



Mine Restoration  
INVESTMENTS LIMITED

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ANNUAL REPORT  
2019





# INDEX

The reports and statements set out below comprise the audited consolidated financial statements presented to the shareholders:

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## GENERAL INFORMATION

<b>Country of incorporation and domicile</b>	South Africa
<b>Directors</b>	<p>RM Tait (Non-Executive Chairman)</p> <p>CB Roed (Lead Independent Non-Executive Director)</p> <p>QJ George (Independent Non-Executive Director)</p> <p>SJM Caddy (Independent Non-Executive Director)</p> <p>MJ Miller (Chief Executive Officer)</p> <p>A Collins (Independent Non-Executive Director)</p> <p>U Bester (Financial Director)</p>
<b>Registered office</b>	<p>The Zone Business Lofts West</p> <p>31 Tyrwhitt Ave</p> <p>The Zone</p> <p>Rosebank</p> <p>2196</p>
<b>Business address</b>	<p>The Zone Business Lofts West</p> <p>31 Tyrwhitt Ave</p> <p>The Zone</p> <p>Rosebank</p> <p>2196</p>
<b>Postal address</b>	<p>PO Box 825</p> <p>Irene</p> <p>Pretoria</p> <p>0062</p>
<b>Auditor</b>	<p>BDO South Africa Incorporated</p> <p>Chartered Accountants (S.A.)</p> <p>Registered Auditors</p>
<b>Secretary</b>	Neil Esterhuysen & Associates Incorporated
<b>Company registration number</b>	1987/004821/06
<b>Level of assurance</b>	These audited consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
<b>Preparer</b>	<p>The audited consolidated financial statements were internally compiled by:</p> <p>Marisca Meyer</p> <p>Professional Accountant (SA)</p>





## CORPORATE GOVERNANCE REVIEW

The board of directors of MRI (the “Board”) and the individual directors support implementing best governance principles and practices throughout the MRI Group.

The Board continues to subscribe to the values of good corporate governance as set out in the King Report on Governance (“King IV Report”) and those prescribed by the JSE Listings Requirements. The aim is to maintain the highest standards of integrity to ensure that the principles set out in the King IV Report are observed and implemented.

The Board is of the opinion that the MRI Group complies in all material respects with the principles embodied in the King IV Report and the additional requirements for corporate governance stipulated by the JSE Listings Requirements.

A full register of the King IV principles, and the extent of MRI’s compliance therewith, is available on page 6 of this annual report. Explanations for each of the 17 principals embodied in the King IV register (and commentary) is provided below.

An overview of the Board composition, committees and company secretary is provided below.

### 1. The Board

The Board is responsible for the strategic direction and control of MRI. The Board currently comprises 7 directors, being 2 executive directors and 5 non-executive directors, of whom 4 are independent non-executive directors.

The Board consists of members with varied backgrounds and skills, in order to contribute to the strategy and direction of MRI. The Board comprises an appropriate balance of power between executive and non-executive directors, and there is no individual that has unfettered powers of decision making and no individual dominates the Board’s deliberations and decisions.

The Board will be chaired by Richard Tait, who is a non-executive director. MRI has appointed Chris Roed as the lead independent director.

The audit and risk committee has assessed and is satisfied that the financial director, Ulrich Bester, has the necessary skills and qualifications to fulfil his responsibilities.

There have been no changes in the directors’ interests since the financial year ended 28 February 2019 and to date of approval of the annual financial statements for that year.

### 2. Committees

The Board has delegated certain specific responsibilities to the following committees, which are detailed more fully below:

Name of committee member	Combined Audit and Risk Committee (“CARC”)	Combined Remuneration & Nomination Committee (“CRNC”)	Combined Social & Ethics Committee (“CSEC”)
Chris Roed	X Chair		X
Alistair Collins		X	X Chair
Quinton George	X		X
Syd Caddy	X	X Chair	
Richard Tait		X	



## CORPORATE GOVERNANCE REVIEW continued

### The CARC

The objective of the CARC is to assist the Board with its responsibility of safeguarding assets, maintaining effective and efficient internal controls, reviewing the financial information and overseeing the preparation of the annual financial statements.

The CARC has the power to make decisions regarding its statutory duties and is accountable for its performance in this regard. In addition to its statutory duties, the Audit and Risk Committee is responsible for, inter alia, the following:

- the recommendation of the Group's annual financial statements to the Board for approval;
- risk governance and ensuring that it dedicates sufficient time to this responsibility;
- overseeing the management of financial and other risks that affect the integrity of external reports issued by the organisation;
- ensure that the Group has established appropriate financial reporting procedures and that those procedures are operating;
- ensure suitability of the appointment of external auditors and the designated individual partner, specifically taking into account any information pursuant to paragraph 22.15(h) of the JSE Listing Requirements; and
- ensuring, on an annual basis, that the financial director has the appropriate expertise and experience.

The CARC has reviewed the financial reporting procedures of MRI and is satisfied that there are appropriate financial reporting procedures established, and that these have been operating sufficiently for the past financial period.

The CARC consists of 3 independent non-executive board members and is chaired by Chris Roed.

The CARC met 3 times in the past financial year.

The CARC has considered and is satisfied that the Financial Director, Ulrich Bester, has the necessary experience and expertise to execute his function.

### The CRNC

The CRNC is responsible for considering the nomination of new directors and the remuneration of the executive directors and making recommendations to the Board in this regard.

The CRNC consists of 3 non-executive directors and is chaired by Syd Caddy. The CRNC met 3 times in the past financial year.

The remuneration policy and implementation report will be tabled for a separate non-binding advisory vote by shareholders at the annual general meeting to be held on 4 December 2019.

The CRNC will also take into account any feedback received from shareholders during the annual general meetings and will endeavour to liaise with shareholders who have raised concerns on the remuneration policy of MRI with a view of resolving concerns raised, where possible.

The remuneration policy will record the measures that the Board commits to take in the event that either the remuneration policy or the implementation report is voted against by 25% or more of the votes exercised. In such instances, the announcement on the voting results will provide an invitation to dissenting shareholders to engage with MRI and will specify the manner and timing of such engagement. With regards to dissenting shareholders, the remuneration committee members will reach out directly to the shareholder representatives with a view of scheduling a separate meeting for their concerns to be addressed.

The Remuneration Policy of MRI addresses remuneration on an organisation-wide basis and is a key component of MRI's HR strategy, which must always fully support the overall business strategy.

## CORPORATE GOVERNANCE REVIEW continued

Given that MRI is currently a listed cash shell, the Remuneration Policy currently has limited scope and applicability because the only current objective is to maintain sufficient liquidity to remain a going concern whilst canvassing the market for viable opportunities to submit to shareholders.

When MRI executes a viable commercial opportunity, the remuneration policy will have to be reviewed for adequacy and applicability. Regardless of the exact applicability, the overriding functions and principles of the Remuneration Policy, are as follows:

- To attract top talent, whilst acknowledging the difficult financial position of the company, in order to support the successful recapitalisation of the MRI business to execute the investment strategy.
- Build a competitive, high performance and innovative company with an entrepreneurial culture that attracts, retains, motivates and rewards high-performing employees.
- To promote the highest levels of adherence to governance requirements of King IV.
- To promote an ethical culture and responsible corporate citizenship.
- To create a culture within MRI that promotes, recruits and rewards excellence.
- To promote an environment that motivates high performance so that all employees can positively contribute to the strategy, vision, goals and values of the company.
- To set employees' total remuneration packages at competitive levels by benchmarking to the market and providing incentives geared to agreed performance which support MRI's business strategy.
- To align the best interests of our employees with those of other MRI stakeholders. We believe that alignment creates synergy.

We believe the long-term success of the group is directly linked to the calibre of employees that we employ and the working environment that we create.

MRI is currently in advanced negotiations with a potential target which will fundamentally change the MRI landscape. Should the transaction prove successful, MRI will review the remuneration policy and make the necessary changes and additions during the course of the 2020 financial year upon the acquisition of the target.

### Implementation report:

All emoluments paid to MRI Directors were made according to MRI's remuneration policy. Total emoluments paid in 2019 amounted to R1.5 million with respects to payments to M Miller.

### The CSEC

The purpose of the CSEC is to ensure that the MRI Group is, and remains, a good and responsible corporate citizen, and to perform the statutory functions required of a social and ethics committee in terms of the Companies Act.

The CSEC consists of 3 independent non-executive directors and is chaired by Alistair Collins. The CSEC met twice in the past financial year.

### 3. Race and gender diversity

The Board acknowledges the importance of race and gender diversity at a board level. However, given its current status the Board has not yet adopted a race and gender diversity policy.

As soon as it has certainty on its future operations, the Board with the assistance of the CRNC, will adopt a policy and set certain voluntary targets for race and gender diversity.

### 4. The Company Secretary

Neil Esterhuysen & Associates has been appointed as the company secretary.



## CORPORATE GOVERNANCE REVIEW continued

The Board has, by way of an informal review, assessed and satisfied itself of the competence, qualifications and experience of the company secretary.

### 5. King IV register

The table below sets out the Company's compliance with the principles of King IV.

Principles	Status	Apply and Explain
<b>Part 5.1: LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP</b>		
<b>LEADERSHIP</b>		
Principle 1: The governing body should lead ethically and effectively	✓	The governing body has established the various committees referred to in paragraph 2, above, and is confident, on a prospective basis that the combined inputs of such committees will produce conformity with this principle such that the governing body will exhibit the requisite levels of integrity, competence, responsibility, accountability, fairness and transparency.
<b>ORGANISATIONAL ETHICS</b>		
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	✓	The CSEC consists entirely of independent non-executive directors with the objectivity to ensure conformity with this principle so as to support the establishment of an ethical culture. The CSEC will (a) set the direction of how ethics should be approached by the organisation; (b) provide codes of conduct and ethics policies; (c) set out parameters for engaging internal and external stakeholders; (d) provide for arrangements that familiarise employees and other stakeholders with the organisation's ethical standards.
<b>RESPONSIBLE CORPORATE CITIZENSHIP</b>		
Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	✓	Even though MRI is effectively dormant, the governing body is fully committed to responsible corporate citizenry. The SCEC framework will ensure tangible adherence in this regard.
<b>PART 5.2: STRATEGY, PERFORMANCE AND REPORTING</b>		
<b>STRATEGY AND PERFORMANCE</b>		
Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	✓	Even though MRI is effectively dormant, the governing body acknowledges that. MRI's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.



