

Mine Restoration Investments Limited

(Incorporated in the Republic of South Africa)

(Registration number 1987/004821/06)

Share Code: MRI

ISIN Code: ZAE000164562

("MRI", "the Company" or "the group")

**Provisional Audited Summarised Consolidated Annual Financial Results
For The Year Ended 28 February 2020**

The Board of Directors of MRI ("the Board") is pleased to announce the audited summarised consolidated annual financial results for the year ended 28 February 2020 with restatement of prior year results as detailed in note 8 ("Results").

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12- months to February 2020 R' 000	Audited 12- months to February 2019 (Restated) R' 000
Revenue	-	-
Cost of Sales	-	-
Other income	660	110
Operating expenses	(2 900)	(6 536)
Impairments	-	-
Operating loss	(2 240)	(6 426)
Investment revenue	-	-
Finance cost	(2 932)	(1 756)
Loss before taxation	(5 172)	(8 182)
Taxation	-	-
Loss for the period	(5 172)	(8 182)
Other comprehensive income	-	-
Total comprehensive loss	(5 172)	(8 182)
Loss attributable to:		
Owners of the parent	(5 173)	(8 216)
Non-controlling interests	1	34
Total comprehensive loss attributable to:		
Equity holders	(5 173)	(8 216)
Non-controlling interests	1	34
Basic loss per share	(0.60)	(0.95)
Diluted loss per share	(0.60)	(0.95)
	863 053	863 053

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

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited 28 February 2020 R' 000	Audited 28 February 2019 (Restated) R' 000
Assets		
Current Assets		
Trade and other receivables	136	-
Cash and cash equivalents	1	107
	137	107
Total Assets	137	107
Equity and Liabilities		
Equity		
Amount attributable to equity holders	(21 270)	(16 097)
Non-Controlling Interest	(31)	(32)
	(21 301)	(16 129)
Liabilities		
Current Liabilities		
Other financial liabilities	16 727	14 000
Trade and other payables	4 698	2 236
Bank overdraft	13	-
	21 438	16 236
Total Equity and Liabilities	137	107

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital Reserve	Equity due to change in ownership	Accumulated loss	Amount attributable to Equity Holders	Non- Controlling Interest	Total equity
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Balance at 01 March 2018	85 020	5 000	(2 459)	(95 442)	(7 881)	(66)	(7 947)
Total comprehensive loss for the period	-	-	-	(8 216)	(8 216)	(34)	(8 182)
Prior period errors	-	-	-	(50)	(50)	-	(50)
Balance at 01 March 2019	85 020	5 000	(2 459)	(103 658)	(16 097)	(32)	(16 129)
Total comprehensive loss for the period	-	-	-	(5 173)	(5 173)	1	(5 172)
Release on Non- Controlling Interest on share purchase	-	-	-	-	-	-	-
Issue of shares	-	-	-	-	-	-	-
Balance at 28 February 2020	85 020	5 000	(2 459)	(108 831)	(21 270)	(31)	(21 301)

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 12-months to February 2020 R' 000	Audited 12-months to February 2019 (Restated) R' 000
Cash flows from operating activities	(23)	(2 396)
Cash flows from investing activities	(96)	(2 838)
Cash flows from financing activities	-	5 290
Total cash movement for the period	(119)	56
Cash and cash equivalents at the beginning of the period	107	51
Cash and cash equivalents at end of the period	(12)	107

COMMENTARY

1. BASIS OF PREPARATION

These Results are extracted from audited consolidated annual financial statements but no separate audit opinion is provided for these summarised consolidated financial results. The directors take full responsibility for the preparation of this report and confirm that the financial information has been correctly extracted from the underlying financial statements.

The Results have been prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and its interpretations adopted by the Accounting Standards Board (IASB) in issue and effective for the Group at 28 February 2020 and the SAICA financial report guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. These results are presented in accordance with IAS 34 - Interim Financial Reporting and comply with the Listings Requirements of the Johannesburg Stock Exchange Limited ("JSE") and the Company's Act of South Africa 2008. These Results do not include all the information required for full annual statements and should be read in conjunction with the consolidated annual financial statements as at and for the year ended 28 February 2020.

Notwithstanding the insolvency of the Company and the fact that it has limited activity, the directors are satisfied that the group will still be able to settle its obligations and realise its assets as measured in terms of IFRS as applicable to going concern.

The audited consolidated 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, except for the adoption of IFRS 16 Leases.

