Mine Restoration Investments Limited
Incorporated in the Republic of South Africa
(Registration number: 1987/004821/06)
Share Code: MRI
ISIN Code: ZAE000164562
("**MRI**" or "**the Company**" or "**the Group**")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2020

The board of directors of MRI ("**the Board**") hereby presents the interim results of MRI for the six months ended 31 August 2020.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months to August 2020	**Unaudited six months to August 2019**	**Audited 12-months to 29 February 2020**
	R'000	**R'000**	**R'000**
Revenue	-	-	-
Cost of Sales	-	-	-
Other income	386	-	660
Operating expenses	(1 201)	(1 918)	(2 900)
Operating loss	(815)	(1 918)	(2 240)
Investment revenue	-	401	-
Finance cost	(1 540)	(1 341)	(2 932)
Loss before taxation	(2 355)	(2 858)	(5 172)
Taxation	-	-	-
Loss for the period	(2 355)	(2 858)	(5 172)
Other comprehensive income	-	-	-
Total comprehensive loss	(2 355)	(2 858)	(5 172)
(Loss) attributable to:			
Owners of the parent	(2 355)	(2 858)	(5 173)
Non-controlling interests	-	-	1
Total comprehensive loss attributable to:			
Equity holders	(2 355)	(2 858)	(5 173)
Non-controlling interests	-	-	1
Basic loss per share	(0.27)	(0.33)	(0.60)
Diluted loss per share	(0.27)	(0.33)	(0.60)
Weighted average number of shares in issue ('000)	863 053	863 053	863 053

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 August 2020 R'000	**Unaudited as at 31 August 2019 R'000**	**Audited as at 29 February 2020 R'000**
Assets			
Current Assets			
Trade and other receivables	538	-	136
Cash and cash equivalents	27	-	1
	565	**-**	**137**
Total Assets	**565**	**-**	**137**
Equity and Liabilities			
Equity			
Amount attributable to equity holders	85 020	(18 906)	(21 270)
Non-Controlling Interest	(108 247)	(32)	(31)
	(23 227)	**(18 938)**	**(21 301)**
Liabilities			
Current Liabilities			
Cash and cash equivalents	-	1	13
Other financial liabilities (note 5)	18 103	15 342	16 727
Trade and other payables (note 5)	5 689	3 595	4 698
	23 792	**18 938**	**21 438**
Total Equity and Liabilities	**565**	**-**	**137**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Capital Reserve R'000	Equity due to change in ownership	Retained earnings R'000	Amount attributable to Equity Holders R'000	Non-Controlling Interest R'000	Total equity R'000
Balance at 28 February 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)
Balance at 28 February 2019	**85 020**	**5 000**	**(2 459)**	**(103 608)**	**(16 047)**	**(32)**	**(16 079)**
Adjustments Prior period Errors				**(50)**	**(50)**		**(50)**
Balance at 28 February 2019 as restated	**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)
Balance at 28 February 2020	**85 020**	**5 000**	**(2 459)**	**(108 831)**	**(21 270)**	**(31)**	**(21 301)**
Total comprehensive loss for the period	-	-		(2 355)	(2 355)	-	(2 355)
Balance at 31 August 2020	**85 020**	**5 000**	**(2 459)**	**(111 186)**	**(23 625)**	**(31)**	**(23 656)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months to August 2020 R'000	Unaudited six months to August 2019 R'000	Audited 12-months to February 2020 R'000
Cash flows from operating activities	(4)	(108)	(23)
Cash flows from investing activities	-	-	(96)
Cash flows from financing activities	43	-	-
Total cash movement for the period	39	(108)	(119)
Cash and cash equivalents at the beginning of the period	(12)	107	107
Cash and cash equivalents at end of the period	**(27)**	**(1)**	**(12)**

COMMENTARY

1. BASIS OF PREPARATION

These condensed consolidated unaudited interim financial statements have been prepared by Thato Makgolane, the Financial Director of the Company, in accordance with IAS 34: Interim Financial Reporting, the framework concepts and the recognition requirements of International Financial Reporting Standards ("**IFRS**"), the SAICA Financial Reporting Guides as issued by the Accounting Standards Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, 2008 (Act 71 of 2008), as amended ("**Companies Act**"), and the Listings Requirements of the JSE Limited ("**JSE**").