## CORPORATE GOVERNANCE REVIEW continued

Principles	Status	Apply and Explain
<b>REPORTING</b>		
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	✓	The board has kept its shareholders updated in line with JSE requirements around the opportunities being assessed by the board.
<b>PART 5.3: GOVERNING STRUCTURES AND DELEGATION</b>		
<b>PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY</b>		
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	✓	The board adheres to the requirements of King IV.
<b>COMPOSITION OF THE GOVERNING BODY</b>		
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	✓	The board has not yet adopted a diversity policy given the lack of current operations. As soon as there is certainty about the future of the business, a policy and targets will be adopted
<b>COMMITTEES OF THE GOVERNING BODY</b>		
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	✓	Sub-committees appointed by the board include the CARC, CSEC and CRNC. These committees all meet independently but report directly to the board and decisions taken by such committees all require approval of the board prior to implementation.
<b>EVALUATIONS OF THE PERFORMANCE OF THE GOVERNING BODY</b>		
Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	✓	Even though MRI is effectively dormant, the board strives to achieve the highest levels of governance. The well balanced governing body will review its performance on an annual basis.
<b>APPOINTMENT AND DELEGATION TO MANAGEMENT</b>		
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	✓	Even though MRI is effectively dormant, the board strives to achieve the highest levels of governance. This will be reviewed when MRI makes any investments.
<b>Part 5.4: GOVERNANCE FUNCTIONAL AREAS</b>		
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	✓	Even though MRI is effectively dormant, the board strives to achieve the highest levels of governance. This will be reviewed when MRI makes any investments.



## CORPORATE GOVERNANCE REVIEW continued

Principles	Status	Apply and Explain
<b>TECHNOLOGY AND INFORMATION GOVERNANCE</b>		
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	✓	Even though MRI is effectively dormant, the board strives to achieve the highest levels of governance. This will be reviewed when MRI makes any investments.
<b>COMPLIANCE GOVERNANCE</b>		
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	✓	Even though MRI is effectively dormant, the board strives to achieve the highest levels of governance. This will be reviewed when MRI makes any investments.
<b>REMUNERATION GOVERNANCE</b>		
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	✓	Even though MRI is effectively dormant, the directors all have unlimited access to the company secretary who, inter alia, advises the board and its committees on issues relating to compliance with procedures, the JSE's listing requirements and the King reports on corporate governance.
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	✓	Even though MRI is effectively dormant, the board strives to achieve the highest levels of governance. This will be reviewed when MRI makes any investments.
<b>STAKEHOLDERS</b>		
Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	✓	Even though MRI is effectively dormant, the board continues strives to achieve the highest levels of governance. This will be reviewed when MRI makes any investments.
<b>RESPONSIBILITIES OF INSTITUTIONAL INVESTORS</b>		
Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	N/A	MRI is not an Institutional Investor, as defined by the King IV report on corporate governance.





## COMBINED AUDIT AND RISK COMMITTEE REPORT ("CARC")

The report of the CARC is presented as required by Section 61(8)(a) (iii) of the Companies Act.

### Functions and Responsibilities of the CARC

The role of the CARC is to assist the Board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. It exercises its functions through close liaison and communication with company management and the external auditors.

The CARC is guided by its terms of reference as approved by the Board, dealing with membership, structure, and levels of authority and has the following responsibilities:

- ensuring compliance with applicable legislation and the requirements of any regulatory authority;
- nominating for appointment a registered auditor who, in the opinion of the audit committee, is independent of the MRI Group;
- considering whether the expertise and experience of the Financial Director is appropriate;
- considering matters relating to financial accounting, accounting policies, reporting and disclosure and ensure integrity of the MRI Group's annual report;
- considering internal and external audit policy including determining fees and the terms of engagement;
- considering and evaluating, on an on-going basis, the need for an internal audit function and audit plans;
- reviewing and approving external audit plans, findings, problems, reports, fees and determining and approving any non-audit services that the auditor may provide to the MRI Group;
- ensuring compliance with the Code of Corporate Practices and Conduct; and
- ensuring compliance with the MRI Group's code of ethics.

The members of the CARC adopted an audit mandate which will be reviewed annually. The CARC has established a policy, as well as required procedures with regard to the use of the external auditors, for non-audit services. During the year under review, no non-audit services were utilized.

The CARC also assesses and monitors all risk matters including compliance risk matters, which responsibilities have been assumed with the adoption by the CARC of a risk mandate.

The CARC is informed of regulatory and other monitoring and enforcement requirements designed to ensure that the Company's financial information complies with financial reporting and other regulatory requirements.

### Members of the Combined Audit and Risk Committee

The current CARC members are:

C Roed (Chairman)

Quinton George, and

Syd Caddy

In terms of King IV, a minimum of three independent non-executive directors is recommended. In terms of the JSE Listings Requirements, the CARC must be constituted in terms of King IV and the Companies Act. All three members of the CARC are independent non-executive directors. Mr. C Roed acts as lead independent non-executive director and chairs the CARC.

The external auditors, the Chief Executive Officer, the Financial Director and the Company's Designated Adviser are all invited to attend the CARC meetings.

### Frequency of meetings

The CARC intends meeting a minimum of three times per year and provision will be made for additional meetings to be held when, and if, necessary. The CARC has met three times during the 2019 financial year.



## COMBINED AUDIT AND RISK COMMITTEE REPORT ("CARC") continued

### Independence of external audit

A responsibility of the CARC is the assessment of the independence of the external auditor. The CARC duly satisfied itself that, in accordance with the Companies Act, Grant Thornton, remains independent of MRI.

In addition, the audit committee confirm that based on the amended requirements for the JSE-accreditation of Auditors, effective 15 October 2017, we were satisfied that:

- the audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle;
- the auditors have provided to the audit committee, the required IRBA inspection decision letters, findings report and the proposed remedial action to address the findings, both at the audit firm and the individual auditor levels; and
- both the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

### Expertise and experience of the financial director

The CARC is satisfied with the expertise and experience of the financial director and is satisfied that appropriate financial reporting procedures are in place and are operating.

### Financial statements

Management has reviewed the consolidated financial statements of the Company and MRI Group with the Committee, and the CARC has reviewed them without management or the external auditor being present. The quality of the accounting policies are discussed with the external auditor and a private discussion was held with the external auditor. The CARC considers the consolidated financial statements of the MRI Group to be a fair presentation of its financial position as at 28 February 2019 and of the results of the operations, changes in equity and cash flows for the period then ended, in accordance with International Financial Reporting Standards and the Companies Act and similarly recommended the consolidated financial statements to the Board for approval.



**C Roed**  
Chairman of the CARC

**25 October 2019**





## DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the audited consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the audited consolidated financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the audited consolidated financial statements.

The audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

With regard to a system of internal control: this will be enhanced once projects become operational and revenue is generated. The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 29 February 2020 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the consolidated financial statements. The consolidated financial statements have been examined by the group's external auditors and their report is presented on pages 13 to 15.

The audited consolidated financial statements set out on pages 19 to 38, which have been prepared on the going concern basis and the directors' report on pages 16 to 18, were approved by the board on 25 October 2019 and were signed on their behalf by:



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**MJ Miller (Chief Executive Officer)**



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**RM Tait (Non-Executive Chairman)**



## COMPANY SECRETARY REPORT

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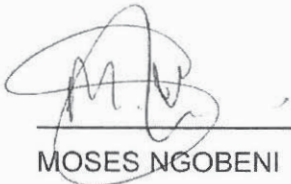
*nea.inc*  
ATTORNEYS

OUR REF : NEA/MN/W59  
YOUR REF : MRI LTD  
DATE : 25 OCTOBER 2019

**MINE RESTORATION INVESTMENTS LIMITED  
THE ZONE BUSINESS LOFTS WEST  
31 TYRWHITT AVENUE  
ROSEBANK  
JOHANNESBURG  
0062**

**IN RE: MINE RESTORATION INVESTMENTS LIMITED COMPANY SECRETARY'S REPORT 2019**

I the undersigned certify that, in accordance with Section 88(2)(e) of the Companies Act 71 of 2008, the Company has filed the required returns and notices with the Registrar of Companies, and that all such returns and notices appear to be true, correct and up to date.



MOSES NGOBENI  
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**Directors:**  
BD Esterhuysen B.Comm LLB (Adv Cert. in Corp. Law - Unisa)

**Non-Executive Director**  
LE Companie LLB LLM

**Associates:**  
S Huggett LLB Conveyancer and Notary  
VM Ngobeni LLB  
C Davis B.Comm LLB

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Member of the Phatshoane Henney Group





# INDEPENDENT AUDITOR'S REPORT



## Independent Auditor's Report To the shareholders of Mine Restoration Investments Limited

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### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Mine Restoration Investments Limited and its subsidiaries ("the group") set out on pages 19 to 38, which comprise the consolidated statement of financial position as at 28 February 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mine Restoration Investments Limited and its subsidiaries as at 28 February 2019, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to note 21 in the audited consolidated financial statements, which indicates that the group incurred a net loss of R8.1 million during the year ended 28 February 2019 and, as of that date, the group's total liabilities exceeded its total assets by R16 million. As stated in note 21, these events or conditions, along with other matters as set forth in note 21, 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material uncertainty related to going concern section, we have determined that there are no key audit matters to communicate in our report.

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BDO South Africa Incorporated  
Registration number: 1995/002310/21  
Practice number: 905526  
VAT number: 4910148685

National Executive: PR Badrick • HN Bhaga-Muljee • S Dansie • BJ de Wet • HCS Lopes • SM Somaroo • ME Stewart (Chief Executive) • IM Scott • MS Willimott

The company's principal place of business is at 52 Corlett Drive, Illovo, Johannesburg, where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.





