



MEDR

MIDDLE EAST DIAMOND RESOURCES LTD

**INTEGRATED
ANNUAL
REPORT
2017 – 2020**

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SCOPE AND BOUNDARY

The boundary of our report is the financial reporting entity of Middle East Diamond Resources Limited (previously Sable Metal and Minerals Limited) ("MEDR" or "the Company") and its subsidiaries ("the Group"). The report framework is in line with International Financial Reporting Standards ("IFRS"), the King IV™ Report on Corporate Governance in South Africa 2016 ("King IV™"), the Companies Act of South Africa 2008, Act no 71 of 2008, as amended ("the Companies Act"), and the JSE Listings Requirements. The audited financial statements have been prepared in accordance with IFRS.

This integrated annual report covers the four financial years from 1 March 2017 to 29 February 2020 and should be read as a follow-on of the integrated annual report, published in September 2016, covering MEDR's financial year ended 29 February 2016.

The report aims to provide stakeholders with balanced, accurate and understandable information about the Group's financial, economic, social and environmental performance during the past four years on matters material to its strategy and the Group's ability to create and sustain value in the short and medium term. The priority of the Board is to lift the Company's current suspension on the Johannesburg Stock Exchange and restore value to shareholders.

ASSURANCES AND RESTATEMENT

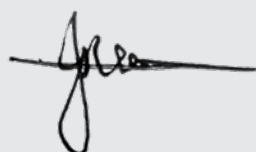
The Group did not receive external assurance on this report, other than from the external auditors in terms of the annual financial statements. Details pertaining to the restatement are disclosed in note 27 on page 80.

FORWARD-LOOKING STATEMENTS

According to the JSE Listings Requirements, forward-looking statements have to be reviewed by the Group's auditors. No forward-looking forecasts have intentionally been included in this report. Certain statements in this report may, however, be perceived as 'forward-looking'. Words such as 'forecasts', 'believes', 'expects', 'intends', 'plans', 'will', 'may', 'should', 'could', 'anticipates', 'estimates', 'seeks', 'continues' or similar expressions or the negative thereof, are typically indicative of forward-looking statements. These statements should not be seen as guarantees of MEDR's future operating, financial or other results and involves certain risks, uncertainties and assumptions. Any forward-looking statements have neither been reviewed nor audited by MEDR's external auditors, Nexia SAB&T.

BOARD APPROVAL

The MEDR Board of Directors acknowledges its responsibility to ensure the integrity of the integrated annual report for the four financial years ended 29 February 2020 and, in the Board's opinion, this report addresses the Group's material issues and presents fairly its integrated performance and its impacts.



James Gordon Allan
Chief Executive Officer

25 November 2020

OUR VALUES

- ◆ Acting with **integrity**
- ◆ Leading with **courage**
- ◆ Serving with **pride**
- ◆ Caring because there is **respect** for one another
- ◆ Growing **shareholder value** through innovation and superior performance

OUR PHILOSOPHY AND PRINCIPLES

- ◆ Our conduct shall at all times conform to the MEDR values
- ◆ We are committed to complying with all applicable legislation and regulations
- ◆ We share, protect and maintain the property and information of MEDR and its stakeholders
- ◆ We shall manage and mitigate all conflicts or perceived conflicts of interests
- ◆ We are committed to fostering and maintaining an equitable and sustainable employer-employee relationship, including the provision of a safe, healthy and productive working environment

CORPORATE PROFILE

MEDR operates in the minerals industry and is seeking to acquire projects at various stages of development.

MEDR was originally listed as Sable Metals and Minerals Limited, as the Company was in the business of acquiring prospecting rights for platinum group metals. Drilling was done on various project areas, but it was found that either the platinum bearing reefs were too deep, or too low in grade, to be economically viable. The Company acquired various prospecting rights for the Vanadium Magnetite Reef on the same properties and the rights of these were sold.

Subsequently, the Company was approached by Middle Eastern investors that wished the Company to acquire various diamond properties in South Africa. The funds to acquire these projects were not forthcoming from the Middle Eastern investors and this strategy was put on hold when trading in the shares of the Company on the Johannesburg Stock Exchange was suspended in December 2016.

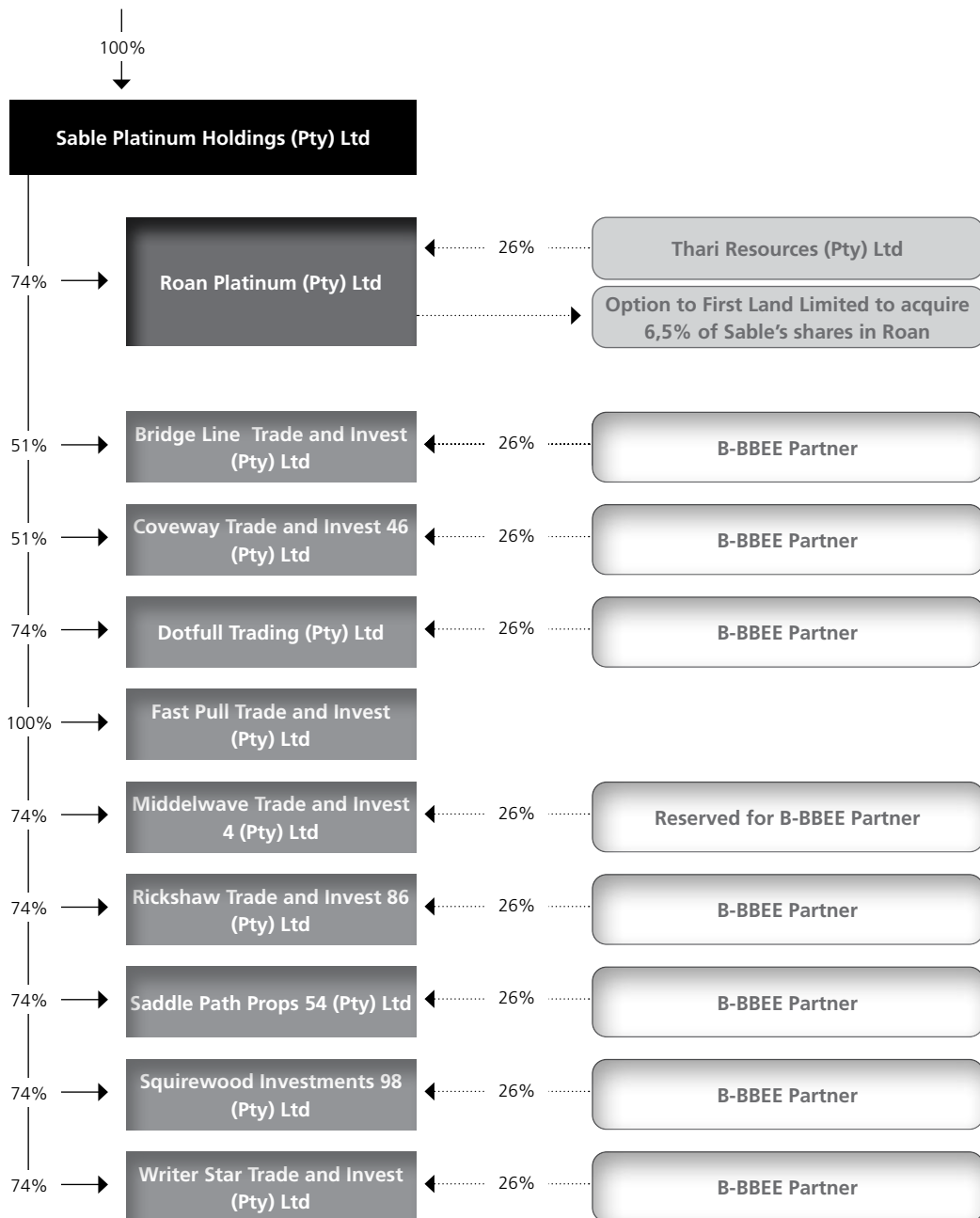
The Company has investigated a number of projects to acquire since 2016. These were either found to be unsuitable for acquisition or negotiations were terminated on a mutual basis. During 2020 discussions have been held with a number of companies and with the largest shareholder. The discussions have culminated in the Company making two acquisitions in the gold sector in Africa, publishing the outstanding annual financial statements and embarking on a rights issue.

SUMMARY OF MINERAL RIGHTS

Company name	% held	Prospecting right reference	Farm name	Minerals	Status
Middelwave Trade and Invest 4 Proprietary Limited	74	LP 30/5/1/1/2/12527PR	Kaalvlakte 416 KQ and Leeuwkopje 415 KQ	Iron Ore, Rutile, Phosphate Ore, Platinum Group Metals, Gold, Chrome, Copper, Nickel and Cobalt	Application made to the Department of Mineral Resources and Energy ("DMRE")
Squirewood Investments 98 Proprietary Limited	74	LP 30/5/1/1/2/10434PR	Portion 2 Leeuwkoppie	Gold, Chrome, Nickel, Copper, Molybdenum, Rare Earths, Silver, Cobalt, Zinc, Lead, Heavy Minerals, Vanadium and Iron	Right granted, subject to provision of R200 000 guarantee
Squirewood Investments 98 Proprietary Limited	74	LP 30/5/1/4/2/1101PR	Farm Einde 420 KQ	Vanadium, Tin, Rutile and Iron Ore	Right granted, subject to provision of R200 000 guarantee
Squirewood Investments 98 Proprietary Limited	74	LP30/5/1/1/2/11032PR	Farm Governements Plaats 417 KQ	Iron, Vanadium, Rutile and Lead	Application accepted and in progress at the DMRE
Squirewood Investments 98 Proprietary Limited	74	LP30/5/1/1/2/11000PR	Farm Witvley 423 KQ	Iron, Vanadium, Rutile and Lead	Right granted, subject to provision of R200 000 guarantee
Fast Pull Trade and Invest Proprietary Limited	74	NW 30/5/1/1/2/1227PR	Farm Bierkraal 120JQ	Iron Ore	Right granted, subject to provision of R200 000 guarantee
Writer Star Trade and Invest Proprietary Limited	74	NW 30/5/1/1/2/546PR	Portions 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 of the farm Sandbult 119 JQ and Portions 1 and 2 of the farm 8 928 JQ	Iron Ore	Application accepted and in progress at the DMRE

The Company is currently not incurring any costs and is effectively dormant, pending a transaction.

MEDR STRUCTURE



CHIEF EXECUTIVE OFFICER'S LETTER

The 2017 financial year started with a great deal of hope for the Company, with the new strategy of pursuing acquisitions in the diamond industry.

On 11 August 2016, the Company announced the acquisition of the operations of Kamfersdam from Blain Capital Solutions Proprietary Limited ("Blain") for a consideration of R14 million, payable through the issue of 40 000 000 (forty million) shares at a price of 35 cents per share. These shares were to be issued in four equal tranches of 10 000 000 (ten million) every six months, provided that the profit after tax for each period was at least R3,45 million. This operation was to be managed by Blain during this two-year period.

The Chief Executive Officer was tasked with identifying a number of diamond acquisition targets and a presentation was made to the Board in early March 2017, wherein a number of targets had been identified requiring an investment of approximately USD50 million. The Chairman requested that this be narrowed down to a number of projects totalling USD20 million and this sum was due to be provided by the Chairman in order to complete the acquisitions.

Unfortunately for the Company, the operations at Kamfersdam did not commence, resulting in the agreement being terminated, and the funds required for the diamond strategy never materialised.

