

## **MRI - Mine Restoration Investments Limited - Abridged listing particulars in 26 Jun 2012**

MRI

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MINE RESTORATION INVESTMENTS LIMITED

(formerly Capricorn Investment Holdings Limited)

(Registration Number 1987/004821/06)

("MRI" or "the Company")

Share code: MRI ISIN: ZAE000164562

ABRIDGED LISTING PARTICULARS IN RELATION TO THE LISTING OF MINE RESTORATION INVESTMENTS LIMITED

The directors of MRI are pleased to advise that the JSE Limited ("JSE") approved the listing of the ordinary shares of the Company on the AltX under the abbreviated name "MineResl", share code "MRI" and ISIN ZAE000164562. The listing of the ordinary shares on AltX took effect from the commencement of business on 25 June 2012.

The Company issued a reverse-listing circular to shareholders, including revised listing particulars, on 2 April 2012. An abridged account of the listing particulars prepared in terms of the Listings Requirements ("the Listings Requirements") of the JSE is as follows:

### 1. INTRODUCTION AND RATIONALE

The Company acquired 100% of the shares and claims against WUC for a purchase consideration of GBP 4 500 000 (R58 044 600). GBP 1 814 711 (R23 407 594) of the purchase consideration was paid in cash while the remaining GBP 2 685 289 (R34 637 006) was settled by the issue of 182 300 030 new ordinary shares at a price of 19 cents per share. The cash element of the purchase consideration was settled by way of the Specific Share Issue, totalling R40 000 000, which was fully subscribed.

The reason for the WUC Acquisition is to provide shareholders of the Company with an opportunity to participate in an operating business instead of an inactive cash-shell. The Company's strategy is to generate attractive returns by targeting opportunities in South Africa that focus on providing solutions to the waste that occurs from coal mining (coal fines), as well as Acid Mine Drainage (AMD).

In addition, the listing is expected to:

- \* Enhance the profile and credibility of WUC as a leading coal briquetting company and as a solution provider for AMD.
- \* Raise awareness of both the coal briquetting and AMD projects and more generally to raise awareness with investors and members of the general public.
- \* Position WUC in such a way as to attract and retain key human resources by means of the implementation of a share incentive scheme in the foreseeable future.
- \* Increase its capital base in order to take advantage of future growth opportunities.
- \* Provide management, staff, selected black economic empowerment investors, financial institutions and associates the opportunity to participate directly in the equity of WUC.
- \* Facilitate the raising of funding necessary to allow the Company to fund future strategic projects.
- \* Position the Company for a second round of capital-raising for the AMD Project.

## 2. BUSINESS DESCRIPTION

WUC was incorporated as a private company on 17 January 2006 in South Africa and was initially established to address the unique challenges presented by the existence of Acid Mine Drainage in underground voids and its effects on potable water sources in environmentally-sensitive areas. The AMD Project arose from the request by the Department of Water Affairs and Forestry ("DWAF") to develop a solution to the AMD project and is currently awaiting approval from the DWAF.

In addition, WUC developed proprietary technology in respect of a Coal Briquetting Project. This project has already started, and production is expected to start within 9 months followed by a three month commissioning and ramp-up period to full production.

### 3. COAL BRIQUETTING PROJECT

Coal fines are an environmental hazard due to the adverse effects caused by this by-product. To date the only viable solution to these coal fines is the briquetting solution. Previously, briquetting has not been a viable option due to the problems encountered with the process. However, with recent progress in the briquetting methodology used, briquetting is now not only an environmental solution but a profitable business.

Whilst conceptually simple, the coal industry has seen its fair share of binders and briquetting processes over the years. Whilst there are success stories, many attempts have failed. The problem usually lies with the binder.

In the past, binders either altered the characteristics of the coal (increasing ash or reducing the calorific value) or they simply could not withstand the rigors of transportation - including the long term exposure to weather. WUC has an understanding of the briquetting process and knowledge of the cohesive and repulsive forces between solids, the adhesion of binders, heat transfer characteristics, heat effects on surface properties, and the rheological behaviour of particulate masses inside the briquette.