## INDEPENDENT AUDITOR'S REPORT continued



### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Mine Restoration Investments Limited Integrated Report 28 February 2019" and in the document titled "Mine Restoration Investments Limited Separate Financial Statements for the year ended 28 February 2019, which includes the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Report as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT continued



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Mine Restoration Investments Limited for 5 years.

*BDO South Africa Inc.*

**BDO South Africa Incorporated**  
Registered Auditors

**Jacques Barradas**  
Director  
Registered Auditor

25 October 2019

Wanderers Office Park  
52 Corlett Drive  
Illovo, 2196





## DIRECTORS' REPORT

The directors have pleasure in submitting their report on the audited consolidated financial statements of Mine Restoration Investments Limited for the year ended 28 February 2019. The individual company annual financial statements are not included in this report, but can be viewed at the Company's registered address.

### 1. Nature of business

The MRI Group was historically an environmental service company. After closing down the coal operation, the company focused on reducing all corporate costs in order to maintain the company as a cash shell whilst searching for investment opportunities. On the 9 October 2019, MRI acquired a chrome mining and beneficiation company and as such will continue as a mining investment company. Refer to Note 12, Events After the Reporting Period, for more information.

### 2. Review of financial results and activities

Full details of the financial position, results of operations and cash flows of the group are set out in these audited consolidated financial statements.

### 3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

### 4. Directorate

The directors in office at the date of this report are as follows:

Directors	Changes
RM Tait (Non-Executive Chairman)	
CB Roed (Lead Independent Non-Executive Director)	
QJ George (Independent Non-Executive Director)	
SJM Caddy (Independent Non-Executive Director)	
N Preston (Financial Director)	Resigned 29 August 2018
MJ Miller (Chief Executive Officer)	
A Collins (Independent Non-Executive Director)	
U Bester (Financial Director)	Appointed 29 August 2018

### 5. Subsidiaries

- MRI holds 100% of the shares in Western Utilities Corporation Proprietary Limited ("WUC"). WUC invested in the Acid Mine Drainage project. Western Utilities Corporation Proprietary Limited is dormant.
- WUC holds 50% of the total share capital of Prodiflex Coal Proprietary Limited which has access to and the right to distribute the binding material used in the production of briquettes. Prodiflex Coal Proprietary Limited is dormant.
- WUC holds 100% of the total share capital of Octavovox Proprietary Limited which holds the rehabilitation and processing rights to process coal fines at the Vaalkrantz Colliery. Octavovox Proprietary Limited is dormant.

### 6. Secretary

The group secretary is Neil Esterhuysen & Associates Incorporated.

<b>Postal address:</b>	PO Box 814 Irene 0062
<b>Business address:</b>	Units 23 & 24, Norma Jean Square 244 Jean Ave Centurion 0157

### 7. Auditors

BDO South Africa Incorporated were appointed in office as auditors for the group for 2019.



## 8. Dividends

No dividends were declared or paid to shareholders during the year.

## 9. Litigation

There are no proceedings which are pending or threatened, which may have, or which have had a material effect on the financial position of the group.

## 10. Special resolutions

No special resolutions, the nature of which might be significant to the shareholder in their appreciation of the state of affairs of the group were made by the group during the period covered by this report.

## 11. Directors' interests in shares

The individual interests declared by the directors and officers in the company's share capital as at 28 February 2019, as well as the comparative totals for the year ended 28 February 2018, were as follows:

Directors 2019	Direct	Beneficial Indirect	Total - as at 28 February 2019	% - 2019
QJ George (Independent Non-Executive Director)	8 000	-	8 000	-
SJM Caddy (Independent Non-Executive Director)	1 140 000	-	1 140 000	0.13
CB Roed (Lead Independent Non-Executive Director)	2 508 000	-	2 508 000	0.29
RM Tait (Non-Executive Chairman)	1 596 000	-	1 596 000	0.18
	<b>5 252 000</b>	<b>-</b>	<b>5 252 000</b>	<b>0.60</b>

Directors 2018	Direct	Beneficial Indirect	Total - as at 28 February 2018	% - 2018
QJ George (Independent Non-Executive Director)	8 000	-	8 000	-
SJM Caddy (Independent Non-Executive Director)	1 140 000	-	1 140 000	0.13
CB Roed (Lead Independent Non-Executive Director)	2 508 000	-	2 508 000	0.29
RM Tait (Non-Executive Chairman)	1 596 000	-	1 596 000	0.18
	<b>5 252 000</b>	<b>-</b>	<b>5 252 000</b>	<b>0.60</b>

There have been no changes in the directors' interests in the Company's shares between 28 February 2019 and the date of approval of these annual financial statements.

## 12. Events after the reporting period

Other than the transaction detailed below, the directors are not aware of any other material events that have occurred after the reporting date and up to the date of this report.

On the 9 October 2019, MRI signed a share purchase agreement to acquire all of the issued shares of Langpan Mining Co Proprietary Limited. Langpan Mining Co Proprietary Limited owns chrome Plant and Infrastructure and has entered into an agreement to acquire the relevant Mining Right. Subject to the approval of MRI shareholders in a General Meeting, MRI will pay R550 million by way of a share swap which will result in MRI issuing 137.5 billion new MRI shares at an issue price of 0.4 cents per Consideration Share. On 8 October 2019, Langpan Mining Co Proprietary Limited signed funding and offtake agreements in relation to future operations in order to acquire, optimise and increase mining operations and thus stabilise Langpan Mining Co through to steady state of production.

The Langpan orebody consists of 3.1 Mt of open cast resource and over 4.9 Mt of underground resource, as confirmed by MSA Competent Persons report, dated 2015. The chrome wash plant (which comprises part of the Plant and Infrastructure) has an Operating Feed Capacity of 28 ktpm, which can produce approximately 17 ktpm of chrome concentrate graded 42% to 44% chrome, from mining ore (excluding tailings) if the plant operates at an average yield of 60%. The Langpan Farm orebody has a PGM (6E) in situ grade of 1.6 g/t which will result in a net grade of 2.95g/t post chrome beneficiation. The full Resource and Reserve statement in relation to the Langpan orebody will be contained in a circular to MRI shareholders setting out the details of the proposed transaction.





## DIRECTORS' REPORT continued

### 13. Going concern

The directors believe that the group has access to adequate resources to continue as a going concern for the foreseeable future and accordingly the consolidated financial statements have been prepared on a going concern basis. Whilst MRI operated as a cash shell throughout the current financial year, the directors worked at reducing all corporate costs whilst pursuing the acquisition of Langpan Mining Co Proprietary Limited. The directors have 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. The Gamsy Family Trust was secured as an investor in MRI, and the Trust provided a working capital facility to fund operations and transaction costs. Both the Gamsy Family Trust and Growth Equity loans were subordinated to maintain the liquidity and solvency position of the group.

On the 9 October 2019, MRI signed a share purchase agreement to acquire all of the issued shares of Langpan Mining Co Proprietary Limited. Langpan Mining Co Proprietary Limited owns chrome Plant and Infrastructure and has entered into an agreement to acquire the relevant Mining Right. Subject to the approval of MRI shareholders in a General Meeting, MRI will pay R550 million by way of a share swap which will result in MRI issuing 137.5 billion new MRI shares at an issue price of 0.4 cents per consideration share. Save for MRI having to obtain JSE approval to lift its suspension, the conditions precedent in the share purchase agreement are standard for a transaction of this nature. The acquisition will ensure that MRI ceases to exist as a cash shell and as such will continue operating as a mining investment company which further strengthens the going concern assumption.

We draw attention to the fact that at 28 February 2019, the group had accumulated losses of R 104 million and that the group's total liabilities exceed its assets by R 16 million. Although MRI has entered into a share purchase agreement to acquire all of the issued shares of Langpan Mining Co Proprietary Limited, there remains material uncertainty that the group can continue as a going concern because of certain conditions precedent requiring being met prior to the successful completion of the transaction. The details of the transaction will be contained in a circular to MRI shareholders setting out the conditions precedent which include JSE approval to lift MRI's suspension and legal, regulatory and governance conditions standard for a transaction of this nature. The directors are confident in being able to meet such conditions.





# STATEMENT OF FINANCIAL POSITION

as at 28 February 2019

	Notes	2019 R '000	2018 R '000
<b>Assets</b>			
<b>Current Assets</b>			
Trade and other receivables	4	-	41
Cash and cash equivalents	5	107	52
		<b>107</b>	<b>93</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
<b>Equity Attributable to Equity Holders of Parent</b>			
Share capital	6	85 020	85 020
Reserves		5 000	5 000
Equity due to change in ownership	7	(2 459)	(2 459)
Accumulated loss		(103 608)	(95 442)
		(16 047)	(7 881)
Non-controlling interest		(32)	(66)
		<b>(16 079)</b>	<b>(7 947)</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	2 186	1 045
Other financial liabilities	9	14 000	6 994
Bank overdraft	5	-	1
		<b>16 186</b>	<b>8 040</b>
<b>Total Equity and Liabilities</b>		<b>107</b>	<b>93</b>



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2019

	Note(s)	2019 R '000	2018 R '000
Other operating expenses		(6 376)	(2 842)
<b>Operating loss</b>	10	<b>(6 376)</b>	<b>(2 842)</b>
Finance costs	11	(1 756)	(842)
<b>Loss for the year</b>		<b>(8 132)</b>	<b>(3 684)</b>
<b>Total comprehensive loss for the year</b>		<b>(8 132)</b>	<b>(3 684)</b>
<b>Loss attributable to:</b>			
Owners of the parent		(8 166)	(3 682)
Non-controlling interest		34	(2)
		<b>(8 132)</b>	<b>(3 684)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the parent		(8 166)	(3 682)
Non-controlling interest		34	(2)
		<b>(8 132)</b>	<b>(3 684)</b>
Basic and diluted loss per share (cents)		(0.95)	(0.43)



# STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2019

	Share capital	Capital reserve	Equity due to change in ownership	Total reserves	Accumulated loss	Total attributable to equity holders of the group	Non-controlling interest	Total equity
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
<b>Balance at 01 March 2017</b>	<b>85 020</b>	<b>5 000</b>	<b>(2 459)</b>	<b>2 541</b>	<b>(91 760)</b>	<b>(4 199)</b>	<b>(64)</b>	<b>(4 263)</b>
Loss for the year	-	-	-	-	(3 682)	(3 682)	(2)	(3 684)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3 682)</b>	<b>(3 682)</b>	<b>(2)</b>	<b>(3 684)</b>
<b>Balance at 01 March 2018</b>	<b>85 020</b>	<b>5 000</b>	<b>(2 459)</b>	<b>2 541</b>	<b>(95 442)</b>	<b>(7 881)</b>	<b>(66)</b>	<b>(7 947)</b>
Loss for the year	-	-	-	-	(8 166)	(8 166)	34	(8 132)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8 166)</b>	<b>(8 166)</b>	<b>34</b>	<b>(8 132)</b>
<b>Balance at 28 February 2019</b>	<b>85 020</b>	<b>5 000</b>	<b>(2 459)</b>	<b>2 541</b>	<b>(103 608)</b>	<b>(16 047)</b>	<b>(32)</b>	<b>(16 079)</b>
Note(s)	6		7				20	



# STATEMENT OF CASH FLOWS

for the year ended 28 February 2019

	Notes	2019 R '000	2018 R '000
<b>Cash flows from operating activities</b>			
Cash used in operations	14	(2 356)	(2 806)
Finance costs		(40)	-
<b>Net cash from operating activities</b>		<b>(2 396)</b>	<b>(2 806)</b>
<b>Cash flows from investing activities</b>			
Short term loan	3	(2 838)	-
<b>Cash flows from financing activities</b>			
Proceeds from other financial liabilities	15	5 290	2 828
<b>Total cash movement for the year</b>		<b>56</b>	<b>22</b>
Cash at the beginning of the year		51	29
<b>Total cash at end of the year</b>	5	<b>107</b>	<b>51</b>



# ACCOUNTING POLICIES

for the year ended 28 February 2019

## 1. Basis of preparation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IAASB), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the South African Companies Act and the JSE Listings Requirements. Notwithstanding the insolvency of the company and the fact that it has ceased operations, 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 financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies set out below. These financial statements are presented in South African Rand.

These accounting policies are consistent with the previous period, except for the adoption of IFRS 9: Financial Instruments.

### 1.1 Consolidation

#### Basis of consolidation

The consolidated financial statements comprise the financial statements of the group and its subsidiaries.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Where necessary, adjustments are made to the financial statements to bring their accounting policies into line with those used by other members of the Group. All subsidiaries have a reporting date of 28 February. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributable to non-controlling interests even if this results in the non-controlling interest having a deficit.

### 1.2 Significant judgements and sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of revenues and expenses during the reporting period based on management's best knowledge of current events and actions. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Notwithstanding the insolvency of the company and the fact that it has ceased operations, 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 judgements.

### 1.3 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

Financial liabilities:

- Amortised cost.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:





# ACCOUNTING POLICIES continued

for the year ended 28 February 2019

## 1.3 Financial instruments (continued)

### Short term loan

#### Classification

Short term loan (note 3) is classified as financial assets subsequently measured at amortised cost.

It has been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on this loan.

#### Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

#### Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

### Trade and other receivables

#### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 4).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.



# ACCOUNTING POLICIES continued

for the year ended 28 February 2019

## 1.3 Financial instruments (continued)

### Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

### Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and repayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

### Other financial liabilities

#### Classification

Other financial liabilities (note 9) are classified as financial liabilities subsequently measured at amortised cost.

#### Recognition and measurement

Other financial liabilities are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 11.)

Other financial liabilities expose the group to liquidity risk and interest rate risk. Refer to note 18 for details of risk exposure and management thereof.





## ACCOUNTING POLICIES continued

for the year ended 28 February 2019

### 1.3 Financial instruments (continued)

#### Trade and other payables

##### Classification

Trade and other payables (note 8), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

##### Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 11).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 18 for details of risk exposure and management thereof.

#### Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost.

### 1.4 Financial instruments: IAS 39 comparatives

##### Classification

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs.

##### Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within 'finance costs', 'finance income' or 'other financial items', except for impairment of trade receivables which is presented within 'other expenses'.

##### Derecognition of financial assets

The group derecognises financial assets only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also collateralised borrowing for the proceeds received.





# ACCOUNTING POLICIES continued

for the year ended 28 February 2019

## 1.4 Financial instruments: IAS 39 comparatives (continued)

### Impairment of financial assets

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Trade receivables have been assessed and there has been no need found for impairment.

### Financial liabilities

Financial liabilities are carried at amortised cost.

The group's financial liabilities comprise borrowings and trade and other payables.

### Trade and other receivables

Trade and other receivables are classified as loans and receivables.

### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

### Bank overdraft

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. These are subsequently measured at amortised cost.

### Classification as debt or equity

Debt and equity instruments are classified as either other financial liabilities or as equity in accordance with the substance of the contractual arrangement.

### De-recognition of financial liabilities

The group derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.

## 1.5 Tax

### Current taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.



## ACCOUNTING POLICIES continued

for the year ended 28 February 2019

### 1.5 Tax (continued)

#### Deferred taxation

Deferred tax is recognised on temporary differences between the carrying amounts and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### Tax expenses

Income tax expense recognised in profit or loss comprises the sum of deferred taxation and current taxation not recognised in other comprehensive income or directly in equity.

### 1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

### 1.7 Share capital and equity

Share capital represents the nominal value of shares that have been issued.

Any transaction cost associated with the issuing of shares is deducted from share capital net of any related income tax benefit.

Retained earnings include all current and prior period retained profits.

### 1.8 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### 1.9 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.10 Earnings per share

The group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares, adjusted for own shares held, for the effects of any dilutive potential ordinary shares

Headline earnings per share are presented in terms of JSE Limited listing requirements. Headline earnings as defined in Circular 4/2018 issued by South African Institute of Chartered Accountants, separates from earnings all separately identifiable re-measurements.



# ACCOUNTING POLICIES continued

for the year ended 28 February 2019

## 2. New Standards and Interpretations

At the date of approval of these audited consolidated financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the entity's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's audited consolidated financial statements.

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>IFRS 9 Financial Instruments</li> </ul>	01 January 2018	The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements

### 2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 March 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>IFRS 16 Leases</li> </ul>	01 January 2019	Based on the current leases in place, the adoption of IFRS 16 will not have any material impact



# NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 28 February 2019

	2019 R '000	2018 R '000
<b>3. Short term loan</b>		
Langpan Mining Co Proprietary Limited	2 838	-
Langpan Mining Co Proprietary Limited - Impairment	(2 838)	-
	<u>-</u>	<u>-</u>
The loan is unsecured, bears interest at prime plus 8% and has no fixed terms of repayment.		
<b>4. Trade and other receivables</b>		
<b>Non-financial instruments:</b>		
VAT	-	41
	<u>-</u>	<u>41</u>
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	107	52
Bank overdraft	-	(1)
	<u>107</u>	<u>51</u>
Current assets	107	52
Current liabilities	-	(1)
	<u>107</u>	<u>51</u>
<b>6. Share capital</b>		
<b>Authorised</b>		
1 000 000 000 Ordinary shares at no par value	-	-
The unissued ordinary shares are under the control of the directors in terms of a resolution of shareholders of MRI passed at the last Annual General Meeting. This authority remains in force until the next Annual General Meeting. The MRI Group does not have any unlisted securities.		
<b>Issued</b>		
863 053 100 no par value ordinary shares	85 020	85 020
The group does not hold any treasury shares.		
<b>7. Equity due to change in ownership</b>		
Octavovox Proprietary Limited		
Purchase of additional 49% of Octavovox Proprietary Limited		
The group purchased the remaining shares in Octavovox Proprietary Limited on 31 March 2015 for consideration of R1 500 000. This transaction was accounted for as an additional acquisition in terms of IFRS10. The consideration paid over the fair value of the assets have been recognised in equity. The Equity due to change in ownership amounts to R 2 459 296.		



# NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 28 February 2019

	2019 R '000	2018 R '000
<b>8. Trade and other payables</b>		
<b>Financial instruments:</b>		
Trade payables	1 784	717
Directors fees due	247	247
Payroll accruals	-	81
<b>Non-financial instruments:</b>		
VAT	155	-
	<b>2 186</b>	<b>1 045</b>
<b>Fair value of trade and other payables</b>		
All amounts are short-term and the carrying value of trade and other payables is considered a reasonable approximation of fair value.		
<b>9. Other financial liabilities</b>		
<b>Held at amortised cost</b>		
The Gamsy Family Trust The loan is unsecured and bears interest at prime plus 8%. This loan has been subordinated in favor of other creditors until such time as the group's assets, fair valued exceeds it's liabilities.	9 168	2 946
POCOT Trust	684	569
Tertain Investments Proprietary Limited	511	425
Opsisolve Investments Proprietary Limited	329	274
Douglas Welsh	270	224
KAG Trust	137	114
JS Geyer	125	104
Parkview Trust	125	104
These loans are unsecured, bear interest at prime plus 8% and are repayable by 31 December 2019.		
Growth Equities Proprietary Limited The loan is unsecured and bears interest at prime plus 8% per annum. The interest is capitalised monthly. This loan has been subordinated in favor of other creditors until such time as the group's assets, fair valued exceeds it's liabilities.	2 487	2 070
T&T Marine The loan is unsecured, interest free and repayable on demand.	164	164
	<b>14 000</b>	<b>6 994</b>
<b>Split between non-current and current portions</b>		
Current liabilities	14 000	6 994



# NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 28 February 2019

	2019 R '000	2018 R '000
<b>10. Operating loss</b>		
Operating loss for the year is stated after charging the following, amongst others:		
<b>Leases</b>		
<b>Operating lease charges</b>		
Premises	60	5
<b>11. Finance costs</b>		
SARS	40	-
Other financial liabilities	1 716	842
<b>Total finance costs</b>	<b>1 756</b>	<b>842</b>
<b>12. Taxation</b>		
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting loss and tax expense.		
Accounting loss	(8 132)	(3 684)
Tax at the applicable tax rate of 28%	(2 277)	(1 032)
<b>Tax effect of adjustments on taxable income</b>		
Tax losses carried forward	2 277	1 032
	-	-
No taxation has been provided as the group has incurred losses. The estimated tax loss carried forward R 70 849 974.		
<b>13. Loss per share</b>		
<b>Basic loss per share</b>		
Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.		
<b>Basic loss per share</b>		
From operations (cents)	(0.95)	(0.43)
Basic loss per share for the MRI Group was based on loss of	(8 132)	(3 682)
And weighted average number of ordinary shares ('000)	863 053	863 053
<b>Diluted loss per share</b>		
From operations (cents)	(0.95)	(0.43)
Loss for the period attributable to equity holders of the parent	(8 132)	(3 682)
Diluted weighted average number of shares in issue ('000)	863 053	863 053





# NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 28 February 2019

	2019 R '000	2018 R '000	
<b>13. Loss per share (continued)</b>			
<b>Headline loss per share</b>			
Headline loss	(8 132)	(3 682)	
Weighted average number of shares in issue ('000)	863 053	863 053	
<b>Headline loss per share (cents)</b>	<b>(0.95)</b>	<b>(0.43)</b>	
Diluted weighted average number of shares in issue ('000)	863 053	863 053	
<b>Diluted headline loss per share (cents)</b>	<b>(0.95)</b>	<b>(0.43)</b>	
<b>14. Cash used in operations</b>			
Loss before taxation	(8 132)	(3 684)	
<b>Adjustments for:</b>			
Finance costs	1 756	842	
Impairment loss (reversal)	2 838	-	
<b>Changes in working capital:</b>			
Trade and other receivables	41	241	
Trade and other payables	1 141	(205)	
	<b>(2 356)</b>	<b>(2 806)</b>	
<b>15. Changes in liabilities arising from financing activities</b>			
<b>Reconciliation of liabilities arising from financing activities - 2019 - R'000</b>			
	<b>Opening balance</b>	<b>Interest</b>	<b>Cash flows proceeds</b>
Other financial liabilities	6 994	1 716	5 290
			<b>Closing balance</b>
			14 000
<b>Reconciliation of liabilities arising from financing activities - 2018 - R'000</b>			
	<b>Opening balance</b>	<b>Interest</b>	<b>Cash flows proceeds</b>
Other financial liabilities	3 324	842	2 828
			<b>Closing balance</b>
			6 994
<b>16. Segment information</b>			
No segment information is presented as the group did not conduct any operations during this financial year.			
<b>17. Related parties</b>			
<b>Relationships</b>			
Subsidiaries	Western Utilities Corporation Proprietary Limited Octavovox Proprietary Limited		
Shareholder with significant influence	Armadale Capital Plc AfrAsia Special Opportunities Fund Proprietary Limited Four Oaks Proprietary Limited Trinity Asset Management Proprietary Limited		
Corporate advisor	Questco Proprietary Limited		
Prescribed officers	None		
Members of key management	There are no employees other than the directors		
<b>Related party balances</b>			
<b>Amounts included in trade payables regarding related party</b>			
MCubed Holdings Limited		-	(50)
KAG Trust		137	114



# NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 28 February 2019

	2019 R '000	2018 R '000		
<b>17. Related parties (continued)</b>				
<b>Related party transactions</b>				
<b>Legal fees paid to related party</b>				
A Collins	255	240		
<b>Consulting fees paid to related party</b>				
MCubed Holdings Limited	-	400		
<b>18. Financial instruments and risk management</b>				
<b>Categories of financial instruments</b>				
<b>Categories of financial assets</b>				
<b>2019 - R'000</b>				
	Note(s)	Amortised cost	Total	Fair value
Cash and cash equivalents	5	107	107	107
<b>2018 - R'000</b>				
	Note(s)	Amortised cost	Total	Fair value
Cash and cash equivalents	5	52	52	52
<b>Categories of financial liabilities</b>				
<b>2019 - R'000</b>				
	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	8	2 031	2 031	2 031
Other financial liabilities	9	14 000	14 000	14 000
		<b>16 031</b>	<b>16 031</b>	<b>16 031</b>
<b>2018 - R'000</b>				
	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	8	1 045	1 045	1 045
Other financial liabilities	9	6 994	6 994	6 994
Bank overdraft	5	1	1	1
		<b>8 040</b>	<b>8 040</b>	<b>8 040</b>





# NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 28 February 2019

## 18. Financial instruments and risk management (continued)

### Pre tax gains and losses on financial instruments

#### Gains and losses on financial liabilities

#### 2019 - R'000

	Note(s)	Amortised cost	Total
<b>Recognised in profit or loss:</b>			
Finance costs	11	(1 716)	(1 716)

#### 2018 - R'000

	Note(s)	Amortised cost	Total
<b>Recognised in profit or loss:</b>			
Finance costs	11	(842)	(842)

### Capital risk management

The group's capital management objectives are to ensure the MRI Group's ability to continue as a going concern and to provide an adequate return to shareholders from the capital projects in chrome mining industry. The MRI Group monitors capital through the optimization of the debt and equity balance. The capital structure of the MRI Group consists of borrowings and equity. The directors review capital structure on a regular basis. As part of these reviews the costs of capital and the risk associated with each class of capital is considered.

### Financial risk management

#### Credit risk

Credit risk is managed on a group basis. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Deposits and cash balances are maintained by the Standard Bank of South Africa.

		2019 R'000			2018 R'000		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Short term loan	3	2 838	(2 838)	-	-	-	-
Cash and cash equivalents	5	107	-	107	52	-	52
		<b>2 945</b>	<b>(2 838)</b>	<b>107</b>	<b>52</b>	<b>-</b>	<b>52</b>



# NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 28 February 2019

## 18. Financial instruments and risk management (continued)

### Liquidity risk

Ultimate responsibility for liquidity risk management is with management, which has established an appropriate framework for the management of the group's requirements. The group manages liquidity risk by continuously monitoring forecasts and actual cash flows. The liquidity risk is fully discussed in Note 21 on Going Concern.

The Gamsy Trust was secured as an investor in MRI, and the Trust provided a working capital facility to fund operations and transaction costs. Both the Gamsy Family Trust and Growth Equities loans were subordinated to maintain the liquidity and solvency position of the company.

The table below analyses the MRI Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### 2019 - R'000

		Less than 1 year	Total	Carrying amount
Trade and other payables	8	2 031	2 031	2 031
Other financial liabilities	9	14 000	14 000	14 000
		<b>16 031</b>	<b>16 031</b>	<b>16 031</b>

#### 2018 - R'000

		Less than 1 year	Total	Carrying amount
Trade and other payables	8	1 045	1 045	1 045
Other financial liabilities	9	6 994	6 994	6 994
Bank overdraft	5	1	1	1
		<b>8 040</b>	<b>8 040</b>	<b>8 040</b>

### Interest rate risk

The group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. During the year, the group's borrowings at variable rate were denominated in the Rand.

At 28 February 2019, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post tax loss for the year would have been R 100 800 (2018: R 50 358) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.



# NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 28 February 2019

## 19. Directors' emoluments

### Executive

#### 2019 - R'000

	Emoluments	Consulting fees	Total
MJ Miller (Chief Executive Officer)	1 516	-	1 516
A Collins (Independent Non-Executive Director)	-	255	255
	<b>1 516</b>	<b>255</b>	<b>1 771</b>

#### 2018 - R'000

	Emoluments	Total
RM Tait (Non-Executive Chairman)	400	400
N Preston (Financial Director)	328	328
MJ Miller (Chief Executive Officer)	925	925
	<b>1 653</b>	<b>1 653</b>

Remuneration paid to all executive directors is based on their individual service contract with the company. There were no other director's benefits in the 2019 and 2018 financial year apart from executive salaries, non-executive fees to directors. No directors fees were paid to non-executive directors in 2019. There are no prescribed officers and no key management other than the directors.

## 20. Subsidiaries

MRI holds 100% of the shares in WUC. WUC invested in the AMD project.

WUC holds 50% of the total share capital of Prodiflex Coal which has access to and the right to distribute the binding material used in the production of briquettes. As the holding satisfies the following conditions of control, Prodiflex Coal is accounted for as a subsidiary;

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect the amount of the investor's returns.

The commercial arrangement is that the holding company makes all the financial and operating decisions.

WUC holds 100% of the total share capital of Octavovox which owns the rehabilitation and processing rights to process coal fines. The entity is dormant.

### Partly-owned subsidiary

Prodiflex is immaterial in the operating activities of the group.





# NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS continued

for the year ended 28 February 2019

## 21. Going concern

The directors believe that the group has access to adequate resources to continue as a going concern for the foreseeable future and accordingly the consolidated financial statements have been prepared on a going concern basis. Whilst MRI operated as a cash shell throughout the current financial year, the directors worked at reducing all corporate costs whilst pursuing the acquisition of Langpan Mining Co Proprietary Limited. The directors have 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. The Gamsy Family Trust was secured as an investor in MRI, and the Trust provided a working capital facility to fund operations and transaction costs. Both the Gamsy Family Trust and Growth Equity loans were subordinated to maintain the liquidity and solvency position of the group.

On the 9 October 2019, MRI signed a share purchase agreement to acquire all of the issued shares of Langpan Mining Co Proprietary Limited. Langpan Mining Co Proprietary Limited owns chrome Plant and Infrastructure and has entered into an agreement to acquire the relevant Mining Right. Subject to the approval of MRI shareholders in a General Meeting, MRI will pay R550 million by way of a share swap which will result in MRI issuing 137.5 billion new MRI shares at an issue price of 0.4 cents per consideration share. Save for MRI having to obtain JSE approval to lift its suspension, the conditions precedent in the share purchase agreement are standard for a transaction of this nature. The acquisition will ensure that MRI ceases to exist as a cash shell and as such will continue operating as a mining investment company which further strengthens the going concern assumption.

