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")

REPORTABLE IRREGULARITY DISCLOSURES

On 9 July 2020, MRI's auditor BDO South Africa Incorporated ("BDO") notified the MRI board of directors (the "Board") about a possible reportable irregularity relating to "*possibility of trading recklessly and the allegations made against some directors*". On 20 August 2020, BDO notified the Board that a reportable irregularity had been raised on 7 August 2020 and that the reported particulars of the irregularity had been reported to Independent Regulatory Board for Auditors. The reportable irregularity relating to the directors against whom the CEO of MRI laid criminal charges for contravening sections of the Companies Act 71 of 2008 (the "Companies Act") was found to be applicable with the reportable irregularity continuing.

The Board has duly deliberated on the reportable irregularity and would want to make the following material disclosures on the matter along with steps being taken to rectify the reportable irregularity.

On 16 March 2020, the Company was issued a demand notice in terms of Section 345(1)(a) of the Companies Act 61 of 1973 (as amended) by Tertain Investments (Pty) Ltd ("Tertain") (the "Demand Notice"). The Demand Notice relates to two facility agreements that the Company had entered into on or about 12 May 2017 and 1 September 2017 for R250,000 and R125,000, respectively (the "Facility Agreements"). The Facility Agreements were entered into by the Company in contravention of the director's personal financial interest provisions of the Companies Act. The rationale provided for the entry into of the facility Agreements by then then Chairman, Richard Tait, who signed the documentation, was that the Facility Agreements were entered into to cover the Company's working capital requirements and the partial repayment of the Growth Equities (Pty) Ltd. ("Growth Equities") loan.

Upon review of the Demand Notice, the Board identified several concerns with the material issues, being the following:

- On or around 28 April 2017, Quinton George and Richard Tait (the "Implicated Directors"), the then Chairman and CEO of the Company respectively, notified the board that Growth Equities, a creditor of the Company, was entering into a syndication scheme. However, the Facility Agreements clearly show that they are, in effect, stand-alone loan agreements. The term syndication is incorrect.
- The Implicated Directors appeared to have substantive control of Growth Equities.
- The Implicated Directors utilised the syndication façade as a mechanism to monetise the Growth Equities loan position for personal gain.
- It is evident from the wording of the Tertain facility agreement that the Implicated Directors provided Tertain with inside information relating to a proposed rights issue which would have resulted in a significant uplift in equity for Tertain. In a Board meeting held on 13 July 2020, Chris Roed confirmed that his family trust, KAG Trust, participated in the syndication scheme such that the KAG Trust may benefit from the same uplift. The board is of the opinion that this inside information was used as a rationale to justify the syndicated investments.
- The Facility Agreements were entered into by the Company without the Implicated Directors taking the necessary steps in compliance with the relevant director's personal financial

interest provisions of the Companies Act, most notably sections 75 and 76 of the Companies Act.

Given the identified concerns and anomalies, the CEO investigated the matter more fully and uncovered the following facts:

- The syndication scheme resulted in the new monies loaned to the Company being transferred into the Company's bank account and then, almost immediately, being paid out to Wilduso 112 (Pty) Ltd. ("Wilduso") and/or Mcubed Holdings (Pty) Ltd. ("Mcubed"). No monies were repaid to Growth Equities.
- The Demand Notice amounts of R250,000 and R125,000 were received by the Company on 13 May 2017 and 5 September 2017, respectively. Of those amounts, R210,000 was paid out by the Company to Wilduso on 15 May 2017; R70,000 and R30,000 was paid to Wilduso on 14 September 2017 and 18 September 2017, respectively, and R5,656.76 was paid to Mcubed on 14 September 2017.
- Wilduso and Mcubed are companies of which Quinton George is the sole director.
- The creditor linked to the Demand Notice, Tertain, was not the only instance of syndication. During the period May 2017 to September 2017, the Company received R1,605,000 in 8 transactions where receipts varied between R90,000 and R500,000. In each instance, within days of receipt of this income, the bulk of the receipt was transferred out to Wilduso and/or Mcubed. Excluding amounts totalling R155 656.76 paid to M Cubed in this same period, R1,510,000 of the R1,605,000 was paid out to Wilduso.
- On 13 July 2020, a series of emails were disclosed to the Board which clearly show that the Implicated Directors tried to sell Growth Equities' shares in MRI in whole or in part thus showing that the Implicated Directors were in fact the substantive controllers of Growth Equities.
- BDO has confirmed that it was not aware of the relatedness of the Implicated Directors to Growth Equities and Wilduso.

Throughout the period 16 March 2020 to 17 June 2020, the Board tried to fully investigate the matter so as to understand the true extent and nature of the syndication scheme. Ultimately, the Board failed in this attempt and thus on referred the matter to both Questco Corporate Advisory and BDO for a more detailed review.

On 3 July 2020, the CEO, as he was legally bound to, laid criminal charges against the Implicated Directors with the South African Police Service. The charges were laid in terms S34(1)(b) of the Prevention and Combatting of Corrupt Activities Act. On 5 July 2020 the CEO requested the initiation of S71(3) proceedings against the Implicated Directors. On 9 July 2020, the Company's company secretary initiated formal S71(3) Companies Act proceedings (the "S71(3) Proceedings") against the Implicated Directors. In terms of this notice, the Board had planned to meet on 24 July 2020 to deliberate on the matter. On 24 July 2020, the Board duly sat to deliberate on the S71(3) Proceedings. Despite due notice to the Implicated Directors, they failed to attend, send apologies or make the necessary representations and, accordingly, the Board resolved to remove the Implicated Directors for contravening Sections 75 and 76 of the Companies Act. The Company's company secretary notified CIPC on 24 July 2020.

On 14 July 2020, Richard Tait, Quinton George, Chris Roed and Syd Caddy resolved to put the Company into business rescue. The Companies and Intellectual Property Commission ("CIPC") accepted the business rescue resolution and placed the Company into business rescue on the same day. On 24 July 2020, Michael Miller, Alistair Collins, Ulrich Bester and the Gamsy Family Trust, being the Company's single biggest creditor, lodged an urgent high court application to have the business rescue proceedings set aside. On 11 August 2020, the urgent high court application was heard and on 13 August 2020 the business rescue proceedings were set aside.

On 13 August 2020, the Board appointed Messrs Mahlatsi Movundlela and Thato Makgolane to serve on the Board as Independent Non-Executive Chairman and Independent Non-Executive director. These appointments provide the Board with additional expertise and experience to oversee the acquisition and listing reinstatement processes.

In a Board meeting held on 13 July 2020, it became evident that Chris Roed's family trust, the KAG Trust, loaned monies through the syndication scheme to the Company. The KAG Trust deposited R100,000 into the Company's bank account on 12 June 2017. R85,000 was transferred to Wilduso on 13 June 2017. The Board initiated S71(3) proceedings against Chris Roed for contraventions of Sections 75 and 76 of the Companies Act and the Board planned to meet on 1 September 2020 to deliberate on the matter.

Johannesburg
1 September 2020