One of the non-executive directors provided some working capital on loan account for the Company. A SWIFT from the Chairman was rejected by Standard Bank, despite a draft of the SWIFT having been sent to the bank for prior approval. No further funding for the Company to pursue the diamond acquisition strategy was forthcoming.

As a result of the shortage of working capital, the Company was unable to publish interim results timeously and trading in the shares was suspended by the Johannesburg Stock Exchange in December 2016.

Steps were taken to reduce expenditure and prevent the Company from going into liquidation.

The 2018 financial year started with trading in the shares being suspended on the Johannesburg Stock Exchange and investigations were made into acquiring suitable cash-generating operations in order to restore the Company to operations and have the suspension lifted by the Johannesburg Stock Exchange.

Several potential acquisitions were investigated and one of them progressed to the stage of drafting a Heads of Agreement between the vendors of a profitable cash-generative operation in the minerals processing area.

Unfortunately, this required some internal restructuring on the part of the target company. This was not achieved, and the minority shareholder ended up acquiring the balance of the shares in the operating company, thereby precluding MEDR from acquiring the operation.

The Company, and Exchange Sponsors (2008) Proprietary Limited, continued to seek potential targets in the minerals industry.

A number of potential targets were identified, including the reverse listing of a company listed on the London AIM market with South African assets, and a company with a large coal deposit in Madagascar. Several of these discussions progressed to Heads of Agreement stage but were terminated before signature.

FUTURE PROSPECTS

After the year ended 29 February 2020, the Company identified an asset in South Africa, which includes a gold dump, and discussions with this company are ongoing but protracted.

As a result of these discussions, it was decided to restructure the share capital and increase the number of authorised shares, do a rights issue, convert debt into equity and raise some working capital.

The shareholders' meeting on 14 August 2020, approving resolutions to consolidate the shares on a 100:1 basis,

CHIEF EXECUTIVE OFFICER'S LETTER

continued

resulted in the issuing of 4 350 872 (four million three hundred and fifty thousand eight hundred and seventy two) shares and the increase of the authorised share capital to 1 500 000 000 (one billion five hundred million) shares.

The Company intends to do a partially underwritten rights issue of R30 000 000 (thirty million rand) (of which R16,3 million has been subscribed and that the CEO, James Allan, has committed to follow his rights of R2,1 million) in order to prepare the annual financial statements, pay outstanding creditors and assist MEDR with future acquisitions.

On the successful conclusion of the rights issue, the Company will follow up with the Department of Mineral Resources and Energy in order to have these applications successfully granted.

At the same time, the Company is continuing to investigate the acquisition of suitable mineral resource assets, both in South Africa and further afield in Africa, to add value to the Company. These include assets at varying stages of development, from exploration to near production, to those in production.

On 9 November 2020, MEDR announced on SENS the acquisition of the Akyanga Gold Resource in the Democratic Republic of Congo. The Akyanga deposit contains a JORC Inferred Resource of 3 million ounces of gold and is being acquired through the issue of USD15 000 000 of shares to the vendor and the original owners of the project. At the same time MEDR will do a capitalisation issue of USD5 000 000 of shares to MEDR shareholders after the rights issue, resulting in a net cost to MEDR shareholders of USD10 000 000. At the same time, the vendor will subscribe for USD500 000 in cash for MEDR shares. This transaction will require a circular and shareholder approval.

On 10 November 2020, MEDR announced on SENS the acquisition of 50% of the issued capital of Stepford Company which holds the prospecting right to 101,22 km² of ground immediately adjacent to the Ahafo Mine in Ghana, owned by Newmont, which produces 650 000 ounces of gold per annum from an open pit operation. The Stepford prospecting area has a significant gold geochemical anomaly which indicates a potential deposit with a width of 800m (meters) over a 3km (kilometers) strike length. MEDR acquires this 50% for a payment of USD100 000 to current shareholders, an investment of USD200 000 into Stepford and a commitment to spend USD3 000 000 on exploration. MEDR is in discussions with strategic partners for this project.

MEDR has embarked on a strategy of acquiring gold assets in Africa that are either in production or near production or have significant resources that could be brought into production in the medium term.

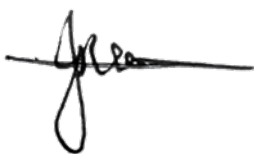
It is anticipated that these acquisitions will encourage investors to provide the necessary funding to develop these projects.

APPRECIATION

We would like to thank the various service providers for their ongoing support during this difficult period and, in particular, Exchange Sponsors for their unwavering support during the various investigations into acquisition targets.

We would like to thank Shenver Investments Proprietary Limited for providing a working capital loan to enable the annual financial statements to be prepared and for the Company to be able to enter into a rights issue.

We are confident that the Company will grow following the successful conclusion of the rights issue.



James Gordon Allan
Chief Executive Officer

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

James Gordon Allan (62)

Chief Executive Officer

BSc (Eng) (Mining); MBA

Appointed: 23 November 2012

James Allan is co-founder and director of Sable Platinum Holdings Proprietary Limited. He has been involved in the mining and financial services industries for the past 38 years. During this time, he has been a partner at Anderson Wilson and Partners, Barnard Jacobs Mellet and became a top-rated diamond analyst. He has started a number of companies in the mining industry. In 2006, he formed Allan Hochreiter Proprietary Limited (with René Hochreiter) and Sable Platinum Mining Proprietary Limited (with René Hochreiter and David Levithan).

Deon Botha (57)

Financial Director (part-time)

CA(SA); Registered auditor

Appointed: 4 November 2020

Deon Botha started his career as a trainee accountant and has fulfilled many roles in the financial and accounting industry at institutions such as Cullinan Holdings Limited, Ecovis ARB and Halewood International South Africa. His broad career path has given him a solid business grounding and escalated to him running his own successful accounting, audit, taxation and consulting practice for the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Sheikh Abdulla Khalfan Humaid Nasser

Independent Non-Executive Chairman

BCom; MBA

Appointed: 29 February 2016

Sheikh Abdulla Khalfan Humaid Nasser holds the degrees BCom and MBA from the Sheik Zayed University of the United Arab Emirates ("UAE"). He was formerly employed as a member of the Ministry of the Interior of the UAE and a senior member of the UAE Police Force. He is currently a real estate developer in the Emirates of Dubai, Sharjah and Ajman. He is in the process of setting up a cutting and polishing works for rough diamonds in the UAE.

Mohamed Said Tinawi (62)

Independent Non-Executive Director

MBA

Appointed: 29 February 2016

Mohamed Said Tinawi holds an MBA degree from the Damascus University of Economic and Commerce, Syria, and is currently a Technical and Commercial Consultant for Lojain Trading and Contracting Company, and a Consultant at Telal Oil Refinery, Saudi Arabia. He is also a Consultant on industrial projects for international companies in the Middle East region. He has in excess of 35 years' experience in the fields of crude oil, petroleum products, trading, virgin and recycled base oil trading.

BOARD OF DIRECTORS

continued

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Charles Philip Mostert (64)*Lead Independent Director**BCom (Hons); MBL; Certificate in Mining Taxation***Appointed:** 7 February 2017

Charles Mostert has 33 years' experience in the mining industry, which includes 22 years with South African mining majors, and 11 years with Australian and Canadian junior mining companies. He has served as Chairman/Chief Executive Officer/director of 12 resource companies listed on the Australian or Canadian Stock Exchanges with over USD400 million in capital raisings. His resources experience includes gold, diamonds, coal, copper, platinum and iron ore. He serves as President – African Business Development for Forbes and Manhattan Inc., a Canadian Merchant Bank, where he is actively involved in co-leading transactions for Slater Coal, Sable Metals and Minerals, Bengwenyama Platinum, Savary Gold and Transnet/Richards Bay Coal Logistics. His current and immediate past directorships include Savary Gold (TSX-V), Sable Metals and Minerals Limited, Keras Capital Proprietary Limited (Aus), Kombat Copper Inc. (TSX-V), Minxcon Proprietary Limited, Rera Diamonds (Private) Limited and SunRanch Solar Proprietary Limited. Charles resigned as an independent non-executive director on 29 July 2016 and was re-appointed as a director on 7 February 2017. On 25 August 2020, he was appointed as Lead Independent Director.

Eshaan Singh (37)*Independent Non-Executive Director**BCompt***Appointed:** 7 February 2017

Eshaan Singh holds a BCompt degree from the University of South Africa and has worked at various audit and securities firms, including Citibank Group, Deutsche Securities South Africa, Glass Tucker and Venter and STA Travel International Limited in the UK. Eshaan currently holds the position of Financial Director, Noah Capital. Eshaan resigned as part-time Financial Director of the Company on 29 July 2016 and was appointed as a non-executive director on 7 February 2017. The Remuneration and Nominations Committee considered and concluded that Eshaan is independent in terms of the Companies Act's definition.

Mohammed Bassam Al Mojarkesh (63)*Independent Non-Executive Director**DCE Diploma in Civil Engineering***Appointed:** 29 July 2016

Mohammed Bassam Al Mojarkesh is a geologist with a diploma in civil engineering, having trained in both disciplines at Damascus University. He has worked extensively in the Middle East in the oil and gas and construction industries. Mohammed is currently working as a consultant and business development director to a number of companies in the Middle East. He has 36 years' experience in his fields of expertise.

GOVERNANCE REPORTING STRUCTURE

STRUCTURE OF THE BOARD AND COMMITTEES RESPONSIBLE FOR DECISION-MAKING

Board of Directors as at date of publication		
Sheikh Abdulla Khalfan Humaid Nasser <i>(Independent Non-Executive Chairman)</i>	Charles Philip Mostert <i>(Lead Independent Director)</i>	James Gordon Allan <i>(Chief Executive Officer)</i>
Eshaan Singh <i>(Independent Non-Executive Director)</i>	Mohammed Bassam Al Mojarkesh <i>(Independent Non-Executive Director)</i>	Mohamed Said Tinawi <i>(Independent Non-Executive Director)</i>
	Deon Botha <i>(Financial Director (part-time))</i>	

Audit and Risk Committee	Remuneration and Nominations Committee	Social and Ethics Committee
Eshaan Singh <i>(Chairman)</i>	Charles Philip Mostert <i>(Chairman)</i>	Mohamed Said Tinawi <i>(Chairman)</i>
Mohammed Bassam Al Mojarkesh	Mohamed Said Tinawi	James Gordon Allan
Charles Philip Mostert	Mohammed Bassam Al Mojarkesh	Charles Philip Mostert
	Sheikh Abdulla Khalfan Humaid Nasser	

CORPORATE GOVERNANCE REPORT

CUSTODIANS OF GOVERNANCE

The Board accepts its responsibility as the custodian of corporate governance within the Group and is, therefore, accountable to stakeholders for the provision of value-enabling governance. The Board is constituted in terms of the Company's Memorandum of Incorporation and in line with King IV™. The majority of the Board members are independent non-executive directors who bring diversity to Board deliberations and create value by constructively challenging management.

A clear division of responsibilities between the directors is maintained to ensure that no single director has unfettered decision-making powers. A Delegation of Authority Framework is in place and reviewed to ensure the necessary authority to management to implement and execute the short-term strategy. The Board is satisfied that the Delegation of Authority Framework contributes to role clarity and the effective exercise of authority and responsibilities.

The Board is the highest decision-making body of the Group. It approves the Group's strategy and ensures that it is aligned with the Group's values. The Board assumes collective responsibility for steering and monitoring strategy implementation as well as any risks involved in the implementation of the strategy. It is collectively responsible for the Group's medium and long-term success.

