpan is currently mining the high grade chrome seams in order to sell high grade, unprocessed chrome ore to the market.

Langpan concluded supply agreements on 8 October 2019 with Scutella Ventures Limited in relation to the sale of chrome concentrate for a five-year period, including a forward sale of chrome

concentrate for a two-year period (“the Forward Sale”), on commercial terms. Langpan has further entered into a series of inter-related financing agreements the effect of which is to immediately monetise the Forward Sale and a portion of these proceeds will be used to settle the purchase consideration in relation to the acquisition by Langpan of the Mining Assets.

2.2. Rationale for the Proposed Transaction

The Proposed Transaction is a first step towards MRI’s transformation into a mining house that promotes rural investment into sustainable mining projects on an inclusive and equitable basis. The Proposed Transaction will enable MRI to transform from a cash shell and position itself to achieve its rural investment mandate.

2.3. Details of the Vendors and related parties

The Vendors comprise the parties named in the table below.

Name of Vendor	% Shareholding in Langpan	Related Party	Nature of Relationship
Disruption Capital Ltd (“DCL”)	29.6%	Yes	MRI Directors Mike Miller and Alistair Collins own 100% of DCL.
Furiscape (Pty) Ltd	18.8%	No	
Dalenn Holdings Ltd	13.7%	No	
Kianalily (Pty) Ltd	8.5%	Yes	MRI Financial Director Ulrich Bester and his associate own 100% of Kianalily.
Its Only Me (Pty) Ltd	7.9%	No	
Ngama Ltd	5.3%	No	
Mvikeli Trust	5.3%	No	
Roux Engineering (Pty) Ltd	2.7%	No	
Batcor Plant Hire (Pty) Ltd	2.0%	No	
BLM Global Partners RSA (Pty) Ltd	2.0%	No	
Simeka Capital Holdings (Pty) Ltd	1.8%	No	
Andru (Pty) Ltd	0.9%	No	
Putisolve (Pty) Ltd	0.7%	No	
Dev Maharaj Family Trust	0.2%	No	
Inpro Limited	0.2%	No	
Ashley Wilson	0.1%	No	
Nndangi Musekene	0.1%	No	
Piet Human	0.1%	No	
Breamline (Pty) Ltd	0.1%	No	
Sean Frankim	0.03%	No	
Total	100%		

There are no related party relationships other than those noted above. The Vendors will enter into a lock-up agreement in relation to their holdings of Consideration Shares such that they will not dispose thereof until such time as Langpan’s obligations in terms of the Forward Sale have been fully discharged.

2.4. Effective date

The Proposed Transaction will become effective on the “Effective Date” (as defined in the Share Purchase Agreement) which is the date falling no later than nine months after the date of signature of the Share Purchase Agreement or such earlier date as the parties thereto may agree, provided that, by no later than the Effective Date, the conditions precedent set out in paragraph 2.5 below have been fulfilled.

2.5. Conditions precedent

The Proposed Transaction is conditional upon, inter alia:

- written confirmation from the JSE that the suspension of the listing of MRI shares on the Alternative Exchange of the JSE has been lifted;
- the approval of the requisite majority of MRI shareholders of the Proposed Transaction;
- the approval by MRI shareholders of a special resolution in respect of the proposed amendments to the Company’s MOI described in paragraph 4 below and the filing of the amended MOI with the Companies and Intellectual Properties Commission; and
- the approval by MRI shareholders of a special resolution authorising the issue of the Consideration Shares and the Rights Offer shares, as set out in paragraph 3, below, in terms of sections 41(1) and 41(3) of the Companies Act, 71 of 2008, as amended.

2.6. Financial information relating to Langpan

The unaudited net asset value of Langpan for the year ended 29 February 2020 was R2 847 278 in terms of the International Financial Reporting Standards. Langpan was incorporated on 20 September 2017 for the purposes of acquiring the Mining Assets and commenced mining operations on or about 15 June 2020.

2.7. Warranties

The Share Purchase Agreement contains warranties that are normal for a transaction of this nature.

2.8. Classification of the Proposed Transaction

In terms of the Listings Requirements, the Proposed Transaction is classified as both a related party transaction, as certain of the Vendors are directors of the Company or associates thereof, and a reverse take-over.

Shareholders should note that the JSE will only permit MRI to retain its listing following the reverse take-over if the JSE is satisfied that MRI still qualifies for a listing.

3. The Rights Offer

MRI will seek to raise approximately R15 000 000 through a partially underwritten renounceable rights offer (“the Rights Offer”) at a subscription price of 0.1 cent per Rights Offer share, whereby Rights Offer shares will be issued simultaneously with the Consideration Shares.

The proceeds from the Rights Offer will be applied as follows:

- to fund transaction costs in relation to the Rights Offer and the Proposed Transaction; and
- to extinguish certain of MRI's liabilities.

The launch of the Rights Offer is conditional upon the conditions precedent set out in paragraph 2.5 above.

4. Amendments to the MOI

In order to facilitate the Proposed Transaction and the Rights Offer, it will be necessary to increase the authorised share capital of the Company. In addition, in order to reduce the number of shares in issue, the Company will seek the approval of its shareholders to consolidate its shares in a ratio of 1 consolidated MRI share for every 1 000 MRI shares currently in issue.

5. Independent Expert Opinion

In accordance with both the Listings Requirements and Regulation 86(7) of the Companies Regulations, an independent expert will be appointed to provide a fair and reasonable opinion in relation to the terms of the Proposed Transaction.

6. Circular and notice of general meeting

A circular and Revised Listings Particulars, prepared in terms of the Listings Requirements and containing, inter alia, details of the Proposed Transaction, the Rights Offer and the amendments to the MOI, together with the report of the independent expert, a competent persons report and a notice of general meeting of MRI shareholders will be dispatched in due course.

Johannesburg
20 August 2020

Designated Advisor



Questco Proprietary Limited