Mantengu Mining Limited
(formerly Mine Restoration Investments Limited)
Incorporated in the Republic of South Africa
(Registration number 1987/004821/06)
Share Code: MTU
ISIN Code: ZAE000302360
("**Mantengu**" or "**the Company**" or "**the Group**")

REVIEWED CONDENSED INTERIM CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT FOR THE SIX MONTHS ENDED 31 AUGUST 2022 ("RESULTS" or "INTERIM FINANCIAL RESULTS")

The board of directors of the Group ("**the Board**") hereby present the Interim Financial Results for the six months ended 31 August 2022. Shareholders are advised that with the conclusion of the acquisition of Langpan Mining Co (Pty) Ltd ("**Langpan**") effective 27 July 2022, from these Results onwards, Mantengu will report consolidated group results.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Group	Company	Company	Company
	Reviewed 6-months to August 2022 R'000	Reviewed 6-months to August 2022 R'000	Reviewed 6-months to August 2021 R'000	Audited 12-months to February 2022 R'000
Revenue	330	-	-	-
Cost of Sales	(315)	-	-	-
Gross loss	**15**	**-**	**-**	**-**
Other operating income	2 558	3 058	266	758
Other operating expense	(7 583)	(6 033)	(1 788)	(5 591)
Operating (Loss)/Profit	**(5 010)**	**(2 975)**	**(1 522)**	**(4 833)**
Finance costs	(2 471)	(1 933)	(1 430)	(3 004)
Loss for the period	**(7 433)**	**(4 908)**	**(2 952)**	**(7 837)**
Other Comprehensive Income:	-	-	-	-
Total Comprehensive (Loss)/ Income for the period	**(7 433)**	**(4 908)**	**(2 952)**	**(7 837)**
Total Comprehensive (Loss)/ Income Attributable to:				
Owners of the parent	**(7 433)**	**(4 908)**	**(2 952)**	**(7 837)**
Non-controlling interest	-	-	-	-
Basic Loss per Share (cents)	(0.0054)	(0.02)	(0.34)	(0.91)
Diluted Loss per Share (cents)	(0.0054)	(0.02)	(0.34)	(0.91)
Headline Loss per Share	(0.0054)	(0.02)	(0.34)	(0.91)

Weighted average number of Shares in issue ('000)	137 645 373	24 028 617	863 053	863 053
Actual number of Shares in issue ('000)	138 362 857	138 362 857	863 053	863 053

CONDENSED STATEMENT OF FINANCIAL POSITION

	Group	**Company**	**Company**	**Company**
	Reviewed as at 31 August 2022 R'000	**Reviewed as at 31 August 2022 R'000**	**Reviewed as at 31 August 2021 R'000**	**Audited as at 28 February 2022 R'000**
Assets				
Non-Current Assets				
Property, Plant & Equipment	17 581	-	-	-
Goodwill	37 285	-	-	-
Exploration Mineral Resource	94 865	-	-	-
Investment in subsidiary	-	3 306	-	-
Environmental rehabilitation	1 158	-	-	-
	150 889	**3 306**	**-**	**-**
Current Assets				
Trade and other receivables	2 196	194	362	57
Cash and cash equivalents	56	4	5	12
	2 252	**198**	**367**	**69**
Total Assets	**153 141**	**3 504**	**367**	**69**
Equity and Liabilities				
Equity				
Share Capital	82 316	88 327	85 020	85 020
Accumulated Loss	(15 362)	(120 131)	(110 338)	(115 223)
	66 954	**(31 804)**	**(25 318)**	**(30 203)**
Liabilities				
Non-Current Liabilities				
Other financial liabilities	26 340	-	-	-
	26 340	**-**	**-**	**-**
Current Liabilities				
Trade and other payables	23 480	10 568	5 829	7 393
Other financial liabilities	35 513	24 740	19 856	22 879
Current tax payable	854	-	-	-
	59 847	**35 308**	**25 685**	**30 272**
Total Liabilities	**86 187**	**35 308**	**25 685**	**30 272**
Total Equity and Liabilities	**153 141**	**3 504**	**367**	**69**