The Board's priority is to lift the suspension of the trading in the Company's shares and strives to balance the interests of the Group and those of its various stakeholders. All directors are continuously taking steps to ensure that they have sufficient working knowledge of the Group and industry.

The directors have access to the advice and services of the Company Secretary. They are entitled, at the Company's expense, to seek independent professional advice about the affairs of the Company regarding the execution of their duties as directors.

BOARD COMPOSITION

Since 1 March 2016, there were various changes to the Board, summarised below:

Director	Position	Appointment date	Resignation date	Reappointment date
James Allan	Chief Executive Officer	23 Nov 2012		
René Hochreiter	Executive Director	23 Nov 2012	7 Mar 2016	
Afzal Ahmed Jagot	Financial Director	29 Jul 2016	4 Jan 2017	
David Levithan	Executive Director	23 Nov 2012	20 Sep 2016	
Mohammed Bassam Al Mojarkesh	Independent Non-Executive Director	29 Jul 2016		
Richard Mhlontlo	Lead Independent Director	29 Jul 2016	14 Jan 2019	
Mpho Mokgatlhe	Independent Non-Executive Director	14 Oct 2014	29 Jul 2016	
Charles Mostert	Independent Non-Executive Director/ Lead Independent Director	23 Nov 2012	29 Jul 2016	7 Feb 2017
Sheikh Abdulla Khalfan Humaid Nasser	Independent Non-Executive Chairman	29 Feb 2016		
Mike Rogers	Independent Non-Executive Director	7 Aug 2014	29 Jul 2016	
Eshaan Singh	Financial Director (part-time)/ Independent Non-Executive Director	31 Aug 2015	29 Jul 2016	7 Feb 2017
Said Tinawi	Independent Non-Executive Director	16 Feb 2016		
Deon Botha	Financial Director (part-time)	4 Nov 2020		

All the directors are South African citizens, except for Sheikh Abdulla Kahlfan Humaid Nasser, who is a UAE resident, and Said Tinawi and Mohammed Bassam Al Mojarkesh, who are Saudi Arabian residents.

CORPORATE GOVERNANCE REPORT

continued

APPOINTMENT, ROTATION AND RE-ELECTION OF DIRECTORS

The Board has a formal and transparent policy regarding the appointment of directors to the Board. While the appointments are a matter for the Board, the authority to oversee the nomination and to carry out the interview process has been delegated to the Remuneration and Nominations Committee.

Apart from a candidate's experience, knowledge, skills, availability and likely fit, the Committee also considers a candidate's integrity, as well as other directorships and commitments to ensure that the candidate will have sufficient time to discharge his/her role properly. The Remuneration and Nominations Committee will also consider race and gender diversity in its assessment in line with its newly adopted Race and Gender Diversity Policy. The Committee reviewed and adopted targets of 20% for both black and female representatives on the Board. These targets will be taken into consideration when new appointments are being made.

New appointees are appropriately familiarised with the Group's business through an induction programme. The composition of the Board is reviewed on a regular basis to ensure ongoing compliance with the requirements set out in the Companies Act and King IV™.

In accordance with the Company's Memorandum of Incorporation, a director, having been appointed by the Board since the last annual general meeting ("AGM") of the Company, is obliged to retire and being eligible, offers him/herself for election at the next AGM. Charles Mostert and Eshaan Singh were appointed since the previous AGM in 2016 and will be up for appointment at the AGM to be held in 2020.

In line with the Memorandum of Incorporation, one-third of the directors are required to retire, and if available and eligible, stand for re-election at the Company's AGM. Those directors who have been in office for the longest, as calculated from the last re-election or appointment date, are required to stand for re-election. At the AGM in 2020, Mohammed Bassam Al Morjakesh will retire and be eligible for re-election. The professional profile of Mohammed Bassam Al Morjakesh can be found on page 9 in the integrated annual report.

LEADERSHIP ROLES AND FUNCTIONS**Non-executive directors**

All members of the Board have a fiduciary responsibility to represent the best interest of the Group and all of its stakeholders. The Group's non-executive directors are individuals of a high calibre and credibility who make a significant contribution to the Board's deliberations and decisions. They have the necessary skills and experience to exercise judgement on areas such as strategy and performance.

The Chairman

The Chairman's role is to set the ethical tone for the Board and to ensure that the Board remains efficient, focused and operates as a unit. Sheikh Abdulla Khalfan Humaid Nasser is the Independent Non-Executive Chairman, and his role is separate from that of the Chief Executive Officer, James Allan. During the reporting period, Charles Mostert was appointed as Lead Independent Director, supporting the Chairman.

Chief Executive Officer

The Board appoints the Chief Executive Officer to lead and implement the execution of the approved strategy. James Allan presents progress against the implementation of the strategy. The Remuneration and Nominations Committee evaluates the performance of the Chief Executive Officer.

CORPORATE GOVERNANCE REPORT

continued

Company Secretary

The Company Secretary plays a vital role in the corporate governance of the Group and is responsible for ensuring Board compliance with procedures and regulations of a statutory nature. The Company Secretary ensures compliance with the JSE Listings Requirements and is responsible for the submission of the annual compliance certificate to the JSE Limited (JSE).

The Company Secretary ensures that, in accordance with the pertinent laws and regulatory framework, the proceedings and affairs of the Board and its members and the Company itself are properly administered. Despite the suspension, resolutions were still passed to find opportunities to bring operational assets into the business and lift the suspension to create value for shareholders.

The Board satisfied itself regarding Sirkien van Schalkwyk's work experience, performance, technical skills and overall competence in fulfilling her role as Company Secretary at the previous meeting of the Board in October 2020 (during which time she was excused from the meeting). She is a consultant and maintains an arm's length relationship with the Board. She reports to the Chairman on all statutory duties and functions performed relating to the Board.

The Company Secretary's primary responsibilities are to:

- ◆ ensure that Board procedures are followed and reviewed regularly;
- ◆ ensure applicable rules and regulations for the conduct of the affairs of the Board are complied with;
- ◆ maintain statutory records in accordance with legal requirements;
- ◆ guide the Board as to how its responsibilities should be properly discharged in the best interest of the Company; and
- ◆ keep abreast of, and inform, the Board of current and new developments regarding best practice corporate governance thinking and practice.

ETHICAL AND EFFECTIVE LEADERSHIP

The Board is committed to achieving its goals with integrity, high ethical standards and in compliance with all applicable laws, while being a responsible corporate citizen. The Board has adopted a Code of Ethics and Business Conduct which is continuously reviewed and sets the tone for an ethical culture within the Group. The directors are fully committed to these principles, which ensure that the business is managed according to the highest ethical standards, even beyond mere legal compliance, within its operating environment, as well as the social, political and physical environments within which the Group operates.

No material ethical leadership and corporate citizenship deficiencies were noted. The Board, through the Audit and Risk Committee as well as the Social and Ethics Committee, monitors compliance with MEDR's Code of Ethics and Business Conduct through various reporting mechanisms.

MEDR received no requests in terms of the Promotion of Access to Information Act, 2000 during the reporting period.

Independence and conflicts

During the four years ended 29 February 2020, none of the directors had a significant interest in any contract or arrangement entered into by the Company or its subsidiaries, other than as disclosed in note 21 to the annual financial statements.

During the reporting period, the Declaration and Conflict of Interest Policy was reviewed and updated. Directors are required to inform the Board timeously of conflicts or potential conflicts of interest that they may have in relation to particular items of business.

Directors are obliged to excuse themselves from discussions or decisions on matters in which they have a conflict of interest, in accordance with the Declaration and Conflict of Interest Policy that is in place. A standard agenda item is included for members to declare whether any of them have any conflict of interest in respect of a matter on the agenda. This is minuted accordingly.

CORPORATE GOVERNANCE REPORT

continued

Eshaan Singh was appointed as part-time Financial Director for a short period and resigned in July 2016 with the shareholder restructure. Eshaan was again appointed in February 2017 and has since not been involved in the day-to-day operations of the Company. The Remuneration and Nominations Committee considered his independence and found that he could be classified as independent in line with the Companies Act's definition. Also not being involved in the day-to-day operations of the Company, Mohammed Bassam Al Morjakesh and Sheikh Abdulla Khulfan Humain Nasser were found to be independent by the Committee.

Insider trading

No employee of the Group may deal directly or indirectly in the Company's shares based on unpublished price-sensitive information regarding business. No director or officer of the Group may disclose trade information regarding business. Directors or officers of the Group are precluded from trading in the shares of the Company during a closed period or prohibited period, as determined by the Board. Notification to this effect is communicated to the Group's employees. A price-sensitive information Group policy is in place in line with the JSE Listings Requirements.

Despite the suspension, processes are in place for any director wishing to trade in the ordinary shares of the Company to obtain clearance from the Chairman of the Board or, in his absence, the Chief Executive Officer when trading is permitted again. The directors keep the Company Secretary advised of all their dealings in securities and details of dealings are posted on SENS in line with the JSE Listings Requirements.

Assessment of the Board

The Board agreed to conduct evaluations every second year. The next evaluation will be conducted during the 2021 financial year when the suspension has been lifted.

Commitment to the governance principles set out in King IV™

The Board remains committed to the principles of King IV™ and ensures that its recommendations are materially entrenched into the Board's internal controls, policies, terms of reference and overall procedures and processes. A King IV™ Application Register, setting out how the Company has applied the principles of King IV™, is available on the Company's website, www.medr.co.za.

Integrated effective control

As the custodian of governance, the Board is ultimately responsible for ensuring effective control within the business. The Board ensures effective control through a number of mechanisms, including:

Compliance with applicable laws, regulations and governance practices

The decisions and actions taken by the Board ensure that the Company subscribes to full compliance with applicable laws, regulations and governance practices. This function is delegated to the Social and Ethics Committee with financial compliance being overseen by the Audit and Risk Committee. Despite the Company being suspended, the Company was still required to comply with the relevant legislation with the requirements of the Companies Act, the Company's Memorandum of Incorporation and JSE Listings Requirements, save for the following:

- ◆ Annual financial statements not prepared and submitted within the prescribed period for the financial years ended 28 February 2017, 28 February 2018, 28 February 2019 and 29 February 2020;
- ◆ Interim Results not prepared and submitted within the prescribed period for the 6 months ended 31 August 2016, 31 August 2017, 31 August 2018 and 31 August 2019;
- ◆ Trading statements were not released for the years ended 28 February 2017, 28 February 2018, 28 February 2019 and 29 February 2020;
- ◆ No B-BBEE certificate was issued and loaded on the MEDR website for the years ended 28 February 2017, 28 February 2018, 28 February 2019 and 29 February 2020;

CORPORATE GOVERNANCE REPORT

continued

- ◆ For a period, there was no Financial Director appointed, but a Part-Time Financial Director was subsequently appointed on 4 November 2020, after approval was obtained from the JSE; and
- ◆ No compliance certificates were submitted to the JSE for the years ended 28 February 2017, 28 February 2018 and 28 February 2019.

The Board Charter

The roles and responsibilities of the Board and individual directors are set out in the Board Charter, which is aligned with the provisions of relevant statutory and regulatory requirements and is reviewed on an annual basis. The Charter regulates the parameters within which the Board operates and ensures the application of the principles of good governance in all its dealings, in line with King IV™.