We draw attention to the fact that at 28 February 2019, the group had accumulated losses of R 104 million and that the group's total liabilities exceed its assets by R 16 million. Although MRI has entered into a share purchase agreement to acquire all of the issued shares of Langpan Mining Co Proprietary Limited, there remains material uncertainty that the group can continue as a going concern because of certain conditions precedent requiring being met prior to the successful completion of the transaction. The details of the transaction will be contained in a circular to MRI shareholders setting out the conditions precedent which include JSE approval to lift MRI's suspension and legal, regulatory and governance conditions standard for a transaction of this nature. The directors are confident in being able to meet such conditions.

## 22. Events after the reporting period

Other than the transaction detailed below, the directors are not aware of any other material events that have occurred after the reporting date and up to the date of this report.

On the 9 October 2019, MRI signed a share purchase agreement to acquire all of the issued shares of Langpan Mining Co Proprietary Limited. Langpan Mining Co Proprietary Limited owns chrome Plant and Infrastructure and has entered into an agreement to acquire the relevant Mining Right. Subject to the approval of MRI shareholders in a General Meeting, MRI will pay R550 million by way of a share swap which will result in MRI issuing 137.5 billion new MRI shares at an issue price of 0.4 cents per Consideration Share. On 8 October 2019, Langpan Mining Co Proprietary Limited signed funding and offtake agreements in relation to future operations in order to acquire, optimise and increase mining operations and thus stabilise Langpan Mining Co through to steady state of production.

The Langpan orebody consists of 3.1 Mt of open cast resource and over 4.9 Mt of underground resource, as confirmed by MSA Competent Persons report, dated 2015. The chrome wash plant (which comprises part of the Plant and Infrastructure) has an Operating Feed Capacity of 28 ktpm, which can produce approximately 17 ktpm of chrome concentrate graded 42% to 44% chrome, from mining ore (excluding tailings) if the plant operates at an average yield of 60%. The Langpan Farm orebody has a PGM (6E) in situ grade of 1.6 g/t which will result in a net grade of 2.95g/t post chrome beneficiation. The full Resource and Reserve statement in relation to the Langpan orebody will be contained in a circular to MRI shareholders setting out the details of the proposed transaction.



# ANALYSIS OF SHAREHOLDERS

at 28 February 2019

## 1. Shareholders holding more than 5 % of the share capital

	No. of shares	% Holding
PSL Client Safe Custody Asset Account	277 384 665	32.14
Growth Equities (Pty) Ltd	162 912 103	18.88
Stellar Capital Partners Ltd	124 113 320	14.38
	564 410 088	65.40

## 2. Shareholder spread

	No. of shareholders	No. of shares	% Holding
Directors/Associates	4	5 252 000	0.61
Public	622	630 406 891	73.04
Non-Public	2	45 544	0.005
PSL Client Safe Custody Asset Account	1	227 348 665	26.34
	629	863 053 100	100

## 3. Categories of shareholders

Individuals	584	224 602 042	26.02
Nominees and trusts	14	29 841 391	3.46
Close corporations	4	969 500	0.11
Companies, financial institutions and other institutions	27	607 543 090	70.39
	629	863 053 100	100

## 4. Size of shareholding

0 – 1 000	72	40 574	0.005
1 001 – 5 000	68	200 339	0.02
5 001 – 100 000	245	9 900 109	1.15
100 001 – 1 000 000	182	61 795 538	7.16
1 000 001 and over	62	791 116 540	91.66
	629	863 053 100	100



# NOTICE OF ANNUAL GENERAL MEETING

**MINE RESTORATION INVESTMENTS LIMITED**  
 (Registration Number 1987/004821/06)  
 ("MRI" or "the Company" or "the Group")  
 Share code: MRI ISIN: ZAE000164562



Mine Restoration  
 INVESTMENTS LIMITED

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the annual general meeting of shareholders of the Company will be held in the boardroom of 51 West Street, Houghton at 14:00 on 4 December 2019 (the "AGM"), to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out below.

Shareholders entitled to attend and vote at the AGM, may in terms of section 58 of the Companies Act, appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the Company.

### Electronic Participation at the AGM

The Company will make provision for shareholders, or their proxies, to participate in the AGM by way of electronic communication. Should you wish to participate in the AGM by way of electronic communication, you will need to contact the Company at [mike@unearthinternational.com](mailto:mike@unearthinternational.com) (contact person: Mike Miller) by Tuesday, 26 November 2019, so that the Company can provide for a teleconference dial-in facility. Please ensure that if you are participating in the AGM via a teleconference facility that the voting proxies are sent through to the company secretary, Neil Esterhuysen & Associates Incorporated.

The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder.

### Record dates

In in terms of section 59(1) of the Companies Act, the following dates apply to the AGM:

	<b>2019</b>
Record date for determining those shareholders entitled to receive the notice of AGM	Fri, 25 Oct
Last day to trade in order to be eligible to participate and vote at the AGM	Tue, 26 Nov
Record date to determine eligible shareholders who may attend, speak and vote at the AGM	Fri, 29 Nov

Section 63(1) of the Companies Act requires that a person wishing to participate in the AGM (including any representative or proxy) must provide satisfactory identification (such as identity documents, driver's licenses or passports) before they may attend or participate at such AGM.

### Voting thresholds

For the purpose of approving the ordinary resolutions, other than ordinary resolution number 4, the support of more than 50% of the voting rights exercised by shareholders present and in person, or represented by proxy, at the AGM is required.

For the purposes of approving the special resolutions, the support of at least 75% of the total number of votes, which the shareholders present or represented by proxy at the AGM are entitled to cast, is required.





# NOTICE OF ANNUAL GENERAL MEETING continued

## BUSINESS OF THE MEETING

### Report from the Social and Ethics Committee:

In accordance with Regulation 43(5)(c) of the Companies Act, the chairman of the Social and Ethics Committee, or in his absence, any member of that Committee, will present the Committee's report to the shareholders at the AGM.

### Presentation of the Annual Financial Statements:

The consolidated audited financial statements of the Company (as approved by the board of directors of the Company), incorporating the reports of the external auditors', the audit and risk committee and the directors for the year ended February 2019, have been distributed and accompany this notice as required and are accordingly presented to shareholders for consideration.

The complete annual financial statements are set out on pages 19 to 38 of the 2019 Annual Report, of which this notice forms part, copies of the Annual Report having been distributed to all shareholders who have requested copies thereof. The Integrated Report is also available on the company's website: <http://minerestoration.co.za/sens-announcements>

### Any matters raised by shareholders, with or without advance notice to the Company:

As per Section 61(8)(d) of the Companies Act, any matters raised by shareholders, with or without advance notice to the Company must be considered.

### Ordinary resolution number 1 – ratification of director's appointment and re-election of directors:

Ulrich Bester was appointed as an Executive Director since the end of the last accounting period and his appointment must be ratified by shareholders.

#### Ordinary resolution number 1.1:

"RESOLVED that the appointment on 29 August 2018 of Ulrich Bester as an Executive Director of the Company be and is hereby ratified."

Ulrich is a qualified mining engineer with an MDP (Wits) and a MComm in Mining Finance (University of Johannesburg), providing him with a unique combination of financial and mining expertise. Ulrich has been working in the mining industry for the last 22 years and was, until recently, employed as a senior mining consultant for DRA Global. Ulrich is a registered professional engineer (No. 20160063) and member of South African Institute of Mining and Metallurgy (No. 702993).

Chris Roed and Syd Caddy retire by rotation in terms of the Company's Memorandum of Incorporation ("MOI"), and being eligible, offer themselves for re-election as directors of the Company. Accordingly, shareholders are required to consider and, if deemed fit, approve the separate ordinary resolutions set out below:

#### Ordinary resolution number 1.2:

"RESOLVED that the re-election of Chris Roed as an independent non-executive director of the Company be and is hereby approved."

Chris is a water/civil engineer with more than 20 years of experience and specialises in water and wastewater engineering, as well as conventional civil engineering. Chris holds a BSc (Civ) Eng degree and a post graduate diploma on Engineering from the University of Cape Town, a post graduate diploma in Sanitary Engineering from the IHE in The Netherlands and has completed Advanced Wastewater Treatment studies at the University of Cape Town. Chris is also a registered professional engineer with the Engineering Council of South Africa. Chris gained experience while working for the City of Cape Town Waterworks Department (7 years), Arcus Gibb Consulting Engineers water department (8 years), and Watermark Consulting Engineers (6 years) and now owns C-T-P Consulting Engineers on the West Coast of South Africa. Experience includes water and wastewater treatment and infrastructure design, process design, affiliated mechanical and electrical engineering, energy efficiency, and renewable energy.



## NOTICE OF ANNUAL GENERAL MEETING continued

### Ordinary resolution number 1.3:

**"RESOLVED** that the re-election of Syd Caddy as an independent non-executive director of the Company be and is hereby approved."

Syd has more than 40 years' of South African gold, uranium and base metal experience in both shallow and ultra-deep level mining environments. He has carried the General Manager appointments for numerous mines, including those of Consulting Engineer, Chief Operating Officer and Managing Director. He is currently the CEO at JSE listed Bauba Platinum Limited. Syd is a registered Professional Engineer, and a Fellow of both the Southern African and Australian Institutes of Mining and Metallurgy. He is also a Past President of The Association of Mine Managers.

### Ordinary resolution number 2 – re-appointment of auditors:

**"RESOLVED** that the re-appointment of Grant Thornton, Registered Auditors, upon the recommendation of the current Audit and Risk Committee, as independent auditors of the Company, with Jacques Barradas as the designated auditor, be and is hereby approved."

### Ordinary resolution number 3 – re-appointment of members of the Audit and Risk Committee for the year ending 28 February 2019:

Shareholders are required to consider and, if deemed fit, approve the separate ordinary resolutions set out below:

#### Ordinary resolution number 3.1:

**"RESOLVED** that, subject to the approval of ordinary resolution number 1.2, the appointment of Chris Roed as a member and Chairman of the Audit and Risk Committee until the conclusion of the next annual general meeting of the Company, be and is hereby approved."