These Results were prepared under the supervision of MJ Miller the Chairman of the Company.

Shareholders are advised that the information contained in the announcement is also available at:

<https://senspdf.jse.co.za/documents/2021/jse/isse/mri/ye20.pdf>

2. FINANCIAL RESULTS AND FUTURE PROSPECTS

MRI operated as a cash shell throughout the current financial year. The Board focused on reducing all corporate costs whilst pursuing the acquisition of Langpan Mining Co Proprietary Limited ("**Langpan**"). The Board has satisfied themselves that the group is in a position to continue as a going concern and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

On 10 October 2019, the group 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 shares to the Vendors ("**Langpan Transaction**").

The advent of the novel coronavirus created significant uncertainty in global capital and commodity markets. In order to protect the group and the Langpan Transaction, the transaction stakeholders approved a restructure of the underlying transaction to mitigate any uncertainty. The Board reviewed the revised structure and found the Langpan Transaction to have the same commercial merits as before. This prompted the Board to sign a refreshed purchase agreement, on essentially the same terms and conditions as before, on 13 August 2020.

The Board is confident that the acquisition of Langpan will recapitalise the Company and allow for the Company's successful reinstatement on the Alternative Exchange of the JSE.

3. HEADLINE LOSS PER SHARE ("HLPS")

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

	Audited 12- months to February 2020	Audited 12- months to February (Restated) 2019
Loss per share (cents)	(0.60)	(0.95)
Diluted loss per share (cents)	(0.60)	(0.95)
Headline loss per share (cents)	(0.60)	(0.95)
Diluted headline loss per share	(0.60)	(0.95)
HLPS Calculation		
(Loss)/profit for the period (R'000)	(5 172)	(8 182)
Impairment of intangible assets and goodwill	-	-
Impairment of property, plant and equipment	-	-
Deferred tax on impairments of assets	-	-
Headline loss	(5 172)	(8 182)
Weighted average number of shares in issue ('000)	863 053	863 053
Actual number of shares in issue ('000)	863 053	863 053

4. CHANGES IN SHARE CAPITAL

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

5. EVENTS AFTER THE END OF THE REPORTING PERIOD

Langpan Transaction:

Due to the advent effects of the coronavirus on the global markets, 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 refreshed purchase agreement, on essentially the same terms and conditions as before, on 13 August 2020.

Reportable Irregularity:

On 9 July 2020, the previous auditors BDO South Africa Incorporated ("**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 71 of 2008 (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.

Directorate Changes:

- On 24 July 2020 Richard Tait and Quinton George resigned as directors.
- On 13 August 2020, the Board appointed Mahlatsi Movundlela and Thato Makgolane as independent non-executive directors.
- On 28 August 2020, Syd Caddy and Chris Roed resigned as directors.
- On 31 October 2020 Ulrich Bester resigned as Financial Director.

With effect from 1 November 2020:

- George Sebulela was appointed as the lead independent director.
- Michael Miller changed his role from Chief Executive Officer to non-executive Chairman.
- Mahlatsi Movundlela had been appointed as Chief Executive Officer.
- Thato Makgolane had been appointed as Financial Director.

Additionally, Board subcommittees were also reconstituted as follows:

- Combined Audit and Risk Committee: George Sebulela (Chair), Alistair Collins and Michael Miller.
- Remuneration and Nomination Committee: Alistair Collins (Chair), George Sebulela and Michael Miller.
- Social and Ethics Committee Alistair Collins (Chair), George Sebulela and Michael Miller.

The Company is in the process of evaluating its board and committees and following the annual general meeting ("**AGM**"), will be looking to include additional independent members to strengthen the governance structures of the Company.

Call for Shareholder Meeting:

On 16 September 2020, the Board received a demand notice from a shareholder holding 17.38% of the Company's issued share capital,

calling for shareholders meeting in terms of section 61(3) of the Companies Act. The purported reason for the shareholder meeting was, inter alia, to re-appoint the dismissed directors, to terminate the appointments of the entire Board and to prevent the terms of the Langpan Transaction being put to the shareholders for their consideration in the normal course.

In order to protect the interests of the group, its shareholders, creditors and the Langpan Transaction, the Board entered into a commercial settlement agreement with the abovementioned shareholder and the dismissed directors. The settlement agreement comprised the following material outcomes:

- The Board had agreed to the insertion of a resolution in terms of section 75(7)(b)(i) of the Companies Act to be included notice of AGM forming part of the annual report, pertaining to the Langpan transaction.