Off-take agreements have been established and signed between WUC and Leeuw Mining (who previously owned Vaalkrantz Anthracite Collieries - now owned by Keaton Energy), which is generating the coal fines. The mine reserves comprise good quality bituminous coal and high-grade anthracite. The quality of the material makes it highly sought after in the metallurgical industry.

The capacity of the briquetting plant is 8 000 t/m but the forecast assumes a maximum processing of 5 000 t/m. The plant will process coal fines from both the existing fines stockpiles and the monthly Run of Mine fines production.

It is the intention of WUC to use this plant as a demonstration plant for its technology and to expand its Briquetting Project to other coal mines in the future.

#### 4. ACID MINE DRAINAGE PROJECT

As a result of gold mining operations in South Africa's Witwatersrand Basin over the last century, underground voids have been created and have filled with water that has become contaminated (known as Acid Mine Drainage). This contaminated water has had a dramatic impact on ground water conditions in the Witwatersrand Basin.

The threat posed by AMD is severe; not only to the surrounding residential and agricultural communities who rely on the rivers as a source of potable water and irrigation but also, potentially, to the Sterkfontein Caves (which form part of the 3.5 million year old Cradle of Humankind World Heritage Site).

This site could be flooded and irreversibly damaged, unless the seepage of the contaminated water is effectively addressed.

Accordingly, a principle was enforced in a directive from the Department of Water Affairs and Forestry (DWAF) that mining houses will not be allowed to close any further operations in the area until the affected water has been satisfactorily rehabilitated.

Consequently, several mining houses have formed environmental corporations in close consultation with the relevant government authorities. The function of these entities is to develop and implement a sustainable solution to the long term mine water recharge and decant issues in the Witwatersrand area.

WUC has been contracted to develop and implement the integrated water management and treatment strategy on behalf of the environmental corporations.

The technology chosen by WUC for use in its solutions is CSIR's Alkaline Barium and Calcium process selected on weighted, pre-determined selection criteria, which included product quality, by-product generation, waste generated, water recovery, scale-ability, operability, flexibility and availability, capital cost, footprint area and first fill, operating cost and technology rights and license fees.

The water will be treated to potable/drinking water standards. It is proposed that the potable water be sold to bulk water distributors, such as Rand Water, although no agreements have yet been signed in this regard. Some of the water will be distributed to the mines for their mining and process-related use.

It is further proposed that the balance of the water will be conveyed to RandWater's Klipriviersberg Reservoir in Alberton for further distribution to potable users.

The estimated cost of the WUC Water Reclamation Project is approximately R1.88 billion and will only commence once WUC has received approval from the DWA and has published the environmental impact assessment. It should be noted that the DBSA and IDC have already provided funding to WUC for the feasibility study and have a first right of refusal for a portion of the R1.88 billion funding.

In addition to water, WUC will also generate revenues from the sale of by-products, which include green certificates for carbon dioxide that is reused in the treatment process, the sale of sulphuric acid and carbon dioxide sales.

No agreements have yet been signed in this regard.

The AMD Project provides:

- \* Individual mines with an integrated solution to an otherwise open-ended liability;
- \* Government with a Regional Closure Strategy;
- \* Communities with much needed additional water; and
- \* Shareholders with a sound investment opportunity.

### 3. CONSOLIDATED FORECAST STATEMENT

The summarised forecast statements of comprehensive income relating to Mine Restoration Investments Limited for the years ending 28 February 2013 and 28 February 2014, the preparation of which is the responsibility of the directors of Mine Restoration Investments, are set out below.