Governance structures and delegation

The Company's governance structure provides for delegation of authority, while enabling the Board to retain effective control. Such structures similarly support and enable the informed oversight exercised by the Board. The Board delegates authority to established Board Committees, as well as the Chief Executive Officer, with clearly defined mandates.

BOARD COMMITTEES

The roles, responsibilities and composition of the Board Committees are described below. The responsibilities delegated to these Committees are formally documented in each Committee's terms of reference, which are approved by the Board and reviewed on an annual basis. After each Committee meeting, Committee Chairmen report back to the Board, which facilitates transparent communication between directors and ensures that all aspects of the Board's mandate are addressed.

The terms of reference are subject to change, as and when required by the Board, in order to accommodate the Company's changing needs. Roles and associated responsibilities and the composition of membership across Committees are considered holistically. All Committees have, as a whole, the necessary knowledge, skills, experience and capacity to execute their duties effectively. The Chairman of each Board Committee reports at each scheduled meeting of the Board, and minutes of Board Committee meetings are provided to the Board.

Both the directors and the members of the Board Committees are supplied with full and timely information that enables them to properly discharge their responsibilities. All directors have unrestricted access to all Group information.

The Chairman of each Board Committee is required to attend AGMs to answer questions raised by shareholders.

Audit and Risk Committee

In reviewing the Committee composition during the year, it was decided that, due to the size of the Company, the Audit Committee and the Risk Committee would remain one Committee. However, the agenda is divided into two separate sections so as to ensure that both audit and risk management responsibilities are attended to.

During the reporting period, Charles Mostert and Eshaan Singh were appointed as members of the Committee, following the resignation of Richard Mohlonto. Eshaan Singh was appointed as Independent Non-Executive Chairman of the Committee. The Committee comprises Eshaan Singh (Chairman), Charles Mostert and Mohammed Bassam Al Mojarkesh, all of whom are independent non-executive directors.

The Chief Executive Officer, Financial Director (part-time) and external audit partner attend meetings by invitation. The Board is satisfied that the independence, experience and qualifications of each member enable them to fulfil the Committee's mandate. The Committee meets at least once a year with the Company's external auditors, without management being present.

Nexia SAB&T, with Aneel Darmalingam as designated auditor, was appointed as external auditor, effective 22 May 2020.

CORPORATE GOVERNANCE REPORT

continued

Summarised role and responsibilities

The Committee's role and responsibilities include, but are not limited to:

- ◆ providing the Board with additional assurance regarding the efficiency and reliability of the financial information used by the directors to assist them in the discharge of their duties;
- ◆ reviewing interim and annual financial statements, the integrated annual report and any other external reports issued by the organisation;
- ◆ ensuring that significant business, financial and other risks have been identified and are being managed suitably;
- ◆ ensuring independence of external audit and overseeing the external audit process;
- ◆ ensuring good standards of governance, reporting and compliance are in operation; and
- ◆ overseeing the Group's risk management profile.

During the 2020 financial year, the Committee met once, and meetings are scheduled quarterly in line with the Group's financial reporting cycle. The Committee is satisfied that, under the suspension, it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Refer to pages 30 to 33 of the annual financial statements for the Audit and Risk Committee report.

Social and Ethics Committee

During the reporting period, Charles Mostert was appointed as a member of the Committee following the resignation of Richard Mhlonto. The Committee comprises Said Tinawi (Chairman), Charles Mostert and James Allan.

Summarised role and responsibilities

The Committee's role and responsibilities include, but are not limited to:

- ◆ fulfilling its duties as stipulated in the Companies Act;
- ◆ planning, implementing and monitoring the Group's strategy for transformation;
- ◆ monitoring compliance with legislation;
- ◆ monitoring employment equity and fair labour practices;
- ◆ monitoring good corporate citizenship and the Group's contribution to the development of communities in which it operates; and
- ◆ monitoring ethics and business conduct.

The Social and Ethics Committee met once during the reporting period and meetings will be held twice per annum. The Committee is satisfied that, as far as possible, it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Refer to pages 24 and 25 of the integrated annual report for the Social and Ethics Committee report.

Remuneration and Nominations Committee

In reviewing the Committee's composition during the year, it was decided that, due to the size of the Company, the Remuneration Committee and Nominations Committee would remain one Committee.

Charles Mostert was appointed as a member of the Committee, replacing Richard Mhlonto. The Committee, therefore, comprises Charles Mostert (Chairman), Sheikh Abdulla Khalfan Humaid Nasser, Said Tinawi and Mohammed Bassam Al Morjakesh.

Summarised role and responsibilities

The Committee's role and responsibilities include, but are not limited to:

- ◆ identifying and nominating new directors for approval by the Board;
- ◆ ensuring that appointments to the Board are formal and transparent;
- ◆ approving the classification of directors as independent;

CORPORATE GOVERNANCE REPORT

continued

- ◆ overseeing induction and training of directors and conducting annual performance reviews of the Board and Board Committees;
- ◆ overseeing an appropriate separation between executive, non-executive and independent directors;
- ◆ ensuring proper and effective functioning of the Group's Board Committees;
- ◆ reviewing the Board's structure, the size and composition of the various Board Committees and making recommendations; and
- ◆ overseeing the remuneration philosophy and practices.

The Remuneration and Nominations Committee met once during the reporting period and the Committee composition remained the same. The Committee is satisfied that it has fulfilled its necessary responsibilities in accordance with its terms of reference for the reporting period.

Refer to pages 19 to 23 for the Remuneration Report by the Remuneration and Nominations Committee, including the Remuneration Policy and the Implementation Report.

MEETING ATTENDANCE

Below is a summary of all the Board members' attendance at Board and Board Committee meetings since 1 March 2016 to date of publication:

Director	Classification	Board	Audit and Risk Committee	Remuneration and Nominations Committee	Social and Ethics Committee
Number of meetings		6	4	1	1
James Allan	Chief Executive Officer	6/6			1/1
René Hochreiter	Executive Director	1/1			1/1
Afzal Ahmed Jagot	Financial Director	1/1			
David Levithan	Executive Director	2/2			
Mohammed Bassam Al Mojarkesh	Non-Executive Director/ Shareholder Representative	1/4	1/2		
Richard Mhlontlo	Lead Independent Director	3/3	1/1		
Mpho Mokgatlhe	Independent Non-Executive Director	2/2	2/2	1/1	
Charles Mostert	Independent Non-Executive Director	3/3	3/3	1/1	1/1
Sheikh Abdulla Khalfan Humaid Nasser	Independent Non-Executive Chairman	0/6			
Mike Rogers	Independent Non-Executive Director	2/2	2/2	1/1	
Eshaan Singh	Financial Director (part-time)	3/3	1/1		
Said Tinawi	Independent Non-Executive Director	1/5			
Deon Botha	Financial Director (part-time)	1/1	1/1		

RISK MANAGEMENT

Risk category	Risk and impact on business	Mitigation and control strategy
Funding	Lack of funding and access to financing facilities delay the Company's ability to become fully operational, moving from its dormant status.	<p>A proposed rights issue, which is partially underwritten, but needs additional cash to come into the rights issue.</p> <p>Shareholders require some positive news from the Company to encourage them to follow their rights.</p> <p>The Company is pursuing avenues to create shareholder appetite.</p>
Acquisitions	Transactions being investigated do not progress to signing.	Multiple negotiations are ongoing.
Suspension of listing	The suspension of the listing prohibits the trading in the Company's securities.	On publication of the integrated annual report for the years ended February 2017, 2018, 2019 and 2020, application will be made to the JSE for the upliftment of the suspension of MEDR's listing.
Prospecting rights	The stringent requirements of the regulators in the industry, such as the DMRE, could result in the prospecting rights necessary for the growth of MEDR not being awarded.	All efforts are made to comply with the Mineral and Petroleum Resources Development Act.

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

This report comprises three sections:

- ◆ **Part 1:** Background – matters considered by the Remuneration and Nominations Committee;
- ◆ **Part 2:** Remuneration Policy – remuneration policies and principles for shareholders' vote and the AGM; and
- ◆ **Part 3:** Implementation Report – implementation report of the Remuneration Policy.

In reviewing the Committee's composition during the year, it was decided that, due to the size of the Company, the Remuneration Committee and Nominations Committee would remain one Committee.

PART 1: BACKGROUND

APPOINTMENT OF DIRECTORS TO THE BOARD

Apart from a candidate's experience, availability and likely fit, the Committee also considers a candidate's integrity, as well as other directorships and commitments to ensure that the candidate will have sufficient time to discharge his/her role properly. The Remuneration and Nominations Committee also considers race and gender diversity in its assessment in line with its race and gender diversity policy. The Board adopted targets of 20% for both race and gender representation on the Board, which will be considered for new appointments.

The Committee operates under formal Terms of Reference in terms of which it is required to meet at least twice a year in order to fulfil the functions assigned to it.

REMUNERATION AND NOMINATIONS COMMITTEE MEMBERS

During the reporting period, Charles Mostert was appointed as Chairman of the Committee after the resignation of Richard Mhlontlo. The Chief Executive Officer attends meetings by invitation.

The Chairman of the Board is not eligible for appointment as Chairman of the Committee but presides as Chairman when the Committee fulfils its oversight responsibilities on nomination matters and Board/director interactions.

Since 1 March 2016 to date of publication, the Committee only met once to confirm the matters under its ambit. The attendance of the meeting was as follows:

Name	Position	Qualification	Meetings attended
Charles Mostert	Independent Non-Executive Chairman	BCom (Hons); MBL; Certificate in mining taxation	1/1
Said Tinawi	Independent Non-Executive Member	MBA	1/1
Mohammed Al Mojarkesh	Independent Non-Executive Member	DCE Diploma in Civil Engineering	1/1
Sheikh Abdulla Khalfan Humaid Nasser	Independent Non-Executive Member	BCom; MBA	0/1

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

continued

Assessment of the Committee

The Committee agreed to only conduct self-evaluations every second year. The Committee evaluation and results will be included in the Committee Report in 2021.



Charles Philip Mostert

Remuneration and Nominations Committee Chairman

25 November 2020

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

continued

PART 2: REMUNERATION POLICY

BACKGROUND STATEMENT

The Group's Remuneration Policy aims to attract, retain and motivate skilled and performing employees to execute the Group's strategy. Since the suspension, additional retrenchments had to be made to leave the minimum number of employees to execute the necessary functions, whilst investigating new opportunities. This Policy is applicable to current and future employees.

The Group offers an integrated remuneration and reward model, which comprises:

- ◆ cost-to-company ("CTC") benefits;
- ◆ short-term incentive; and
- ◆ long-term incentive.

SHORT-TERM INCENTIVE

The Group awards management and salaried employees on an annual performance incentive. The actual value awarded is subject to the achievement of predetermined thresholds relating to the performance and position of the Group, and individual performance during the reporting period. Due to the suspension, the short-term incentive was placed on hold until such time as the Company's suspension has been lifted.

Once operational, all payments in terms of the qualitative and quantitative portion of the short-term incentive scheme will be based on predetermined performance targets.

LONG-TERM INCENTIVE

The long-term incentive plan ("LTIP") forms part of the variable compensation and is used to attract, retain and motivate employees who influence the long-term sustainability and strategic objectives of the Group. The purpose is to foster sustainable performance or value creation over the long-term, which is aligned to the Group's strategy and which enhances stakeholder value. Its main characteristic is the promise to deliver value over a future vesting period, once performance criteria are met or exceeded.

This LTIP will again be reviewed and implemented once the Group is operational.