- The shareholder had agreed to sell its 17.38% shareholding in the group to an independent third party.

On 28 October 2020, the call for the shareholders meeting was unconditionally withdrawn.

Disposal of Dormant Subsidiaries:

MRI disposed of its entire interest in Western Utilities Corporation Proprietary Limited, Octavovox Proprietary Limited and Prodiflex Coal Proprietary Limited to an independent third party as part of an exercise to clean up its corporate structure. These disposals fell below the categorisation thresholds of the JSE Listing Requirements and consequently, were not required to be announced.

6. OTHER FINANCIAL LIABILITIES

In early 2017, an angel investor re-capitalised the Company, through a subordinated debt facility with a balance of R9,17 million at 28 February 2019, in order to settle claims, cover working capital and transaction related costs for the Langpan Transaction, providing support so as to maintain the Company's solvency and to ensure that the Company is able to continue operating as a going concern. This support had been maintained throughout the period under review.

The remaining increase in other financial liabilities relates to trade payables in the ordinary course of business including interest charges.

7. OTHER FINANCIAL ASSETS

With respect to the Langpan Transaction, as at 28 February 2020 R3,71 million has been provided on an unsecured short term debt basis to the target to cover transactional related expenses.

8. PRIOR PERIOD RESTATEMENTS

The financial results contain a prior year adjustment and therefore, the comparative balances differ from those previously reported. The restatement resulted in a R50,000 increase in the period loss. Details of the restatements are as follows:

Director fees of R297,200 were incorrectly recognised in the prior period and were reversed. Further, a correction totaling R344,799 in legal fees was applied as the amounts were previously recognized in incorrect periods. Lastly, interest income amounting to R100,395 was not accounted for in the 2019 financial period and is now included.

	2019 - as Previously Reported	2019 Restated	Change
	R' 000	R' 000	R' 000
Statement of Financial Position			
Trade and other payables	2 186	2 236	(50)
Accumulated loss	(103 608)	(103 658)	(50)
Statement of Loss and Other Comprehensive Income			
Other Operating Expenses	(6 376)	(6 536)	(160)
Other Income	(-)	110	110
	(6 376)	(6 426)	(50)

9. AUDITOR'S OPINION

During the period under review, the Company changed its independent auditor from BDO to Ngubane & Co (Jhb) Inc.

The group's independent auditor has audited the consolidated financial statements for the year ended 28 February 2020, from which the Results have been extracted, and have issued an unqualified opinion. The auditor's report contained the following emphasis of matter paragraph relating to a material uncertainty related to the Company's going concern:

"We draw attention to Note 22 of the consolidated financial statements, which indicates that the group incurred a net loss of R5.2 million during the year ended 29 February 2020 and, as of that date, the group's total liabilities exceeded its total assets by R21 million. As stated in Note 22, these events, and conditions, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue

as a going concern. Our opinion is not modified in respect of this matter.”

A copy of the auditor's report is available for inspection on the Company's website at www.minerestoration.co.za/sens-announcements/ and at the Company's registered office.

10. GOING CONCERN

The financial period under review reflects a challenging financial period, with a net loss after tax of R5 million (prior year R8 million) and the group's total liabilities exceeding its assets by R21 million. The directors are confident that the acquisition of Langpan will adequately recapitalise the Company ensuring the successful reinstatement of MRI onto the JSE Alternative Exchange. The Board remains confident that the Company retains the continued support of its major shareholders to provide additional funding should other sources not be forthcoming.

The Board has 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.

11. DIVIDENDS

No dividend was declared for the year ended 28 February 2020 (2019: Nil).

CORPORATE INFORMATION

Postal address: PO Box 866, Rivonia, 2128

Registered and Physical address: Lower Ground Floor Block F,
Pinmill, 164 Katherine Street, Sandton, Gauteng, 2196

Tel no:+27 (0) 11 036 3100

Fax no:+27 (0) 86 654 6818

Web: www.minerestoration.co.za

Board of Directors: G Sebulela*, A Collins*, MJ Miller#
(Chairman), MM Movundlela (CEO), TA Makgolane (FD).
(#Non-Executive, * Independent Non-Executive)

Company Secretary: Neil Esterhuysen & Associates Inc

Transfer Secretaries: Computershare Investor Services (Pty)
Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, PO
Box 61051, Marshalltown 2107

Auditor: Ngubane & Co (JHB) Inc.

Johannesburg
12 May 2021

Designated Adviser
Merchantec Capital