The 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 29 February 2020.

These condensed consolidated interim financial statements have not been reviewed by the Company's external auditor.

2. FINANCIAL RESULTS AND FUTURE PROSPECTS

For the period under review, MRI operated as a cash shell and continues to do so in 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 successful reinstatement of the Company’s listing 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:

	Unaudited six months to August 2020	**Unaudited six months to August 2019**	**Audited 12-months to February 2020**
Loss per share (cents)	(0.27)	(0.33)	(0.60)
diluted loss per share (cents)	(0.27)	(0.33)	(0.60)
Headline loss per share (cents)	(0.27)	(0.33)	(0.60)
Diluted headline loss per share	(0.27)	(0.33)	(0.60)
HLPS Calculation			
(Loss) for the period	(2 355)	(2 858)	(5 172)
Impairment of intangible assets and goodwill	-	-	-
Impairment of property, plant and equipment	-	-	-
Deferred tax on impairments of assets	-	-	-

Headline loss	(2 355)	(2 858)	(5 172)
Weighted average number of shares in issue ('000)	863 053	863 053	863 053
Actual number of shares in issue ('000)	863 053	863 053	863 053

4. CHANGES IN SHARE CAPITAL

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

5. OTHER FINANCIAL ASSETS AND LIABILITIES

On 1 September 2018, the Board entered into an unsecured loan facility with Langpan, with a balance of R3.3 million as at 31 August 2019. The repayment of this loan facility will contribute to the working capital requirements of the Company. The Board took the decision to fully impair the loan in the 2019 financial year and as such the loan remains fully impaired at 31 August 2020. As at 31 August 2020, the Langpan loan balance was R4.0 million.

In early 2018, an angel investor re-capitalised the Company, through a subordinated debt facility with a balance of R12.0 million at 31 August 2020, in order to settle claims and provide support so as to maintain the Company's solvency and to ensure that the Company is able to continue operating as a going concern. The balance of R6.1 million of the other financial liabilities relates to syndicated loans.

The remaining increase in other financial liabilities relates to trade payables in the ordinary course of business. Trade and Other Payables of R6.1 million relates to amounts owed to various service providers including legal, accounting and other fees. The amount has been subsequently reduced, and the Company remains in continuous engagements with the creditors on a settlement plan.

6. CHANGES TO THE BOARD

During the reporting period, the following changes were made to the Board.

- On 24 July 2020, the Board terminated the appointments of Richard Tait and Quinton George.
- On 13 August 2020, the Board appointed Mahlatsi Movundlela and Thato Makgolane as Independent Non-Executive Chairman and Independent Non-Executive Director, respectively.
- On 28 August 2020, Syd Caddy and Chris Roed resigned as Directors.

Subsequent to the period under review, the following Board changes took place:

- On 31 October 2020, Ulrich Bester resigned as Financial Director.
- On 1 November 2020, George Sebulela was appointed Lead Independent Non-Executive Director.
- On 1 November 2020, the Board appointed Michael Miller as Non-Executive Chairman.
- On 1 November 2020, Mahlatsi Movundlela and Thato Makgolane were appointed Chief Executive Officer and Financial Director, respectively.
- On 14 June 2021, George Sebulela resigned as the Lead Independent Non-Executive director.

Additionally, following the resignation of George Sebulela on 14 June 2021, the Board subcommittees were also reconstituted, with effect from 14 June 2021 as follows:

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

Before his resignation, George Sebulela (formely lead independent) was a member of all three committees. The Company is in the process of evaluating its Board and committees and is in the process of appointing additional Board members to close the gap left by George Sebulela’s resignation and bolster our overall Board structure.

7. GOING CONCERN

The financial period under review reflects a challenging financial period, with a net loss of R2.4 million. The directors are of the opinion that the Company will require additional funding within the next 12 months in order to meet its commitments as they fall due, with no revenue generating operations.