INCREASES

At an individual employee level, the annual CTC increases are determined by the individual's pay relative to the band he/she is in, as well as the performance of the individual in the role. There were no increases since the Company's suspension in December 2016.

NON-EXECUTIVE DIRECTORS

It is the Group's policy to identify, attract and retain non-executive directors who can add significant value to MEDR. The Board applies principles of good corporate governance relating to directors' remuneration and also keeps abreast of changing trends. Governance of directors' remuneration is undertaken by the Committee.

The Committee takes cognisance of market norms and practices as well as additional responsibilities placed on the Board members by new legislation and corporate governance principles.

Non-executive directors receive a base fee for their main Board membership and an attendance fee per meeting. Board members only receive fees for meetings they attend.

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

continued

The policy on remuneration for non-executive directors is that this should:

- ◆ be market-related (having regard to the median fees paid and number of meetings attended by non-executive directors of companies of similar size and structure to similar sectors); and
- ◆ not be linked to the share price of MEDR.

Non-executive directors do not receive bonuses or share options, recognising that this can create potential conflicts of interest which can impair the independence, which non-executive directors are expected to bring to bear in decision-making by the Board.

Shareholders will be requested to approve the same fees approved in the AGM that was held in 2016, as set out in the Notice of AGM on page 93.

VOTING AND SHAREHOLDER ENGAGEMENT

In order to actively promote fair, responsible and transparent remuneration and remuneration reporting, MEDR encourages engagement with shareholders on remuneration-related matters. The Remuneration Policy as well as the Implementation Report will be tabled for two separate non-binding advisory votes by shareholders at the AGM.

The Committee will initiate shareholder engagement with dissenting shareholders, should 25% or more of the shareholders vote against either or both the Remuneration Policy or the Implementation Report.

REMUNERATION AND NOMINATIONS COMMITTEE REPORT

continued

PART 3: IMPLEMENTATION REPORT

The Implementation Report details the outcomes following the implementation of the approved Remuneration Policy detailed on pages 21 and 22 of the integrated annual report.

EXECUTIVE DIRECTORS' REMUNERATION

During the four-year period, no remuneration was paid to the executive directors. Subsequent to the reporting date, a decision in respect of remuneration was taken by the Board. For further disclosure, please refer to note 22 on page 76.

No payments were made to the Chief Executive Officer during this period. A management agreement is in place with Sable Platinum Mining Proprietary Limited for the services provided by the Chief Executive Officer, James Allan.

ANNUAL INCENTIVE BONUS

Due to the suspension of the Group, no annual incentive bonuses were paid to any employees.

LONG-TERM INCENTIVE ("LTI")

No LTI awards were made to executive directors for the period 1 March 2016 to 29 February 2020.

NON-EXECUTIVE DIRECTORS' REMUNERATION

The participation of non-executive directors in the Group is essential to the Group achieving its strategic objectives and non-executive directors' fees are, therefore, recommended by the executive directors and Remuneration and Nominations Committee with this in mind.

In accordance with the Companies Act, and the Company's Memorandum of Incorporation, non-executive directors' fees are approved by the shareholders at the AGM. The current fee levels will be presented to shareholders for approval at the AGM to be held on 12 January 2021 and is stated on page 93 of the Notice of AGM included in this integrated annual report.

Non-executive directors received no fees for the four-year period from 1 March 2016 to 29 February 2020. Subsequent to the reporting date, a decision in respect of non-executive directors' fees was taken by the Board.

DIRECTORS' SERVICES CONTRACTS

James Allan has agreed in writing that he will not terminate his employment for a period of 24 months, other than by agreement with the Board. James Allan has also agreed to be bound by a 24-month restraint of trade agreement, commencing from the date on which his employment terminates.

SOCIAL AND ETHICS COMMITTEE REPORT

The Committee operates under formal Terms of Reference in terms of which it is required to meet at least twice a year in order to fulfil the functions assigned to it in terms of the Companies Regulation. The Committee also performs such other functions as are assigned to it by the Board from time to time in order to assist the Board in ensuring that the Group remains a responsible corporate citizen.

This report, which describes how the Committee has discharged its responsibilities in respect of the financial year ended 29 February 2020, will be presented to shareholders at the AGM to be held on Tuesday, 12 January 2021.

SOCIAL AND ETHICS COMMITTEE MEMBERS

During the reporting period, Richard Mhlontlo resigned as director and member of the Committee. Said Tinawi was appointed as Chairman and Charles Mostert as member. The Committee, therefore, comprises Said Tinawi (Chairman), Charles Mostert (Lead Independent Director) and James Allan (Chief Executive Officer).

RESPONSIBILITIES

The objectives and responsibilities of the Committee, which are aligned with the Committee's statutory functions as set out in the Companies Act, form the basis of an Annual Work Plan.

The objectives that support MEDR's sustainability policy include the promotion of environmental health and public safety and good corporate citizenship, including the promotion of equality, the prevention of unfair discrimination and the reduction of corruption.

ETHICS

The Code of Ethics and Business Conduct, which embodies the Group's key principles and values, was reviewed during the year and confirmed to be relevant and effective.

LABOUR

MEDR's employment equity policies embody its commitment to implementing employment equity across the Group, whilst the Company is committed to compliance with the South African Broad-Based Black Economic Empowerment Act. Once operational, these will be taken into consideration when appointments are made.

Skills development will receive additional attention, once the operations of the Company are at full capacity again.

ASSESSMENT OF THE COMMITTEE

The Committee agreed to only conduct self-evaluations every second year. The Committee evaluation and results will be included in the Committee Report in 2021.

SUSTAINABILITY

MEDR adheres to environmental and sustainability principles as set out in the Minerals and Petroleum Resources Development Act, 28 of 2002 (MPRDA).

SOCIAL AND ETHICS COMMITTEE REPORT

continued

SUSTAINABILITY AND CORPORATE SOCIAL AWARENESS

The Group is fully committed to sustainability and corporate social awareness. MEDR is cognisant of the fact that the growth and success of the Group is dependent on the ability to continue to deliver value to its stakeholders. Sustainability can only be achieved through paying greater attention to the world in which the Group operates. This responsibility will continue once the Group was operational.

The Group will continue seeking new ways from which the environment can benefit through efficient and effective allocation of resources, once operational.

SAFETY, HEALTH AND THE ENVIRONMENT

There were no accidents or incidents during the reporting period.

Since inception in 2010, MEDR has an accumulative Lost Time Injury Frequency Rate of 3,14 (LTIFR = number of injuries * 200 000 hours / total hours worked). To date MEDR recorded on their exploration sites 127 554 cumulative man hours worked, of which 69 998 hours were contributed by drilling contractors in the past.

COMPLIANCE

Although MEDR did not have any funding to implement initiatives, the Committee is satisfied that it has, as far as possible, complied with the Regulations of the Companies Act pertaining to its functions and responsibilities. Once operational, the Company will implement initiatives to add value to the Communities in which it operates.

In terms of paragraph 7.F.5 of the JSE Listings Requirements, a statement must be made by the Social and Ethics Committee of MEDR that it has fulfilled its mandate as prescribed by the Companies Regulations to the Companies Act and that there are no instances of material non compliance to disclose. If instances of material non-compliance exist, these items must be disclosed. A detailed statement will be issued by the Committee in the next integrated annual report.



Mohamed Said Tinawi

Social and Ethics Committee Chairman

25 November 2020

ANNUAL FINANCIAL STATEMENTS

LAWS OF INCORPORATION AND MEMORANDUM OF INCORPORATION

Middle East Diamond Resources Limited has been established and incorporated in compliance with the provisions of the Companies Act and operates in conformity with its Memorandum of Incorporation.

LEVEL OF ASSURANCE

The consolidated and separate financial statements have been audited in compliance with Section 30 of the Companies Act of South Africa.

AUDITOR

Nexia SAB&T
Registered Auditors

PREPARER

The annual financial statements have been prepared by the Financial Director (part-time), Deon Botha CA(SA).

PUBLISHED

8 December 2020

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL

The directors are required by the Companies Act no 71 of 2008, as amended, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group and the Company 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 the International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and places considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, they set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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 annual financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement of loss.

Events after the reporting period

Rights offer

The Company intends to do a partially underwritten rights issue of R30 000 000 (thirty million rand) (of which R16,3 million has been subscribed and that the CEO, James Allan, has committed to follow his rights of R2,1 million) in order to prepare the annual financial statements, pay outstanding creditors and assist MEDR with future acquisitions.

It is anticipated that the rights issue circular will be sent to shareholders as soon as the suspension from the JSE is lifted and the rights offer has been approved by the JSE.

General meeting

At a general meeting held on 14 August 2020, the authorised ordinary share capital of the Company, comprising 1 000 000 000 (one billion) ordinary shares of no par value, was consolidated on a 1:100 basis into 10 000 000 (ten million) shares of no par value. The issued ordinary share capital of the Company, comprising 435 126 517 (four hundred and thirty-five million one hundred and twenty-six thousand five hundred and seventeen) ordinary shares of no par value, was consolidated on a 1:100 basis into 4 351 265 shares (four million three hundred and fifty-one thousand and two hundred and sixty five) of no par value.

At the same meeting, the authorised share capital of the Company was increased by 1 490 000 000 (one billion four hundred and ninety million) shares of no par value from 10 000 000 (ten million) shares of no par value to 1 500 000 000 (one billion five hundred million) shares of no par value.

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL

continued

Acquisitions – Casa Mining Limited

MEDR has widened the search for suitable assets to acquire from a narrow focus in South Africa to include the rest of Africa and, in particular, has focussed on the acquisition of gold and copper assets in Africa.

An acquisition of Casa Mining Limited ("Casa") had been entered into on 9 November 2020, which owns a sizeable gold asset in the Democratic Republic of Congo ("DRC") with 3 million ounce JORC Inferred Resource, which is currently being converted to a SAMREC defined resource.

A Heads of Agreement had been entered into on the 6 November 2020 with Chun Can Capital Group or its Nominee, a company incorporated in The State of Nevada USA ("Purchaser"), which holds 100% of Casa to acquire all the issued shares of and claims in Casa with effect from the date that all conditions precedent have been met. Refer to note 26 for further detail.

Stepford Company Limited

A Heads of Agreement had also been entered into with Stepford Company Limited ("Stepford") on 9 November 2020, a company incorporated in Ghana to acquire 50% of the issued shares of and claims in Stepford from the shareholders of Stepford with effect from the date that all conditions precedent have been met. Refer to note 26 for further detail.

Covid-19

COVID-19 had no impact on the Group due to it not trading.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

Going concern

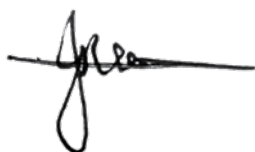
The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur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

The Group incurred net losses for the years ending 29 February 2020, 28 February 2019, 28 February 2018 and 28 February 2017 and, as of those dates, the Group's total liabilities exceeded its total assets by R16 548 924 as at 29 February 2020 (2019: R13 946 695; 2018: R11 807 322; and 2017: R8 927 617). These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The directors will continue to source financial resources to continue as a going concern despite the historical losses incurred. The ability of the Group and Company to be going concerns is dependent on the success of the rights issue referred to in the subsequent events note.

The Group and the Company's annual financial statements have been examined by the external auditors and their report is presented on pages 40 to 42.