CONDENSED STATEMENT OF CHANGES IN EQUITY

GROUP	**Share capital**	**Total Share Capital**	**Accumulated earnings (loss)**	**Total equity**
	R'000	**R'000**	**R'000**	**R'000**
Total comprehensive earnings/(loss) for the period	-	-	(7 433)	(7 433)
Business Combination	82 316	82 316	(7 929)	74 387
Balance at 31 August 2022	**82 316**	**82 316**	**(15 206)**	**67 110**

COMPANY

	Share capital	**Total Share Capital**	**Accumulated earnings (loss)**	**Total equity**
	R'000	**R'000**	**R'000**	**R'000**
Balance at 28 February 2021	**85 020**	**85 020**	**(107 386)**	**(22 366)**
Total comprehensive earnings/(loss) for the period	-	-	(2 952)	(2 952)
	-	-	-	-
Balance at 31 August 2021	**85 020**	**85 020**	**(110 338)**	**(25 318)**
Total comprehensive earnings/(loss) for the period	-	-	(4 885)	(4 885)
Balance at 28 February 2022	**85 020**	**85 020**	**(115 223)**	**(30 203)**
Total comprehensive earnings/(loss) for the period	-	-	(4 908)	(4 908)
Issue of Shares	3 306	3 306	-	3 306
Balance at 31 August 2022	**88 326**	**88 326**	**(120 131)**	**(31 805)**

CONDENSED STATEMENT OF CASH FLOWS

	Group	Company	Company	Company
	Reviewed 6-months to 31 August 2022 R'000	**Reviewed 6-months to 31 August 2022 R'000**	**Reviewed 6-months to 31 August 2021 R'000**	**Audited 12-months to 28 February 2022 R'000**
Net Cash flows from operating activities	(4 735)	(1 869)	(1 138)	(2 588)
Net Cash flows from investing activities	(31)	-	-	1 125
Net Cash flows from financing activities	4 792	1 861	1 139	1 471
Total cash movement for the period	26	(8)	1	8
Cash and cash equivalents at the beginning of the period	-	12	4	4
Business Combination	30	-	-	-
Cash and cash equivalents at end of the period	**56**	**4**	**5**	**12**

COMMENTARY

1. BASIS OF PREPARATION

These Interim Financial Results have been prepared in accordance with IAS 34 - Interim Financial Reporting, the framework concepts and the recognition requirements of International Financial Reporting Standards ("**IFRS**"), 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 the Financial Reporting Standards Council, International Financial Reporting Interpretations Committee ("**IFRIC**") and the requirements of the Companies Act (Act 71 of 2008) as amended, and the Listings Requirements of the JSE Limited ("**JSE**").

The Results 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 2022. These Results have been prepared by the Financial Director, Mr TA Makgolane.

Further, the directors are satisfied that the Company will still be able to settle its obligations and realise its assets as measured in terms of IFRS as applicable to a going concern.

Shareholders are advised that the information contained in the announcement is also available at:
https://senspdf.jse.co.za/documents/2022/jse/isse/mtue/interim22.pdf

2. INTERIM FINANCIAL RESULTS AND FUTURE PROSPECTS

Mantengu operated as a cash shell for much of the period. On 27 July 2022, having obtained the requisite shareholder, legislative and regulatory approvals, Mantengu completed the 100% acquisition of Langpan Mining Co Proprietary Limited (**"the Acquisition"** or **"the Transaction"**). The Acquisition was for an aggregate purchase consideration of R550 million, which purchase consideration was settled through the issue by Mantengu of 137 500 000 000 (one hundred and thirty seven billion five hundred million) shares following the increase in authorised share capital.

The Acquisition recapitalised Mantengu and allowed for Mantengu's successful reinstatement on the Alternative Exchange of the JSE.