| R`000           | Forecast for<br>the year<br>ending<br>28 February<br>2013 | Forecast for<br>the year<br>ending<br>28 February<br>2014 |
|-----------------|---|---|
| Revenue         | 6 120   | 43 200  |
| Operating costs | (3 822)   | (19 199)  |

|   |         |         |
|---|---------|---------|
| Other costs   | (8 126) | (9 165) |
| (Loss)/Profit from operations                             | (5 828) | 14 836  |
| Finance expense   | (1 067) | (4 267) |
| Finance income  | 395     | 549     |
| (Loss)/profit before taxation                             | (6 500) | 11 118  |
| Taxation  | 1 820   | (3 113) |
| Net (loss)/profit for the year                            | (4 680) | 8 005   |
| Attributable to:  |         |         |
| Equity holders of Mine Restoration Investments            | (2 387) | 4 083   |
| Non-controlling shareholders                              | (2 293) | 3 922   |
| (Loss)/earnings per share (cents)                         | (0.52)  | 0.90    |
| Diluted (loss)/earnings per share (cents)                 | (0.52)  | 0.90    |
| Headline (loss)/earnings per share (cents)                | (0.52)  | 0.90    |
| Diluted headline (loss)/earnings per share (cents)        | (0.52)  | 0.90    |
| Weighted average number of shares in issue (`000)         | 455 695 | 455 695 |
| Diluted weighted average number of shares in issue (`000) | 455 695 | 455 695 |

Profit Forecast Assumptions:

Factors that the directors can influence Revenue: Forecast production volumes are based on an average monthly production from the plant and briquetting machinery of 5 000 tonnes per month ("Average Production"). However, the directors are of the view that the Average Production is approximately 62.5% of the average maximum production capacity of the plant and briquetting machinery.

Production is forecast to commence nine months after 1 March 2012. The first month of operations is forecast to run at 20% of the Average Production, the second month at 50% of the Average Production. Average Production is forecast to be achieved during February 2013.

Operating costs: Forecast operating costs of R294.31 per ton of briquette produced have been assumed. Included in this figure are costs in respect of salaries and wages, insurance, maintenance and utility costs.

Other costs: Depreciation charges relate to the proposed R13.9 million of capital expenditure in respect of property, plant and equipment. Included in this amount is an allowance for additional spare parts of R0.5 million, and an escalation allowance of 5% of the total capital expenditure. Amortisation charges of R6.0 million relate to the Anthracite Briquetting Project intangible asset.

Finance expense: Forecast finance expenses relate to the loans of R22.5 million. The forecast interest rates are as follows:

? Development Bank of Southern Africa Limited loan - 25% pa;

? Mintails South Africa (Proprietary) Limited, Rand Uranium (Proprietary) Limited and West Wits Mining Limited - 8% pa;

? The remainder of the loans from Industrial Development Corporation of Southern Africa Limited, Central Rand Gold Limited, Harmony Gold Limited and the West Basin Environmental Corporation are non-interest bearing loans.

Finance income: Forecast finance income in respect of cash balances is forecast to accrue at a rate of 4.9% per annum.

Taxation: For the year ended 28 February 2013 and 28 February 2014 a corporate tax rate of 28% was forecast.

Factors that the directors cannot influence Revenue: In terms of an off-take agreement with the coal mine it has agreed to pay a price per ton of briquettes produced at the spot price for thermal coal FOB RB1 ("Spot Price of thermal coal") determined on the day that the briquettes leave the plant, less 15%. A price of R720 per ton has been assumed for the forecast period as the average coal price during 2011 was approximately USD112 per ton, while the average exchange rate during the same period was

approximately R7.562:USD1.00, thereby resulting in an average coal price of R847 per ton. After taking into account the 15% discount, the price used is R720 per ton.

General: Interest rates and exchange rates will not vary materially in the forecast periods. Trading conditions are not expected to vary materially in the forecast periods.

The forecast financial statements do not account for any financial information related to the Acid Mine Drainage project that the Company is pursuing as it is uncertain when this project will commence and any costs incurred in relation thereto will be capitalised.

#### 4. SHARE CAPITAL

At present, the Company has 1 000 000 000 authorised shares and following the completion of the transactions has a total of 455 695 274 no par value shares in issue.

#### 5. NAME CHANGE

In order to better reflect the Company's corporate identity after the implementation of the Acquisition, the Company changed its name to Mine Restoration Investments Limited. The abbreviated name of the Company on the JSE is MineResI (JSE code MRI). The former name of the Company will be reflected on documents of title and announcements for a period of one year.