The annual financial statements set out on pages 27 to 84, which have been prepared on the going concern basis, were approved by the directors on 25 November 2020 and were signed by:



James Gordon Allan
Chief Executive Officer



Mohamed Said Tinawi
Independent Non-Executive Director

DECLARATION BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act of South Africa (Act 71 of 2008), as amended (the "Act"), I certify that for the four years ended 29 February 2020, 28 February 2019, 2018 and 2017, Middle East Diamond Resources Limited has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date, save for:

- the appointment of Sheikh Abdulla Khalfan Humaid Nasser.



Juba Statutory Services Proprietary Limited

Sirkien van Schalkwyk

Company Secretary

25 November 2020

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee has pleasure in submitting this report, which has been approved by the Board and has been prepared in accordance with section 94(7)(f) of the Companies Act and incorporating the recommendations of King IV™.

In summary, this Committee assists the Board in its responsibilities covering the:

- ◆ internal and external audit process for the Group, taking into account the significant risks;
- ◆ adequacy and functioning of the Group's internal controls;
- ◆ integrity of the financial reporting; and
- ◆ risk management and information technology.

The Committee has performed all the duties required in section 94(7) of the Companies Act.

In reviewing the Committee's composition during the year, it was decided that, due to the size of the Company, the Audit Committee and Risk Committee would remain one Committee and attend to both audit and risk responsibilities. However, the agenda is divided into two separate sections so as to ensure that both audit and risk management responsibilities are attended to.

MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE AT MEETINGS

The Audit and Risk Committee consists of three independent non-executive directors listed below. The Chief Executive Officer, Financial Director (part-time) and partner of the external auditors attend meetings by invitation. The Board is satisfied that the independence, experience and qualifications of each member enable them to fulfil the Committee's mandate. In addition to scheduled meetings, the Committee meets at least once a year with the Company's external auditors, without management being present.

Four meetings were held since 1 March 2016 to date of publication. The Committee composition and meeting attendance are shown below:

Name	Position	Qualifications	Meetings attended
Eshaan Singh	Independent Non-Executive Chairman	BCompt	1/1
Charles Mostert	Independent Non-Executive Member	BCom (Hons); MBL; Certificate in Mining Taxation	3/3
Mohammed Al Mojarkesh	Independent Non-Executive Member	DCE Diploma in Civil Engineering	1/2

The Committee, as a whole, has the necessary financial literacy, skills and experience to execute their duties effectively.

ROLE OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee reviewed its Terms of Reference, setting out its duties and responsibilities as prescribed in the Companies Act, King IV™ and incorporating additional duties delegated to it by the Board.

The Committee:

- ◆ fulfils the duties that are assigned to it by the Companies Act and as governed by other legislative requirements;
- ◆ assists the Board in overseeing the quality and integrity of the Group's integrated reporting process, including the financial statements and sustainability reporting, and announcements in respect of the financial results;
- ◆ monitors that an effective control environment in the Group is maintained;
- ◆ provides the Financial Director (part-time) and external auditors with unrestricted access to the Committee and its Chairman, as is required in relation to any matter falling within the ambit of the Committee;

AUDIT AND RISK COMMITTEE REPORT

continued

- ◆ meets with the external auditors and executive directors as the Committee may elect;
- ◆ meets confidentially with the external auditors without other executive Board members and the Company's Financial Director (part-time) being present;
- ◆ reviews and recommends to the Board the interim financial results and annual financial statements;
- ◆ receives and deals with any complaints concerning accounting practices or the content and audit of its financial statements or related matters;
- ◆ conducts annual reviews of the Audit and Risk Committee's Work Plan and Terms of Reference; and
- ◆ assesses the performance and effectiveness of the Audit and Risk Committee and its members on a regular basis.

EXECUTION OF FUNCTIONS DURING THE YEAR

The Committee is satisfied that, for the 2020 financial year, it has performed all the possible functions under the suspension as set out in the Companies Act, JSE Listings Requirements, King IV™ and the Committee's Terms of Reference.

The Audit and Risk Committee discharged its functions in terms of its Terms of Reference and ascribed to it in terms of the Companies Act during the year under review as follows:

External audit

During the reporting period, Nexia SAB&T was appointed as external auditor, effective 22 May 2020.

The Committee among other matters:

- ◆ nominated Nexia SAB&T and Aneel Darmalingam as the external auditor and designated auditor, respectively, for the financial years ended 28 February 2017, 28 February 2018, 28 February 2019 and 29 February 2020, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- ◆ nominated the external auditor and the independent auditor for each material subsidiary company for re-appointment;
- ◆ requested from Nexia SAB&T, the formal letter of their latest inspection performed by IRBA on the firm and Aneel Darmalingam, including any findings to the firm and/or individual in line with paragraph 22.15(h) of the JSE Listings Requirements;
- ◆ reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- ◆ obtained an annual confirmation from the auditor that their independence was not impaired;
- ◆ maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
- ◆ confirmed that no non-audit services were conducted by Nexia SAB&T;
- ◆ approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- ◆ obtained assurances from the external auditor that adequate accounting records were being maintained by the Company and its subsidiaries;
- ◆ considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No 26 of 2005; and
- ◆ considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

AUDIT AND RISK COMMITTEE REPORT

continued

Adequacy and functioning of the Group's internal controls

The Committee reviewed the plans and work outputs of the external auditors and concluded that these were adequate to address all significant financial risks facing the business.

As noted above, it also reviewed the reporting around the adequacy of the internal controls and, based on this, concluded that there had been no material breakdowns in internal control, including financial controls, business risk management and maintenance of effective material control systems and are working.

Financial reporting

The Audit and Risk Committee ensures that the financial reporting to stakeholders fairly presents the state of affairs of the Group. This covers the annual financial statements, integrated annual report, interim and preliminary reporting.

The Committee among other matters:

- ◆ applied judgement and confirmed the going concern as the basis of preparation of the annual financial statements, taking into consideration the impact of COVID-19;
- ◆ examined and reviewed the annual financial statements, as well as all financial information disclosed prior to the submission to the Board for their approval and then for disclosure to stakeholders;
- ◆ overseen that the annual financial statements fairly present the financial position of the Company and of the Group as at the end of the financial year and the results of operations and cash flows for the financial year and considered the bases on which the Company and the Group were determined to be going concerns;
- ◆ considered the appropriateness of the accounting policies adopted and changes thereto;
- ◆ reviewed the external auditor's audit report and key audit matters included;
- ◆ reviewed the representation letter relating to the annual financial statements, which was signed by management;
- ◆ considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements; and
- ◆ considered accounting treatments, significant unusual transactions and accounting judgements.

Significant areas of judgement

In arriving at the figures disclosed in the financial statements, there are many areas where judgement is needed. These are outlined in the critical accounting estimates and judgements in the accounting policies to the annual financial statements. The Audit and Risk Committee has looked at the quantum of the assets and liabilities on the statements of financial position and other items that require significant judgement and decided to note the following:

Going concern

Whilst the Company was considering various ways to raise funding, there were no sufficient and appropriate audit evidence to support this statement. However, the Board is satisfied that there were adequate prospects for a rights issue in the near future and prepared the annual financial statements on a going concern basis.

The Committee:

- ◆ oversaw the value delivery on IT;
- ◆ monitored that adequate business arrangements are in place for disaster recovery;
- ◆ monitored that all personal information is treated by the Company as an important business asset and is identified; and
- ◆ reviewed and recommended to the Board for approval any policies proposed by management and relevant to the areas of responsibility of the Committee.

Legal and regulatory requirements

To the extent that these may have an impact on the annual financial statements, the Committee:

- ◆ reviewed legal matters that could have a material impact on the Group;
- ◆ reviewed the adequacy and effectiveness of the Group's procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;

AUDIT AND RISK COMMITTEE REPORT

continued

- ◆ considered reports provided by management and the external auditors regarding compliance with legal and regulatory requirements; and
- ◆ reviewed the proactive monitoring process in terms of the letters from the JSE dated 20 February 2018, 20 February 2019 and 18 February 2020, including Annexure 3, and applied the findings applicable to the Company and the Group.

Expertise and experience of Financial Director and the financial function

As required by 3.84(h) of the JSE Limited Listings Requirements, the Committee has satisfied itself that the Financial Director (part-time), Deon Botha, has the appropriate expertise and experience. In addition, the Committee satisfied itself that the composition, experience and skills set of the finance function met the Group's requirements.

ELECTION OF COMMITTEE AT THE AGM

Pursuant to the provisions of section 94(2) of the Companies Act, which require that a public company must elect an Audit Committee at each AGM, it is proposed in the Notice of AGM to be held on Tuesday, 12 January 2021 that Eshaan Singh (Chairman), Charles Mostert and Mohammed Bassam Al Mojarkesh be re-appointed as members of the Audit and Risk Committee until the next AGM in 2021.

ASSESSMENT OF THE COMMITTEE

The Committee agreed to only conduct self-evaluations every second year. The Committee evaluation and results will be included in the Committee Report in 2021.

INTEGRATED ANNUAL REPORT

Following the review by the Committee of the consolidated and separate annual financial statements of Middle East Diamond Resources Limited for the four years ended 29 February 2020, the Committee is of the view that in all material aspects they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards and fairly present the consolidated and separate financial positions at that date and the results of operations and cash flows for the year then ended. The Committee has also satisfied itself of the integrity of the integrated annual report to be posted on MEDR's website www.medr.co.za on 4 December 2020.

RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS FOR APPROVAL BY THE BOARD

The Committee has recommended the annual financial statements for the four years ended 29 February 2020 for approval to the Board. The Board has subsequently approved the reports, which will be open for discussion at the forthcoming AGM.



Eshaan Singh

Audit and Risk Committee Chairman

25 November 2020

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of the Company for the year ended 29 February 2020.

1. NATURE OF BUSINESS

The nature of the Company's business is an investment and management company with trading subsidiaries engaged in the exploration, prospecting, development and mining of mineral resources and all aspects related thereto.

During the financial years 2016 to 2020 there have been limited trading activities by the Group due to the financial constraints experienced by the Group.

The Company is still investigating opportunities of acquisitions in the mineral industry.

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 annual financial statements.

3. SHARE CAPITAL

	Number of shares	
	2020	2019
Authorised		
Ordinary shares	1 000 000 000	1 000 000 000
Issued		
Ordinary shares	435 126 517	435 126 517

4. DIVIDENDS

The directors have resolved not to declare a dividend for the years under review.

DIRECTORS' REPORT

continued

5. DIRECTORS

Since 1 March 2016, there were various changes to the Board, summarised below:

Director	Position	Appointment date	Resignation date	Reappointment date
James Gordon Allan	Chief Executive Officer	23 Nov 2012		
René Carlo Hochreiter	Executive Director	23 Nov 2012	7 Mar 2016	
Afzal Ahmed Jagot	Financial Director	29 Jul 2016	4 Jan 2017	
David Norton Levithan	Executive Director	23 Nov 2012	20 Sep 2016	
Mohammed Bassam Al Mojarkesh	Independent Non-Executive Director	29 Jul 2016		
Richard Mhlontlo	Lead Independent Director	29 Jul 2016	14 Jan 2019	
Michael Mpho Mokgathe	Independent Non-Executive Director	14 Oct 2014	29 Jul 2016	
Charles Phillip Mostert	Independent Non-Executive Director/Lead Independent Director	23 Nov 2012	29 Jul 2016	7 Feb 2017
Sheikh Abdulla Khalfan Humaid Nasser	Independent Non-Executive Chairman	29 Feb 2016		
Michael Howard Rogers	Independent Non-Executive Director	7 Aug 2014	29 Jul 2016	
Eshaan Singh	Financial Director (part-time)/ Independent Non-Executive Director	31 Aug 2015	29 Jul 2016	7 Feb 2017
Mohamed Said Tinawi	Independent Non-Executive Director	16 Feb 2016		
Deon Botha	Financial Director (part-time)	4 Nov 2020		

All the directors are South African citizens, except for Sheikh Abdulla Kahlfan Humaid Nasser, who is a UAE resident, and Said Tinawi and Mohammed Bassam Al Mojarkesh, who are Saudi Arabian residents.