#### Ordinary resolution number 3.2:

**"RESOLVED** that, subject to the approval of ordinary resolution number 1.3, the appointment of Syd Caddy as a member of the Audit and Risk Committee until the conclusion of the next annual general meeting of the Company, be and is hereby approved."

#### Ordinary resolution number 3.3:

**"RESOLVED** that the appointment of Quinton George as a member of the Audit and Risk Committee until the conclusion of the next annual general meeting of the Company, be and is hereby approved."

Quinton is a registered financial advisor with the Securities Institute of London. He has been the CEO of MCubed Holdings since 15 December 2010, an unlisted public investment company. MCubed Holdings also consults within different sectors regarding capital raising and strategic growth opportunities.

Between 2000 and 2013, Quinton managed a resource-focused asset management company, Trinity Asset Management. Trinity was a founding shareholder in MRI in 2011 but has not been a shareholder since divesting its interest in MRI in 2014. Quinton has a track record of identifying smaller, often overlooked and undervalued resource investments in both the precious metal and energy space.

### Ordinary resolution number 4 – authority to issue shares for cash:

**"RESOLVED** that the board of directors of the Company be and they are hereby authorised by way of a general authority, to issue all or any of the authorised but unissued equity securities in the capital of the Company for cash, as and when they, in their discretion, deem fit, subject to the Companies Act, the MOI and the JSE Limited Listings Requirements ("JSE Listings Requirements"), when applicable and which authority will be valid until the Company's next annual general meeting or for 15 months from the date on which this resolution is passed, and subject to the following:

- the equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;



## NOTICE OF ANNUAL GENERAL MEETING continued

- the allotment and issue of equity securities must be made to persons qualifying as public shareholders and not to related parties, as defined in the JSE Listings Requirements;
- the aggregate number of equity securities which may be issued for cash in terms of this authority may not exceed 431,428,300 equity securities, being 50% of the Company's listed equity securities of 862,856,600 as at the date of notice of this AGM, provided that:
  - any equity securities issued under this authority during the period contemplated herein must be deducted from such number; and
  - in the event of a sub-division or consolidation of issued equity securities during the period contemplated prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- the maximum discount at which the equity securities may be issued is 10% of the weighted average traded price on the JSE of such equity securities over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities; and
- after the Company has issued equity securities for cash in terms of an approved general issue for cash representing, on a cumulative basis within the period contemplated, 5% or more of the number of securities in issue prior to that issue, the Company shall publish an announcement containing full details of the issue, including the number of securities issued, the average discount to the weighted average trade price of the securities over the 30 business days prior to the date that the issue is agreed in writing and an explanation, including supporting documentation (if any), of the intended use of the funds."

### Voting requirement in terms of the JSE Listings Requirements:

In terms of the JSE Listings Requirements, the minimum percentage of voting rights required for ordinary resolution number 4 to be adopted is more than 75% of the voting rights exercised by shareholders present or represented by proxy at the AGM.

### Ordinary resolution number 5- non-binding advisory votes:

#### Ordinary resolution 5.1

"**Resolved that**, the Company's remuneration policy, as reflected on page 5 of this Annual Report, be endorsed, by way of a non-binding advisory vote, in terms of King IV, on the same basis as set out in the audited annual financial statements, proposed as being reasonable by the Remuneration Committee of the Company."

#### Ordinary resolution 5.2

"**Resolved that**, the implementation report as set out on page 5 of this Annual Report be and is hereby endorsed through a non-binding advisory vote as recommended in terms of King IV".

Note: The King Report on Corporate Governance recommends that the Company's remuneration policy and implementation report be tabled for a non-binding advisory vote at each AGM. Failure to pass this resolution will not have legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when assessing the Company's remuneration policy going forward, and will, in the event that either the remuneration policy or the implementation report, or both, have been voted against by 25% or more of the voting rights exercised by shareholders, provide dissenting shareholders with information as to how to engage with the Company in regard to this matter as well as to the timing of such engagement.



## NOTICE OF ANNUAL GENERAL MEETING continued

### Special resolution number 1 – general authority for the Company to purchase its own securities:

“RESOLVED as a special resolution, that the directors of the Company be and are hereby authorised by way of a renewable general mandate which shall be valid until the earlier of the next annual general meeting of the Company or 15 months from the date of passing of this resolution, for purposes of sections 46 and 48 (read with sections 114 and 115) of the Companies Act, to approve the purchase by the Company of its own securities, and/or to approve the purchase by any of the Company’s subsidiaries of the securities in the Company, from any person on such terms and conditions and in such numbers as the directors of the Company or subsidiary may from time to time determine, subject to the applicable requirements of the MOI, the Companies Act and/or the JSE Listings Requirements, subject to the following:

- the repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);
- repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;
- at any point in time, the Company may only appoint one agent to effect any repurchase on the Company’s behalf;
- the board of directors authorises the repurchase and that it has resolved that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that from the time that the test is applied, there have been no material changes to the financial position of the group;
- repurchases shall not, in the aggregate in any one financial year exceed 20% of the Company’s issued share capital of that class;
- neither the Company nor its subsidiaries may repurchase securities during a prohibited period, as defined in the JSE Listings Requirements, unless a repurchase programme is in place in terms of which the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of which programme have been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company will be required to instruct an independent third party, which makes its investment decisions in relation to the Company’s securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE; and
- an announcement, containing the information required by the JSE Listings Requirements, will be published on SENS as soon as the Company or any of its subsidiary companies have acquired securities constituting, on a cumulative basis, 3% of the number of securities in issue and for each 3% in aggregate of the initial number acquired thereafter.

This authority will only be utilised to the extent that the directors, after considering the maximum effect of such repurchase, for a period of at least 12 months after the date of notice of the AGM are of the opinion that:

- the Company and the group will be able to repay their debts in the ordinary course of business;
- the assets of the Company and the group, fairly valued according to International Financial Reporting Standards and on a basis consistent with the last financial year of the company, exceed its liabilities;





## NOTICE OF ANNUAL GENERAL MEETING continued

- the Company and the group have adequate share capital and reserves for ordinary business purposes; and
- the Company and the group have sufficient working capital for ordinary business businesses.”

### Additional disclosure requirements in respect of special resolution number 1 in terms of the JSE Listings Requirements:

#### Material changes:

Other than what has been noted in the various SENS announcements, no additional material changes have occurred since the end of the last financial period, being 28 February 2019, and the date of this notice of AGM.

Other disclosures in terms of the JSE Listings Requirements are contained in the Annual Report as follows:

- Major shareholders Page 39
- Share capital of the Company Page 30
- Directors' responsibility statement Page 11

### Special resolution number 2 – approval of non-executive directors' fees:

“**RESOLVED** as a special resolution, that:

- the Company be and is hereby authorised to pay remuneration to its directors for their services as directors, as contemplated in section 66(8) and 66(9) of the Companies Act; and
- the remuneration structure and amounts as set out below, be and are hereby approved until such time as rescinded or amended by shareholders by way of a special resolution:

Proposed fee for meetings:	2019/ 2020
Board members	
Chairman	R10,000
Member	R10,000
Combined Audit and Risk Committee	
Chairman	R10,000
Member	R10,000
Combined Remuneration and Nomination Committee	
Chairman	R10,000
Member	R10,000
Combined Social and Ethics Committee	
Chairman	R10,000
Member	R10,000

### Special resolution number 3 – financial assistance for subscription of securities:

“**RESOLVED** as a special resolution that, as a general approval, subject to the Company's MOI and in terms of section 44 of the Companies Act, the shareholders of the Company hereby approve of the Company providing financial assistance by way of a loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or the subscription any securities issued or to be issued, or for the purchase of any securities by the Company or a related or inter-related company, provided that:

- the particular provision of financial assistance is pursuant to an employee share scheme that satisfies the requirements of section 97 of the Companies Act or pursuant to a special resolution of the shareholders adopted within the previous 2 years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients; and



## NOTICE OF ANNUAL GENERAL MEETING continued

- the board is satisfied that immediately after providing such financial assistance, the Company would satisfy the solvency and liquidity test and the terms under which the financial assistance is proposed are fair and reasonable to the Company."

### **Special resolution number 4 – authority to provide financial assistance to any company or corporation which is related or inter-related to the Company:**

"**RESOLVED** as a special resolution that, as a general approval, subject to the Company's MOI and in terms of section 45(3)(a)(ii) of the Companies Act, the Company may provide any direct or indirect financial assistance ("financial assistance" will have the meaning attributed to it in section 45(1) of the Companies Act) to any related or inter-related company or to any juristic person who is a member of or related to any such company/ies ("related" and "inter-related" will have the meaning attributed thereto in section 2 of the Companies Act), subject to compliance with the remainder of section 45 of the Companies Act, as the board of directors of the Company may deem fit and on the terms and conditions, to the recipient/s, in the form, nature and extent and for the amounts that the board of directors of the Company, may determine from time to time."

To transact such other business as may be required at an annual general meeting.

### **Voting and proxies:**

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend and vote at the AGM, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. To assist with administration, it is requested that forms of proxy be submitted so as to reach the Transfer Secretaries no later than 14:00 on Monday, 2 December 2019 ("Relevant Time"). If Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend and vote at the AGM do not deliver forms of proxy to the Transfer Secretaries by the Relevant Time, such shareholders will nevertheless at any time prior to the commencement of the voting on the resolutions at the AGM be entitled to lodge the form of proxy in respect of the AGM with the chairperson of the AGM. Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such member holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every share held or represented by that shareholder. On a poll taken at any such meeting a shareholder entitled to more than one vote need not, if he votes, use all of his votes, or cast all the votes he uses in the same way.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own-name registration, should contact their CSDP or Broker in the manner and by the time stipulated in the agreement entered into between them and their CSDP or Broker:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the AGM, to obtain the necessary Letter of Representation to do so.



