

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 SUMMARISED CONSOLIDATED ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2021

The Board of Directors of MRI ("the Board") is pleased to announce the summarised consolidated annual financial results for the year ended 28 February 2021 ("Results").

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12- months to February 2021 R' 000	Audited 12- months to February 2020 R' 000
Revenue	-	-
Other income	956	660
Impairment reversal	3 705	-
Directors' remuneration	(2 321)	(1 560)
Administration and other operating expenses	(1 199)	(1 340)
Operating Profit/(Loss)	1 141	(2 240)
Finance costs	(2 635)	(2 932)
Gain on disposal of subsidiaries	429	-
Loss before Taxation	(1 065)	(5 172)
Taxation	-	-
Loss for the Year	(1 065)	(5 172)
Other Comprehensive Income:		
Reversal of capital reserve	5 000	-
Total Comprehensive Income/(Loss) for the Year	3 935	(5 172)
Total Comprehensive Income Attributable to:		
Owners of the parent	3 935	(5 173)
Non-controlling interest	-	1
Basic Earnings/(Loss) per Share	0.45	(0.60)
Diluted Earnings/(Loss) per Share	0.45	(0.60)
Headline Loss per Share	(0.17)	(0.60)
Weighted average number of shares in issue ('000)	863 053	863 053

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

863 053

863 053

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited As At 28 February 2021 R' 000	Audited As At 28 February 2020 R' 000
Assets		
Current Assets		
Short-term loan	1 085	-
Trade and other receivables	316	136
Cash and cash equivalents	4	1
	1 405	137
Total Assets	1 405	137
Equity and Liabilities		
Equity		
Amount attributable to equity holders	(22 366)	(21 270)
Non-controlling interest	-	(31)
	(22 366)	(21 301)
Liabilities		
Current Liabilities		
Other financial liabilities	18 404	16 727
Trade and other payables	5 367	4 698
Bank overdraft	-	13
	23 771	21 438
Total Equity and Liabilities	1 405	137

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserve	Equity due to change in ownership	Accumulated earnings (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 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 29 February 2020	85 020	5 000	(2 459)	(108 831)	(21 270)	(31)	(21 301)
Total comprehensive earnings/(loss) for the period	-	(5 000)	-	3 935	(1 065)	-	(1 065)
Disposal of subsidiaries recognized directly in equity	-	-	(2 459)	(2 490)	(31)	31	-
Balance at 28 February 2021	85 020	-	-	(107 386)	(22 366)	-	(22 366)

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 12-months to 28 February 2021 R' 000	Audited 12-months to 28 February 2020 R' 000
Cash flows from operating activities	(2 602)	(23)
Cash flows from investing activities	3 233	(96)
Cash flows from financing activities	(615)	-
Total cash movement for the period	16	(119)
Cash and cash equivalents at the beginning of the period	(12)	107
Cash and cash equivalents at end of the period	4	(12)

COMMENTARY

1. BASIS OF PREPARATION

These Results are extracted from audited consolidated annual financial statements but is not itself audited. 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 audited consolidated annual financial statements for the year ended 28 February 2021 are available at: <http://minerestoration.co.za/media/sens-announcements/>

The Results have been prepared in accordance with IAS 34 - Interim Financial Reporting, the South African Institute of Chartered Accountants ("**SAICA**") Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, International Financial Reporting Interpretations Committee ("**IFRIC**") and the requirements of the South African Companies Act, as amended, and the Listings Requirements of the JSE Limited ("**JSE**").

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 International Financial Reporting Standards ("**IFRS**") and which are consistent with those applied in the preparation of the audited financial statements for the year ended 28 February 2020.

These Results were prepared under the supervision of T Makgolane the Financial Director 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/ye21.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 137 500 000 000 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 28 February 2021	Audited 12- months to 28 February 2020
Earnings/(loss) per share (cents)	0.45	(0.60)
Diluted earnings/(loss) per share (cents)	0.45	(0.60)
Headline loss per share (cents)	(0.17)	(0.60)
Diluted headline loss per share	(0.17)	(0.60)
HLPS Calculation		
Earnings/(Loss) for the period (R'000)	3 935	(5 172)
Reversal of capital reserve	(5 000)	-
Gain on disposal of subsidiaries	(429)	-
Deferred tax on impairments of assets	-	-
Headline loss	(1 494)	(5 172)
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

Directorate Changes:

- On 14 June 2021 George Sebulela resigned as a director of the Company.
- On 23 July 2021, the Board appointed Vincent Madlela as a lead independent non-executive director.

Additionally, Board subcommittees were also reconstituted as follows:

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

The Company continues to evaluate the Board and committees and following the AGM and the conclusion of the Langpan Transaction, will be looking to include additional independent members to strengthen the governance structures of the Company.

6. OTHER FINANCIAL LIABILITIES

In early 2017, an angel investor re-capitalised the Company through a subordinated debt facility 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 supporting the Langpan Transaction, on 1 September 2018, R3,71 million was provided on an unsecured short term debt basis to Langpan to cover transactional related expenses. As at 28 February 2021, of this total loan amount, the outstanding balance was R1,09 million.

8. AUDITOR'S OPINION

During the period under review, the Company changed its independent auditor from BDO to Ngubane & Co (Jhb) Inc. Ngubane & Co (Jhb) Inc. was appointed on 11 December 2020 and commenced with the audit of the financial year 2020, which they signed off and issued an unqualified opinion thereon, on 30 April 2021.

The group's independent auditor has audited the consolidated financial statements for the year ended 28 February 2021, from which the Results have been extracted, and have issued an unqualified opinion. The auditor's report contained the following two emphasis of matter paragraphs relating to a material uncertainty related to the Company's going concern as well as the disposal of subsidiaries:

Emphasis of Matter - Material Uncertainty Related to Going Concern

"We draw attention to Note 25 of the consolidated financial statements, which indicates that the group had accumulated losses of R107 million for the year ended 28 February 2021 and, as of that date, the group's total liabilities exceeded its total assets by R22 million. As stated in Note 25, 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."

Emphasis of Matter - Disposal of Subsidiaries

"We draw attention to Note 15 of the consolidated financial statements, which indicates that the company disposed of all its subsidiaries during the year ended 28 February 2021. 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.

9. GOING CONCERN

The financial period under review reflects a challenging financial period, with a net loss after tax of R1.1 million (2020: R5.1 million) and the group's total liabilities exceeding its assets by R22 million. The directors are confident that the acquisition of Langpan will adequately recapitalise the Company and ensure the successful reinstatement of MRI's listing on 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 2021 (2020: Nil).

CORPORATE INFORMATION

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

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Fax no:+27 (0) 86 654 6818

Web: www.minerestoration.co.za

Board of Directors: V Madlela*, 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
Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196, PO Box 61763, Marshalltown 2107

Auditor: Ngubane & Co (JHB) Inc.

Designated Advisor: Merchantec Capital

Johannesburg
8 September 2021

Designated Adviser
Merchantec Capital