6. SHAREHOLDER ANALYSIS

Ordinary shareholder analysis as at 29 February 2020

The following are shareholders beneficially holding, directly or indirectly, in excess of 5% of the share capital as at 29 February 2020.

	Number of shares	% of shareholding
Shenver Investments Proprietary Limited	80 000 000	18,39
James Gordon Allan	30 576 835	7,03
Familia Asset Managers Proprietary Limited	28 450 742	6,54
Abbas Yunus Ally	26 000 000	5,98
Sasfin Securities Proprietary Limited	22 207 206	5,10

DIRECTORS' REPORT

continued

7. DIRECTORS' INTERESTS IN SHARES

The following directors hold direct and indirect beneficial interests in the shares of the Company:

Holding at 2020	Direct holding	Indirect holding	Total holding	% of shareholding
James Gordon Allan	30 576 835	1 272 917	31 849 752	7,32
Charles Philip Mostert	334 750	–	334 750	0,08
	30 911 585	1 272 917	32 184 502	7,40

There has been no changes between the financial year-end and date of approval of the annual financial statements.

Holding 2017 to 2019	Direct holding	Indirect holding	Total holding	% of shareholding
James Gordon Allan	11 669 057	912 076	12 581 133	5,52
René Carlo Hochreiter	8 065 975	912 077	8 978 052	3,94
David Norton Levithan	–	17 370 184	17 370 184	7,62
Charles Philip Mostert	239 857	–	239 857	0,11
	19 974 889	19 194 337	39 169 226	17,19

There was no changes to directors' interest since year-end to date of publication.

8. BORROWING POWERS

In terms of the Memorandum of Incorporation, the borrowing powers of the Company are unlimited.

9. PROFIT AND LOSS OF SUBSIDIARIES

No profits or losses were incurred by subsidiaries other than Sable Platinum Holdings Proprietary Limited. The losses incurred by Sable Platinum Holdings Proprietary Limited are:

	R
2016	1 828 121
2017	8 374 587
2018	2 879 705
2019	2 139 373
2020	2 602 229

DIRECTORS' REPORT

continued

10. SPECIAL RESOLUTIONS PASSED BY THE COMPANY

The following resolutions were passed at the annual general meeting held on 11 November 2016:

Special resolution number 1: Remuneration of non-executive directors

Resolved that the remuneration payable to the non-executive directors be approved until the next AGM.

Special resolution number 2: Financial assistance to related and inter-related companies

Resolved that the Board of Directors of the Company be and is hereby authorised in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval (which approval will be in place for a period of two years from the date of adoption of this special resolution number 2), to authorise the Company to provide any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to such term in section 45(1) of the Companies Act) that the Board may deem fit to any related or inter-related company of the Group (related and inter-related will herein have the meanings attributed to those terms in section 2 of the Companies Act), on the terms and conditions and for the amounts that the Board of Directors may determine.

Special resolution number 3: Authority to repurchase shares by the Company

Resolved as a special resolution that the Company and its subsidiaries be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the Memorandum of Incorporation of the Company, the JSE Listings Requirements and the requirements of any other stock exchange on which the shares of the Company may be quoted or listed.

11. EVENTS AFTER THE REPORTING PERIOD**Rights offer**

The Company intends to do a partially underwritten rights issue of R30 000 000 (thirty million rand) (of which R16,3 million has been subscribed and that the CEO, James Allan, has committed to follow his rights of R2,1 million) in order to prepare the annual financial statements, pay outstanding creditors and assist MEDR with future acquisitions.

It is anticipated that the rights issue circular will be sent to shareholders as soon as the suspension from the JSE is lifted and the rights offer has been approved by the JSE.

General meeting

At a general meeting held on 14 August 2020, the authorised ordinary share capital of the Company, comprising 1 000 000 000 (one billion) ordinary shares of no par value, was consolidated on a 1:100 basis into 10 000 000 (ten million) shares of no par value. The issued ordinary share capital of the Company, comprising 435 126 517 (four hundred and thirty-five million one hundred and twenty-six thousand five hundred and seventeen) ordinary shares of no par value, was consolidated on a 1:100 basis into 4 351 265 shares (four million three hundred and fifty-one thousand and two hundred and sixty five) of no par value.

At the same meeting, the authorised share capital of the Company was increased by 1 490 000 000 (one billion four hundred and ninety million) shares of no par value from 10 000 000 (ten million) shares of no par value to 1 500 000 000 (one billion five hundred million) shares of no par value.

DIRECTORS' REPORT

continued

Acquisitions – Casa Mining Limited

MEDR has widened the search for suitable assets to acquire from a narrow focus in South Africa to include the rest of Africa and, in particular, has focussed on the acquisition of gold and copper assets in Africa.

An acquisition of Casa Mining Limited ("Casa") had been entered into on 9 November 2020, which owns a sizeable gold asset in the Democratic Republic of Congo ("DRC") with 3 million ounce JORC Inferred Resource, which is currently being converted to a SAMREC defined resource.

A Heads of Agreement had been entered into on the 6 November 2020 with Chun Can Capital Group or its Nominee, a company incorporated in The State of Nevada USA ("Purchaser"), which holds 100% of Casa to acquire all the issued shares of and claims in Casa with effect from the date that all conditions precedent have been met. Refer to note 26 for further detail.

Stepford Company Limited

A Heads of Agreement had also been entered into with Stepford Company Limited ("Stepford") on 9 November 2020, a company incorporated in Ghana to acquire 50% of the issued shares of and claims in Stepford from the shareholders of Stepford with effect from the date that all conditions precedent have been met. Refer to note 26 for further detail.

Covid-19

COVID-19 had no impact on the Group due to it not trading.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

12. GOING CONCERN

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

We draw attention to note 25 in the financial statements, which indicates that the Group incurred net losses for the years ending 29 February 2020, 28 February 2019, 28 February 2018 and 28 February 2017 and, as of those dates, the Group's total liabilities exceeded its total assets by R16 548 924 as at 29 February 2020 (2019: R13 946 695; 2018: R11 807 322; and 2017: R8 927 617). As stated in note 25, these events or conditions, along with other matters as set forth in note 25, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The directors will continue to source financial resources to continue as a going concern despite the historical losses incurred. The ability of the Group and Company to be going concerns is dependent on the success of the rights issue referred to in the subsequent events note.

13. INDEPENDENT AUDITORS

Nexia SAB&T was appointed on 22 May 2020 and continue in office as auditors of the Group for the year.

DIRECTORS' REPORT

continued

14. SECRETARY

The Company Secretary is Juba Statutory Services Proprietary Limited (represented by Sirkien van Schalkwyk).

Postal address: PO Box 4896
Rietvalleirand, 0174

Business address: Block B, Office 103
The Park Shopping Centre
837 Barnard Street
Elarduspark, 0181

15. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The annual financial statements have been authorised for issue by the directors on 25 November 2020. No authority was given to anyone to amend the financial statements after the date of issue.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Middle East Diamond Resources Limited and its subsidiaries

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Middle East Diamond Resources Limited and its subsidiaries (the Group) set out on pages 43 to 84, which comprise the consolidated and separate statement of financial position as at 28 February 2017, 28 February 2018, 28 February 2019 and 29 February 2020, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the years then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 28 February 2017, 28 February 2018, 28 February 2019 and 29 February 2020, and its consolidated and separate financial performance and consolidated and separate 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 and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the 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 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 25 in the financial statements, which indicates that the Group incurred net losses for the years ending 29 February 2020, 28 February 2019, 28 February 2018 and 28 February 2017 and, as of those dates, the Group's total liabilities exceeded its total assets by R16 548 924 as at 29 February 2020 (2019: R13 946 695; 2018: R11 807 322; and 2017: R8 927 617). As stated in Note 25, these events or conditions, along with other matters as set forth in Note 25, 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

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

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 "MEDR Integrated Annual Report 2020" and in the document titled "Middle East Diamond Resources Limited Annual Financial Statements for the year ended 29 February 2020", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate 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 report thereon.

Our opinion on the consolidated and separate 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 and separate 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 and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information obtained prior to the date of this auditor's report, 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 and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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 and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate 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 and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate 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 and separate 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.

INDEPENDENT AUDITOR'S REPORT

continued

- 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 and separate 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 and separate financial statements, including the disclosures, and whether the consolidated and separate 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 financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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 Nexia SAB&T has been the auditor of Middle East Diamond Resources Limited and its subsidiaries for 4 years


Nexia SAB&T**Per: A Darmalingam***Director**Registered Auditor*

30 November 2020

STATEMENTS OF FINANCIAL POSITION – GROUP

as at 29 February 2020, 2019, 2018 and 2017

	Notes	Group				
		2020 R	2019 R	2018 R	2017 R	Restated 2016 R
ASSETS						
Non-current assets						
Financial assets	4	249 516	249 516	249 516	249 516	249 515
Current assets						
Loans to previous group companies	5	–	–	–	–	1 384 510
Trade and other receivables	6	1 706 059	1 336 509	1 055 556	842 879	212 915
Cash and cash equivalents	7	1 603	1 603	1 603	1 603	399 716
		1 707 662	1 338 112	1 057 159	844 482	1 997 141
Total assets		1 957 178	1 587 628	1 306 675	1 093 998	2 246 656
EQUITY AND LIABILITIES						
Equity						
Share capital	9	99 468 435	99 468 435	99 468 435	99 468 435	99 468 435
Accumulated loss		(116 004 390)	(113 402 161)	(111 262 788)	(108 383 083)	(100 295 248)
Equity attributable to owners of the parent		(16 535 955)	(13 933 726)	(11 794 353)	(8 914 648)	(826 813)
Non-controlling interest		(12 969)	(12 969)	(12 969)	(12 969)	(12 969)
Total equity		(16 548 924)	(13 946 695)	(11 807 322)	(8 927 617)	(839 782)
Liabilities						
Non-current liabilities						
Other financial liabilities	11	14 865 182	12 692 850	10 380 507	7 511 315	–
Total non-current liabilities		14 865 182	12 692 850	10 380 507	7 511 315	–
Current liabilities						
Other financial liabilities	11	–	–	–	104 500	–
Trade and other payables	13	3 640 552	2 841 173	2 733 435	2 405 731	3 086 438
Bank overdraft	7	368	300	55	69	–
Total current liabilities		3 640 920	2 841 473	2 733 490	2 510 300	3 086 438
Total liabilities		18 506 102	15 534 323	13 113 997	10 021 615	3 086 438
Total equity and liabilities		1 957 178	1 587 628	1 306 675	1 093 998	2 246 656