## NOTICE OF ANNUAL GENERAL MEETING continued

Alternatively, should they not wish to attend the meeting, they should provide their CSDP/ broker with their voting instruction.

By order of the board

Neil Esterhuysen & Associates Inc.  
Company Secretary

Centurion  
5 November 2019

Registered office

1<sup>st</sup> Floor, St James Office Park  
76 Concorde Road East  
Bedfordview, 2008  
(PO Box 1823, Bedfordview, 2007)

Transfer Secretaries

Computershare Investor Services Proprietary  
Limited  
2nd Floor, Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196  
(PO Box 61051, Marshalltown, 2107)



## EXPLANATORY NOTES TO THE ANNUAL GENERAL MEETING

### Ordinary resolutions number 1 – rotation / appointment of directors

In accordance with the Companies Act, the JSE Listings Requirements and the Company's MOI, the appointment of a director during the financial year must be confirmed by shareholders at the next AGM. In accordance with the Company's MOI, one-third of the non-executive directors are required to retire at each annual general meeting and may offer themselves for re-election.

### Ordinary resolution number 2 – re-appointment of auditors

Grant Thornton have confirmed that they are willing to continue in office and this resolution proposes the re-appointment of that firm as the Company's auditors for the ensuing year. Section 90(3) of the Companies Act requires the designated auditor to meet the criteria set out in section 90(2) thereof. The Board is satisfied that both Jacques Barradas and the designated auditor meet all relevant criteria and, on the recommendation of the Audit and Risk Committee, proposed that Grant Thornton be re-appointed.

### Ordinary resolution number 3 – appointments to the Audit and Risk Committee

At each annual general meeting, a public company must, in terms of section 94(2) of the Companies Act, elect an audit committee comprising at least 3 members who are non-executive directors and who meet the criteria set out in section 94(4) of the Companies Act. Regulation 42 to the Companies Act specifies that one-third of the members of the audit committee must have appropriate academic qualifications or experience in the areas as set out in that Regulation. The King IV Code, however, recommends that appointees to an audit committee should be independent non-executive directors and accordingly the directors proposed for appointment to the Audit and Risk Committee are all independent non-executive directors.

### Ordinary resolution number 4 – general authority to issue shares for cash

In terms of the Companies Act, directors are authorised to allot and issue the unissued shares of the Company unless otherwise provided in the Company's MOI or in the instances as set out in section 41 of the Companies Act. The JSE has certain requirements relating to the issue of shares for cash and these are set out in this resolution.

In terms of the JSE Listings Requirements, this resolution requires the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at the Annual General Meeting in order to become effective.

### Ordinary resolution number 5 – endorsement of the Company's remuneration policy and implementation report

King IV recommends that every year the Company's remuneration be disclosed in three parts, namely:

- a background statement;
- an overview of the remuneration policy; and
- an implementation report,

and that shareholders be requested to pass separate non-binding advisory votes on the policy and the implementation report at the AGM.

Voting on the above two resolutions enables shareholders to express their views on the Remuneration Policy adopted and on its implementation.

The Remuneration Committee prepared and the board considered and accepted the Remuneration Policy and Implementation Report thereon, as set out in the 2019 Integrated Report.





## EXPLANATORY NOTES TO THE ANNUAL GENERAL MEETING continued

The Remuneration Policy also records the measures the Board will adopt in the event that either the Remuneration Policy or the Implementation Report, or both, are voted against by 25% or more of the voting rights exercised by shareholders. In such event, the Company will, in its announcement of the results of the AGM, provide dissenting shareholders with information as to how to engage with the Company in regard to this matter and the timing of such engagement.

### **Special resolution number 1 – general authority to repurchase shares**

Section 48 of the Companies Act authorises the board to approve the acquisition of the Company's own shares subject to the provisions of sections 46 and 48 of the Companies Act being met. The JSE has certain requirements relating to such repurchases and these are set out in this resolution. At this stage, the directors do not have any specific intentions to utilise this general authority.

### **Special resolution number 2 – directors' remuneration**

Section 66(8) of the Companies Act states that a Company may pay remuneration to its directors for their services as directors, unless otherwise provided in the Company's MOI, and on approval by shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but are remunerated as employees of the Company and accordingly the resolution sets out the remuneration to be paid to non-executive directors.

### **Special resolution number 3 – financial assistance for the subscription of securities**

Section 44 of the Companies Act requires that shareholders approve the provision of financial assistance to any person for the purpose of, or in connection with, the subscription for any option or securities issued or to be issued by the Company or a related or inter-related company.

### **Special resolution number 4 – financial assistance to related and/or inter-related companies**

Section 45(2) of the Companies Act authorises the board to provide direct or indirect financial assistance to a related or inter-related company, subject to subsections 3 and 4 of section 45 of the Companies Act unless otherwise provided for in the Company's MOI. The main purpose of this resolution is to approve the granting of inter-company loans as well as granting letters of support and guarantees to subsidiaries in appropriate circumstances and avoids the necessity of referring individual instances to shareholders for approval.





# FORM OF PROXY

MINE RESTORATION INVESTMENTS LIMITED  
 Incorporated in the Republic of South Africa  
 (Registration number 1987/004821/06)  
 JSE code: MRI  
 ISIN: ZAE000164562  
 ("MRI" or "the Company")



Mine Restoration  
 INVESTMENTS LIMITED

## FORM OF PROXY

To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only.

For use in respect of the Annual General Meeting to be held at 51 West Street, Houghton at 14:00 on 30 August 2019.

Shareholders who have dematerialised their shares with a CSDP or Broker, other than with own-name registration, must arrange with the CSDP or Broker concerned to provide them with the necessary Letter of Representation to attend the Annual General Meeting or the shareholders concerned must instruct their CSDP or Broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or Broker concerned.

I/We (full name in block letters)

of (address) \_\_\_\_\_

Telephone (work) ..... (home)..... Mobile .....

Email address: .....

being the holder(s) of ..... ordinary shares in the Company, appoint (see note 1):

1. ....or failing him,
2. ....or failing him,
3. the chairman of the Annual General Meeting,

as my/our proxy to act on my/our behalf at the Annual General Meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):



# FORM OF PROXY continued

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
Ordinary resolution number 1.1 – Ratification of the appointment of Ulrich Bester as an executive director			
Ordinary resolution number 1.2 - Re-election of Chris Roed as a non-executive director			
Ordinary resolution number 1.3 - Re-election of Syd Caddy as an independent non-executive director			
Ordinary resolution number 2 - Re-appointment of Grant Thornton as the Company’s auditors and Jacques Barradas as the designated auditor			
Ordinary resolution number 3.1 - Appointment of Chris Roed as a member and chairman of the Audit and Risk Committee			
Ordinary resolution number 3.2 - Appointment of Syd Caddy as a member of the Audit and Risk Committee			
Ordinary resolution number 3.3 - Appointment of Quinton George as a member of the Audit and Risk Committee			
Ordinary resolution number 4 - General authority to issue shares for cash			
Ordinary resolution number 5.1 - Non-binding advisory endorsement of the Company’s remuneration policy			
Ordinary resolution number 5.2 – Non-binding advisory endorsement of the Company’s remuneration implementation report			
Special resolution number 1 - General authority for the Company to purchase its own securities			
Special resolution number 2 - Approval of non-executive directors’ fees			
Special resolution number 3 - General authority to provide financial assistance for subscription of securities			
Special resolution number 4 - General authority to provide financial assistance to related and inter-related companies			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable).

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak, and on a poll, vote in place of that shareholder at the Annual General Meeting.

Signed at ..... On .....2019

Signature(s): .....

Capacity: .....

Please read the notes on the reverse side hereof.





## NOTES TO THE FORM OF PROXY

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the general meeting". The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of ordinary shares than he owns in the Company, he should insert the number of ordinary shares held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he deems fit in respect of all of the member's votes exercisable at the Annual General Meeting. A member is not obliged to exercise all of his votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.
4. The chairman of the Annual General Meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
5. Members, who have dematerialised their shares with a CSDP or Broker, other than with own-name registration, must arrange with the CSDP or Broker concerned to provide them with the necessary Letter of Representation to attend the Annual General Meeting or the members concerned must instruct their CSDP or Broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the member and the CSDP or Broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or waived by the chairman of the Annual General Meeting.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the Company.
9. Where there are joint holders of shares:
  - any one holder may sign the form of proxy; and
  - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the Company's register of members, will be accepted.
10. To be valid, the completed forms of proxy must either (a) be lodged so as to reach the Transfer Secretaries by no later than the Relevant Time; or (b) be lodged with the chairperson of the Annual General Meeting prior to the Annual General Meeting so as to reach him by no later than immediately prior to the commencement of voting on the resolutions to be tabled at the Annual General Meeting.
11. The proxy appointment is revocable by the shareholders giving written notice of the cancellation to the Company prior to the Annual General Meeting or any adjournment thereof. The revocation of the proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholders as of the later of: (i) the date stated in the written notice, if any; or (ii) the date on which the written notice was delivered as aforesaid.
12. If the instrument appointing a proxy or proxies has been delivered to the Company, any notice that is required by the Companies Act or the MOI to be delivered by the Company to shareholders must (as long as the proxy appointment remains in effect) be delivered by the Company to: (i) the shareholder; or (ii) the proxy or proxies of the shareholder has directed the Company to do so, in writing and pay it any reasonable fee charged by the Company for doing so.



## SUMMARY OF THE RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE COMPANIES ACT

For purposes of this summary, “shareholder” shall have the meaning ascribed thereto in the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to a decision contemplated in section 60 of the Companies Act.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
3. Except to the extent that the MOI of a company provides otherwise:
  - 3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
  - 3.2. a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - 3.3. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company’s MOI to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the MOI, or the instrument appointing the proxy provide otherwise.



## SUMMARY OF THE RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE COMPANIES ACT continued

9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
  - 9.1. such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - 9.2. the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
  - 9.3. the company must not require that the proxy appointment be made irrevocable; and
  - 9.4. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.