These conditions indicate the existence of material uncertainty which may cast doubt about the Company’s ability to continue as a going concern. In light of the Company entering into the share purchase agreement with Langpan, the Board remains confident that the Company retains the continued support of its major shareholders and creditors to provide additional funding should other sources not be forthcoming.

The Board is currently engaging with the JSE around the remaining legislative and regulatory requirements for the Langpan Transaction. The date on which this process is anticipated to be completed will be announced on SENS in due course. The completion of the Langpan Transaction will create additional revenue streams for the Company and thus will further strengthen the going concern assumption.

The directors have 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 were unable to continue as a going concern.

8. EVENTS AFTER THE END OF THE REPORTING PERIOD

Investors have subordinated their claims and provided support in order to maintain the Company’s solvency and ability to continue operating as a going concern.

On 9 July 2020, 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 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.

As a direct result of the RI and Langpan Transaction, on 16 September 2020, the Board received a demand notice from a 17.38% shareholder, calling for shareholders meeting in terms of section 61(3) of the Companies Act. The purpose of the shareholder meeting was to re-appoint the dismissed directors, and to terminate the appointments of the entire Board. The stated aim of the requested changes to the Board was to prevent the Langpan Transaction from going ahead and the rights issue being put to the shareholders for their consideration in the normal course. In light of this particular shareholder being center to the RI and the Langpan Transaction, the Board was of the view that the demand was frivolous and vexatious and thus did not proceed in the calling of the meeting.

In order to protect the interests of the Company, its shareholders, creditors and the Langpan Transaction, the Board has entered into a commercial settlement agreement, on 27 October 2020 with the abovementioned shareholder and the dismissed directors. The settlement agreement entails the following material outcomes:

- The Board has approved the insertion of a resolution in terms of section 75(7)(b)(i) of the Companies Act to be included in the circular(s) pertaining to the Langpan Transaction.
- The shareholder has agreed to sell its 17.38% shareholding in the Company to an independent third party.
- On 28 October 2020, the call for the shareholders meeting was unconditionally withdrawn.

On 29 September 2020, MRI's then auditor BDO notified the Board about a possible RI relating to (i.) the late release of the 31 August 2019 unaudited interim annual financial statements for the six months ended 31 August 2019 ("**Interims 2019**"), (ii.) the late release of the annual financial statements for the year ended 29 February 2020 ("**AFS 2020**") and (iii.) the late release of the 29 February 2020 notice of annual general meeting. On 2 November 2020, MRI was notified by the Companies and Intellectual Property Commission ("**CIPC**") that on 23 October 2020 BDO had issued the second report to CIPC confirming that a RI was continuing.

On 14 October 2020, the Board terminated BDO's external audit services. On 14 December 2021 the Board appointed Ngubane and Company (JHB)Incorporated as the Company's external auditor.

On 29 October 2020, the Company released the Interims 2019. On 30 April 2021, the Company's auditors and Board signed off the AFS 2020. On 18 June 2021, the Company held its Annual General Meeting for the year ended 29 February 2020("**AGM**") whereby the Board obtained 99,95% shareholder approval for proposed resolutions. The release of the Interims 2019, the signing off of the AFS 2020 and the successful conduct of the AGM has nullified the RI's, raised by BDO, noted above. The Board is pleased to confirm that it is currently in the process of completing the annual financial statements for the year ended 28 February 2021 and thus will advise shareholders accordingly.

Subsequent to 31 August 2021, the Langpan loan has significantly reduced, with the loan balancing sitting at approximately R1.1 million as at 28 February 2021. Taking this into account, as part of the audit process the Company will consider the impairment provision at 28 February 2021 and potentially reverse it.

DIVIDENDS

No dividend was declared for the interim financial period ended 31 August 2020 (2019: Nil).

ANNOUNCEMENT

This announcement is also available at:
https://senspdf.jse.co.za/documents/2021/jse/isse/mri/interims20.pdf

M Miller
Non-executive Chairman

M Movundlela
Chief Executive Officer

CORPORATE INFORMATION

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(#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, Private Bag X9000, Saxonwold, 2132

Auditor: Ngubane & Co (JHB) Inc.

Johannesburg
7 July 2021

Designated Adviser
Merchantec Capital