#### 6. DIRECTORS

The Company reconstituted its board of directors pursuant to the Transactions in order to bring more coal mining, engineering and water treatment experience to the board and to comply with the Act and King III.

The name, age, nationality, capacity and business address of each of the directors of MRI are set out below:

| Name | Business address | Capacity |
|------|------------------|----------|
|------|------------------|----------|

|                        |  |  |
|------------------------|--|--|
| Quinton George Block F |  |  |
|------------------------|--|--|

|  |  |               |
|--|--|---------------|
|  |  | Non-Executive |
|--|--|---------------|

|                   |          |  |
|-------------------|----------|--|
| (39) The Terraces | Chairman |  |
|-------------------|----------|--|

|           |             |  |
|-----------|-------------|--|
| Steenberg | Office Park |  |
|-----------|-------------|--|

|           |  |  |
|-----------|--|--|
| Cape Town |  |  |
|-----------|--|--|

|   |                       |
|---|-----------------------|
| Jaco Schoeman Unit 25, Block C Group<br>(37) Eco Fusion<br>320 Witch-Hazel Avenue Officer<br>Technopark, Centurion.     | Executive             |
| James Herbst First Floor, East Wing Non-Executive<br>(41) 146a Kelvin Drive<br>Woodmead                                 | Director              |
| Stephen First Floor, East Wing Independent<br>Tredoux (51) 146a Kelvin Drive<br>Woodmead Director                       | Non-Executive         |
| Michelle van Unit 25, Block C Financial<br>den Berg (32) Eco Fusion<br>320 Witch-Hazel Avenue<br>Technopark, Centurion. | Director              |
| Charles Pettit Block F<br>(30) The Terraces Director<br>Steenberg Office Park<br>Cape Town                              | Non-Executive         |
| SandileSwana Block 3 Independent<br>(43) Visiomed Office Park<br>269 Beyers Naude Drive Director<br>Northcliff          | Non-Executive         |
| Anthon Meyer 21b Phindastr Lead<br>(58) Moreletta Park Independent<br>Pretoria.   | Non-ExecutiveDirector |
| Chris Roed 25 Boston Road Independent<br>(45) Bellville<br>Cape Town Director<br>7530                                   | Non-Executive         |

All the above-mentioned directors are South African, apart from Mr C Pettit who is British.

## 7. PROSPECTS FOR MRI

### Briquetting Project

The coal-mining industry is highly concentrated with five companies accounting for 85% of saleable coal production.

Production is concentrated in large mines, with 11 mines accounting for 70% of the output. South African coal for local electricity production is among the cheapest in the world. The beneficiation of coal, particularly for export, results in more than 65Mt of coal discards being produced every year.

By international standards, South Africa's coal deposits are relatively shallow with thick seams, which make them easier and, usually, cheaper to mine. At the present production rate there should be more than 50 years of coal supply left.

The Briquetting Project processing facility will be located immediately adjacent to the washing plant where there is already infrastructure, which will significantly reduce the capital costs that WUC would ordinarily require for a project of this magnitude.

WUC will also make use of the already established distribution network of Leeuw Mining, with which an off-take agreement to sell the briquettes is in place. The briquettes will form a small percentage of the coal mine's total marketed anthracite. There are opportunities to tap into other operational and financial synergies that would further reduce the operational costs of WUC.

### AMD Project

Any growth, be it population or economic, would rely on additional augmentation schemes to provide water for the growing need. The WUC project is situated in the Gauteng province, the largest consumer of water in South Africa, and it is therefore prudent to evaluate the demand for water in this area.

WUC owns 20% of the intellectual property of the Alkaline, Barium and Calcium process which will be used in the water treatment plant and will own any improvements and/or additional patents.

Furthermore, the company has established strong networks, credibility and has obtained strong support from the active mines within the area. These relationships put WUC in a strong position to secure off-take contracts with these mines for the provision of water for drinking (potable) and industrial use.

Johannesburg

26 June 2012

Designated Advisor

ArcayMoela Sponsors (Proprietary) Limited

(Registration number 2006/033725/07)

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