Langpan owns the plant and infrastructure as well as the chrome and platinum mining rights on the farm Langpan 371KQ through its 100% held subsidiary, Memor Mining Proprietary Limited (**"Memor"**). With the Transaction now concluded, Mantengu is focused on delivering the plant refurbishment project on time and within budget, and ultimately commencing production.

The Interim Financial Results for the six months ended 31 August 2022 contain other operating income of R2.6 million owing largely to pre-combination management fees earned. Admin and other operating expenses increased by R5.8 million owing largely to Transaction costs incurred for the Acquisition. Finance costs increased by R1.0 million due to the business combination and the interest charge for the period under review.

The Board has satisfied itself 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.

3. LOSS PER SHARE AND HEADLINE LOSS PER SHARE ("HLPS")

	Group Reviewed 6-months to 31 August 2022	**Company Reviewed 6-months to 31 August 2022**	**Company Reviewed 6-months to 31 August 2021**	**Company Audited 12-months to 28 February 2022**
(Loss)/Earnings per share (cents)	(0.0054)	(0.02)	(0.34)	(0.91)

Diluted (loss)/earnings per share (cents)	(0.0054)	(0.02)	(0.34)	(0.91)
Headline loss per share (cents)	(0.0054)	(0.02)	(0.34)	(0.91)
Diluted headline loss per share	(0.0054)	(0.02)	(0.34)	(0.91)
Weighted average number of shares in issue (‘000)	137 645 373	24 028 617	863 053	863 053
Actual number of shares in issue (‘000)	138 362 857	138 362 857	863 053	863 053

The loss and headline loss for the period under review are equal therefore, there are no reconciling items between the loss and headline loss balances.

The weighted average number of shares in issue was determined in line with the IFRS 3 business combination guidance for reverse acquisitions. Applying this guidance, the consideration shares issued to Langpan of 137.5 billion are deemed to have been issued at the beginning of the reporting period hence the resulting weighted average number of shares in issue.

4. BUSINESS COMBINATION AND CHANGES IN SHARE CAPITAL

Business Combination Approach
In line with the Transaction circular, Mantengu’s acquisition of Langpan has been recognised, measured and disclosed as a reverse acquisition in accordance with IFRS 3.

- A reverse acquisition occurs when the entity that issues securities (legal acquirer) is identified as the acquiree for the accounting purpose and the entity whose equity interests are acquired (legal acquiree), is the acquirer for accounting purposes.
- As defined in accordance with IFRS 3, Mantengu has no preceding control over Langpan, thus the Transaction has been categorised as a reverse acquisition in terms of IFRS 3 where the legal acquirer (Mantengu) becomes the accounting acquiree and the legal subsidiary (Langpan) becomes the accounting acquirer.
- In accordance with IFRS 3, as Mantengu is the accounting acquiree, the assets and liabilities of Mantengu are to be re-measured at fair value on acquisition date in accordance with the acquisition method with all the recognition and measurement principles of IFRS being applied, including the requirement to recognise goodwill, if applicable.

Further to this, IFRS 3 requires that both the accounting acquirer and acquiree must meet the definition of a business. IFRS 3 defines a business combination as a transaction or other event in which an acquirer obtains control of one or more businesses.

The accounting acquirer in the Transaction is Langpan due to the fact that the share swap results in a reverse takeover due to Langpan having significantly more value than Mantengu. This then results in Mantengu being the accounting acquiree.

IFRS 3 requires that the accounting acquiree is a business. Although Mantengu, pre-acquisition, was a cash shell per the JSE Listings Requirements, this did not preclude it from being classified as a business in terms of IFRS. An assessment of the requirements of IFRS 3 B7 – B11 was performed which deemed Mantengu to be a business.

