

GEN – General – Mine Restoration Investments Limited

Censure imposed by the JSE on Mine Restoration Investments Limited (“**Company**” or “**MRI**”)

The JSE hereby informs stakeholders of the following findings in respect of the Company:

Background

1. The trading of MRI’s shares was suspended on 29 July 2016 and remains suspended to date. In September 2018, the Company approved and effected a loan to a related party, Langpan Mining Co Proprietary Limited (“**Langpan**”), amounting to R3 000 000. The loan was unsecured, bearing interest at the prime rate plus 8%. The loan was advanced to Langpan for the purposes of operating expenses in anticipation of a share purchase transaction whereby the Company intended to acquire 100% of the ordinary shares of Langpan.
2. Langpan is partly owned by three directors, Michael Miller and Alistair Collins through their combined shareholding in Disruption Capital Proprietary Limited (“**DCL**”), and Ulrich Bester through his combined shareholding in Kianalily Proprietary Limited (“**Kianalily**”). DCL and Kianalily in turn hold 29.6% and 8.5% of Langpan respectively. As the loan was an agreement between the Company and an associate of the above directors of the Company on 1 September 2018, the loan qualified as a small related party transaction in terms of the JSE Listings Requirements.
3. In terms of paragraph 21.12(b) of the Listings Requirements, when a company considers a small related party transaction, prior to completing the transaction, it is required to comply with paragraph 10.7 in that it should:
 - Inform the JSE in writing of the details of the proposed transaction;
 - Provide the JSE with written confirmation from an independent professional expert that the terms of the transaction are fair as far as shareholders are concerned;
 - Publish details of the proposed transaction on SENS, including a statement that paragraph 10.7(b) has been complied with, that the transaction has been declared to be fair and that the fairness opinion will lie for inspection at the issuer’s registered office for a period of 28 days from the date of the announcement; and
 - Comply with the usual requirements regarding transactions with related parties as per paragraph 10.4, if the independent professional expert states that the transaction is not fair. This requirement envisages, inter-alia, the publication of a detailed circular and approval from shareholders excluding the related parties to the transaction.
4. The Company did not, prior to effecting the loan to Langpan, inform the JSE and the market through SENS of the details of the transaction and provide confirmation that the transaction was fair, as

required. Crucial decisions undertaken by the Company such as related party transactions thus required the JSE and the market to be timeously informed thereof. Furthermore, the Company Secretary was not invited to the board meeting where the directors resolved to provide a loan to the related party and the Designated Advisor was not informed of this transaction after the decision was taken, thereby aggravating the Company's oversight of the applicable Listings Requirements.

5. The Company entered into the related party loan agreement on 1 September 2018 and although it disclosed the loan in its annual financial statements for the year ended 28 February 2019, contrary to the Listings Requirements it only informed the JSE and the market of the terms of the above loan transaction in a SENS announcement published on 6 July 2020. The opinion of the independent professional expert was only published to the market via SENS on 25 March 2021, concluding that the loan provided to Langpan in 2018 was fair. Langpan repaid the loan in full in 2021.

JSE's findings and decision to censure the Company

6. Accordingly and for these reasons, the JSE found the Company to be in breach of paragraph 10.7 read with 21.12(b) of the Listings Requirements for its failure to inform the JSE and publish details of the proposed transaction and the fairness thereof on SENS, prior to completing the transaction in 2018.
7. Issuers have a duty to comply with the Listings Requirements at all times. Compliance with the Listings Requirements is aimed at ensuring investors and potential investors receive relevant and important information timeously to allow investors to make informed decisions; and is simultaneously aimed at investor protection and investor confidence. The Company Secretary and sponsors/designated advisors play a critical role in assisting and guiding issuers in complying with the Listings Requirements and must be consulted, especially on matters which would impact shareholder decisions and shareholder value. SENS announcements must be published timeously and within the required timeframes of the Listings Requirements to ensure that investors and potential investors are made aware of pertinent decisions that are being proposed by an issuer.
8. For these reasons and with reference to the JSE's findings of breach, the JSE has decided to impose this public censure against the Company.

4 November 2021