Aggregated Business Combination	***Group* *27 July 2022* *R '000***
Property, Plant & Equipment	17 590
Exploration Mineral Resource	94 865
Environmental rehabilitation fund	1 127
Trade and other receivables	1 070
Cash and cash equivalents	30
Other financial liabilities	(56 739)
Trade and other payables	(19 987)
Current tax payables	(854)
Total identifiable assets	**37 102**
Goodwill	37 285
Business combination per Statement of Changes in Equity	**74 387**
Net cash inflow on acquisition	
Cash acquired	30

Deemed Market Value – IFRS 3 B21
The Acquisition-date fair value of Langpan was perceived to be value of the mining right at R550 million plus the current Net Asset Value of Langpan to arrive at a total value of Langpan of R530 million (R550 million less R95 million cost of mining right already accounted for plus R75 million net asset value of Langpan) at 100%.

Post-Transaction, Mantengu shareholders will hold 0.6% (863 million shares divided by 138 billion post-transaction shares) of the combined entity therefore, 0.6% of R530 million equates to R3 million.

Changes in Share Capital
To effect the Transaction, Mantengu had issued 137.5 billion shares and has total shares issued of 138 billion as at 31 August 2022. In line with IFRS 3 B, the share capital value reflects the share capital of Langpan as the deemed acquirer plus Mantengu's fair value arriving at a share capital value of R82 million.

5. EVENTS AFTER THE END OF THE REPORTING PERIOD

Conclusion of IDC Funding:
Langpan concluded and has fully drawn down on a R41 million (R36 million capital + VAT) asset-based facility with the IDC ("**IDC Facility**"). The funds have been utilised to purchase long-lead items required for the chrome plant refurbishment project. The IDC Facility is priced at prime + 2.8%, repayable over 60 months and provided for a 6 months capital and interest moratorium.

Commitments – Plant Refurbishment
Langpan has embarked on its plant refurbishment project which is now designed to be able to efficiently process MG material and to be able to tag-on PGM processing optimisation in future phases (previously not considered in project design).

The project is estimated to cost around R75 million of which R36 million has already been raised and fully drawn to pay deposits on long-lead items, with the balance to be funded from the US$3.5 million RWE pre-payment facility.

Rights Offer:
Following JSE and other requisite approvals, on 17 November 2022 Mantengu released an announcement to shareholders of its intention to raise R15 million by way of a fully underwritten renounceable rights offer ("**Rights Offer**") in terms of which the Company will offer 15 000 000 302* new Mantengu Shares to qualifying shareholders at a subscription price of 0.1 cents per Rights Offer Share in the ratio of 10.84106 Rights Offer Shares for every 100 Mantengu Shares held. The Company intends on utilising the majority of the proceeds to settle long-standing creditors.

The Circular was distributed to qualifying shareholders on 21 November 2022 and the Rights Offer closes 12:00 on Friday, 9 December 2022.

*Adjusted as per the announcement released on SENS on 25 November 2022.

6. OTHER FINANCIAL LIABILITIES

Total liabilities of R86 million is made up of R62 million of other financial liabilities (loans) and R24 million of trade and other payables.

Summary and nature of significant new loans is as follows:

- LNDR, Dev Maharaj – Total loan value of R5.5 million used to support Langpan commodity trades as and when opportunities arise. The loan is repayable within a 30 day cycle in line with the expected trade cycle.

- Gillian Gamsy, Kianalily – Total loan value of R3.5 million used to support the working capital requirements of the business. The loans have subsequently been considered for conversion to equity as part of the Rights Offer process.

A summary of the nature of the loans in Langpan and Mantengu is as follows:

- Langpan acquired Memor to take control of its chrome and platinum mining right. As part of the acquisition, Langpan and Memor entered into a creditor compromise with the creditors of Memor which resulted in i.) the creditor amounts being fixed which accrue no interest and ii.) the creditors waive any right to legal recourse whilst the operations are ongoing. The creditor compromise value formed the majority of the acquisition price. The acquisition of Memor affords Langpan the ability to control the mining operations to generate sufficient cash to settle the creditors and make a return on the investment.
- In early 2017, an angel investor re-capitalised Mantengu through a subordinated debt facility in order to settle claims, cover working capital and transaction related costs for the Transaction, providing support so as to maintain the Company's solvency and to ensure that the Company was able to continue operating as a going concern. The majority of this facility is expected to be settled through the Rights Offer, as noted above.

7. COMMITMENTS

There are no contractual commitments during the period under review. Subsequent to the period, the Group has commitments relating to the plant refurbishment project. Please refer to note 5 on events after reporting date for details on commitments.

8. LEGAL SETTLEMENTS

Langpan, through its subsidiary Memor, had previously disclosed a legal matter with ASB, the mining contractor that was assisting with the LG mining project, to the value of R18 million. Langpan has lodged a counter-claim for R69 million and has laid criminal charges against all of the relevant directors and role players with the South African Police Service. Management, supported by legal guidance, has concluded the matter resolved and no claim or consideration for contingent liability is warranted.

9. RELATED PARTY TRANSACTIONS

Mantengu provides management services to Langpan and its subsidiaries, proceeds of which enable Mantengu to cover its operating costs. Total fees for the period under review amounted to

R3 million, with the appropriate amount eliminated as part of consolidated group presentation.

Total remuneration to key management (the CEO and FD) totalled R1.4 million for the period under review.

10. GOING CONCERN

The Interim Financial Results have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

We draw attention to the fact that as at 31 August 2022 the group and separate company had operating losses of R15 million (Company R120 million) and that the group and separate company’s current liabilities exceeded its current assets by R57 million (Company R35 million). This may indicate existence of a material uncertainty related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern.

Following the implementation of the Langpan acquisition, the Board has a reasonable expectation, having regard to the current status (including the imminent draw down of the US$3.5 million pre-payment facility), the continued support of its major shareholders, creditors and the future strategy of the Group, that the Group will have sufficient resources to continue as a going concern and have therefore concluded that it is appropriate to prepare the Results on a going concern basis. The solvency and liquidity of the Company will be further strengthened through the Rights Offer.

Accordingly, the Results do not include the adjustments that would result if the Group was unable to continue as a going concern.

11. DIVIDENDS

No dividend was declared for the interim financial period ended 31 August 2022 (28 February 2022: Nil).

12. CHANGES TO THE BOARD

The Board appointed Jonas Tshikundamalema as an independent non-executive Director on 25 April 2022.

13. AUDITOR REVIEW CONCLUSION

The condensed interim consolidated and separate financial statements for the six months ended 31 August 2022 have been reviewed by the Company’s auditor, Ngubane & Co (JHB) Inc. (“**Ngubane and Co**”), who expressed an unmodified conclusion thereon, however contains an Emphasis of Matter paragraph as below.

Emphasis of Matter – Material Uncertainty Related to Going Concern
"We draw attention to Note 8 in the financial statements, which indicates that the Group and separate Company had net losses of R15 million and R120 million respectively and that the Group and separate Company's total liabilities exceeded its total assets by R57 million and R35 million respectively as at 31 August 2022. As stated in Note 8, these events, or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter."

A copy of the review conclusion on the condensed interim consolidated and separate financial statements for the six months ended 31 August 2022 is available for inspection at the Company's registered office, together with the interim financial statements identified in the report.

Ngubane & Co's unmodified review conclusion does not necessarily report on all of the information contained in this Results announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of Ngubane & Co's engagement, they should obtain a copy of Ngubane & Co's unmodified review conclusion together with the accompanying financial information from the Financial Director, thato@mantengu.com, which is also available at the Company's registered office and on Mantengu's website at: www.mantengu.com.

No forward looking statements in this announcement have been reviewed or reported on by the Company's auditor.

14. RESERVES AND MINERAL RESOURCES

There were no material changes to the reserves and mineral resources as disclosed in the latest Competent Person's Report available on Mantengu's website at http://www.mantengu.com/cpr.

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, PO Box 61763, Marshalltown 2107

Auditor: Ngubane & Co (JHB) Inc.

Johannesburg
29 November 2022

Designated Adviser
Merchantec Capital