STATEMENTS OF FINANCIAL POSITION – COMPANY

as at 29 February 2020, 2019, 2018 and 2017

	Notes	Company				
		2020 R	2019 R	2018 R	2017 R	2016 R
ASSETS						
Non-current assets						
Financial assets	4	–	–	–	–	–
Current assets						
Trade and other receivables	6	–	–	–	–	–
Cash and cash equivalents	7	–	–	–	–	–
		–	–	–	–	–
Total assets		–	–	–	–	–
EQUITY AND LIABILITIES						
Equity						
Share capital	9	317 605 140	317 605 140	317 605 140	317 605 140	317 605 140
Accumulated loss		(318 605 140)	(318 605 140)	(318 605 140)	(318 605 140)	(318 605 140)
Equity attributable to owners of the parent		(1 000 000)	(1 000 000)	(1 000 000)	(1 000 000)	(1 000 000)
Non-controlling interest		–	–	–	–	–
Total equity		(1 000 000)	(1 000 000)	(1 000 000)	(1 000 000)	(1 000 000)
Liabilities						
Non-current liabilities						
Other financial liabilities	11	–	–	–	–	–
Total non-current liabilities		–	–	–	–	–
Current liabilities						
Trade and other payables	13	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000
Total current liabilities		1 000 000	1 000 000	1 000 000	1 000 000	1 000 000
Total liabilities		1 000 000	1 000 000	1 000 000	1 000 000	1 000 000
Total equity and liabilities		–	–	–	–	–

STATEMENTS OF COMPREHENSIVE INCOME – GROUP

for the years ended 29 February 2020, 2019, 2018 and 2017

	Notes	Group				
		2020 R	2019 R	2018 R	2017 R	Restated 2016 R
Continuing operations						
Sales	14	–	–	1 318 694	–	–
Cost of sales		–	–	1 256 930	–	–
Gross profit		–	–	61 764	–	–
Other income	15	–	–	–	–	7 523 397
Operating expenses		(2 473 494)	(1 999 614)	(2 825 575)	(7 999 298)	(8 343 402)
Operating loss		(2 473 494)	(1 999 614)	(2 763 811)	(7 999 298)	(820 005)
Finance costs	16	(128 735)	(139 759)	(115 894)	(88 537)	(1 475 494)
Loss before taxation		(2 602 229)	(2 139 373)	(2 879 705)	(8 087 835)	(2 295 499)
Taxation	17	–	–	–	–	–
Loss for the year from continuing operations		(2 602 229)	(2 139 373)	(2 879 705)	(8 087 835)	(2 295 499)
Discontinued operations	18					
Profit for the year from discontinued operations		–	–	–	–	2 617 147
Total comprehensive (loss)/ profit for the year		(2 602 229)	(2 139 373)	(2 879 705)	(8 087 835)	321 648
Total comprehensive loss attributable to:						
Owners of the parent		(2 602 229)	(2 139 373)	(2 879 705)	(8 087 835)	633 648
Non-controlling interest		–	–	–	–	(312 000)
		(2 602 229)	(2 139 373)	(2 879 705)	(8 087 835)	321 648
Earnings and diluted earnings per share	28					
Loss per share (cents)		(0,60)	(0,49)	(0,66)	(1,86)	0,13
From continuing operations (cents)		(0,60)	(0,49)	(0,66)	(1,86)	(0,93)
From discontinued operations (cents)		–	–	–	–	1,06
Diluted loss per share (cents)		(0,60)	(0,49)	(0,66)	(1,86)	0,13
From continuing operations (cents)		(0,60)	(0,49)	(0,66)	(1,86)	(0,93)
From discontinued operations (cents)		–	–	–	–	1,06

STATEMENTS OF COMPREHENSIVE INCOME – COMPANY

for the years ended 29 February 2020, 2019, 2018 and 2017

	Notes	Company				
		2020 R	2019 R	2018 R	2017 R	2016 R
Other income	15	–	–	–	–	4 176 169
Operating expenses		–	–	–	–	(65 948 279)
Operating loss		–	–	–	–	(61 772 110)
Finance costs	16	–	–	–	–	(1 381 080)
Loss before taxation		–	–	–	–	(63 153 190)
Taxation	17	–	–	–	–	–
Loss for the year from continuing operations		–	–	–	–	(63 153 190)
<i>Discontinued operations</i>						
Profit/(loss) for the year from discontinued operations		–	–	–	–	–
Total comprehensive loss for the year		–	–	–	–	(63 153 190)

STATEMENTS OF CHANGES IN EQUITY – GROUP

for the years ended 29 February 2020, 2019, 2018 and 2017

	Group					
	Share capital R	Accumulated loss R	Share-based payment reserve R	Total R	Non- controlling interest R	Total equity R
Balance at 1 March 2015	97 889 857	(100 928 894)	1 778 618	(1 260 419)	(88 578)	(1 348 997)
Familia loan restatement	(10 000 000)	–	–	(10 000 000)	–	(10 000 000)
Restated balance – 1 March 2015	87 889 857	(100 928 894)	1 778 618	(11 260 419)	(88 578)	(11 348 997)
Total comprehensive loss	–	(270 896)	–	(270 896)	(312 000)	(582 896)
<i>Transactions with owners in their capacity as owners of equity</i>						
Subscription for shares	8 000 000	–	–	8 000 000	–	8 000 000
Capitalisation costs on subscription	(245 218)	–	–	(245 218)	–	(245 218)
Share incentive scheme charge	–	–	2 045 178	2 045 178	–	2 045 178
Disposal of subsidiary	–	–	–	–	62 620	62 620
Transfer from other reserves	3 823 796	–	(3 823 796)	–	–	–
Balance at 29 February 2016 as previously reported	99 468 435	(101 199 790)	–	(1 731 355)	(337 958)	(2 069 313)
Correction of error (note 27)	–	904 542	–	904 542	324 989	1 229 531
Balance at 29 February 2016 as restated	99 468 435	(100 295 248)	–	(826 813)	(12 969)	(839 782)
Total comprehensive loss	–	(8 087 835)	–	(8 087 835)	–	(8 087 835)
Balance at 28 February 2017	99 468 435	(108 383 083)	–	(8 914 648)	(12 969)	(8 927 617)
Total comprehensive loss	–	(2 879 705)	–	(2 879 705)	–	(2 879 705)
Balance at 28 February 2018	99 468 435	(111 262 788)	–	(11 794 353)	(12 969)	(11 807 322)
Total comprehensive loss	–	(2 139 373)	–	(2 139 373)	–	(2 139 373)
Balance at 28 February 2019	99 468 435	(113 402 161)	–	(13 933 726)	(12 969)	(13 946 695)
Total comprehensive loss	–	(2 602 229)	–	(2 602 229)	–	(2 602 229)
Balance at 29 February 2020	99 468 435	(116 004 390)	–	(16 535 955)	(12 969)	(16 548 924)

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STATEMENTS OF CHANGES IN EQUITY – COMPANY

for the years ended 29 February 2020, 2019, 2018 and 2017

	Company					
	Share capital R	Accumulated loss R	Share-based payment reserve R	Total R	Non- controlling interest R	Total equity R
Balance at 1 March 2015	316 026 562	(255 451 950)	1 778 618	62 353 230	–	62 353 230
Familia loan restatement	(10 000 000)	–	–	(10 000 000)	–	(10 000 000)
Restated balance – 1 March 2015	306 026 562	(255 451 950)	1 778 618	52 353 230	–	52 353 230
Total comprehensive loss	–	(63 153 190)	–	(63 153 190)	–	(63 153 190)
<i>Transactions with owners in their capacity as owners of equity</i>						
Subscription for shares	8 000 000	–	–	8 000 000	–	8 000 000
Capitalisation costs on subscription	(245 218)	–	–	(245 218)	–	(245 218)
Share incentive scheme charge	–	–	2 045 178	2 045 178	–	2 045 178
Transfer from other reserves	3 823 796	–	(3 823 796)	–	–	–
Balance at 29 February 2016	317 605 140	(318 605 140)	–	(1 000 000)	–	(1 000 000)
Total comprehensive loss	–	–	–	–	–	–
Balance at 28 February 2017	317 605 140	(318 605 140)	–	(1 000 000)	–	(1 000 000)
Total comprehensive loss	–	–	–	–	–	–
Balance at 28 February 2018	317 605 140	(318 605 140)	–	(1 000 000)	–	(1 000 000)
Total comprehensive loss	–	–	–	–	–	–
Balance at 28 February 2019	317 605 140	(318 605 140)	–	(1 000 000)	–	(1 000 000)
Total comprehensive loss	–	–	–	–	–	–
Balance at 29 February 2020	317 605 140	(318 605 140)	–	(1 000 000)	–	(1 000 000)

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STATEMENTS OF CASH FLOWS – GROUP

as at 29 February 2020, 2019, 2018 and 2017

	Notes	Group				
		2020 R	2019 R	2018 R	2017 R	2016 R
Cash flows from operating activities						
Cash utilised in operations	19	(289 276)	(407 239)	(1 085 962)	(3 156 766)	(8 920 358)
Finance costs paid		–	–	–	–	(94 414)
Net cash from operating activities		(289 276)	(407 239)	(1 085 962)	(3 156 766)	(9 014 772)
Cash flows from investing activities						
Proceeds on disposal of plant and equipment		–	–	–	–	68 082
Proceeds from disposal of subsidiary		–	–	–	–	(688 981)
Proceeds from disposal of loan account	6	–	–	–	–	100 000
Proceeds from restricted cash		–	–	–	(1)	–
Net cash from investing activities		–	–	–	(1)	(520 899)
Cash flows from financing activities						
Proceeds from share issue	9	–	–	–	–	7 754 782
Payments of financial liabilities		–	–	(442 000)	(139 498)	(5 000 000)
Proceeds from financial liabilities	20	289 208	406 994	1 527 976	2 898 083	7 397 519
Loan repaid to related parties		–	–	–	–	(55 000)
Loan repaid to director		–	–	–	–	(195 110)
Net cash from financing activities		289 208	406 994	1 085 976	2 758 585	9 902 191
Total cash movement for the year		(68)	(245)	14	(398 182)	366 520
Cash at the beginning of the year		1 303	1 548	1 534	399 716	33 196
Cash at the end of the year	7	1 235	1 303	1 548	1 534	399 716

STATEMENTS OF CASH FLOWS – COMPANY

as at 29 February 2020, 2019, 2018 and 2017

	Notes	Company				
		2020 R	2019 R	2018 R	2017 R	2016 R
Cash flows from operating activities						
Cash generated from operations	19	–	–	–	–	–
Finance costs paid		–	–	–	–	–
Net cash from operating activities		–	–	–	–	–
Cash flows from investing activities						
Loan advanced from subsidiary		–	–	–	–	245 218
Loan advanced to subsidiary		–	–	–	–	(3 000 000)
Net cash from investing activities		–	–	–	–	(2 754 782)
Cash flows from financing activities						
Proceeds from share issue	9	–	–	–	–	7 754 782
Payments of financial liabilities		–	–	–	–	(5 000 000)
Net cash from financing activities		–	–	–	–	2 754 782
Total cash movement for the year		–	–	–	–	–
Cash at the beginning of the year		–	–	–	–	–
Cash at the end of the year		–	–	–	–	–

ACCOUNTING POLICIES

for the years ended 29 February 2020, 2019, 2018 and 2017

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of Middle East Diamond Resources Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS"), interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS and JSE Securities Exchange ("JSE") Listings Requirements. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB") and in the manner required by the Companies Act, 71 of 2008 as amended.

Historical cost convention

The financial statements have been prepared on the historical cost basis.

1.1 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

The directors applied judgement when assessing whether the Company's financial statements should be prepared on a going concern basis. Refer to note 25.

1.2 Consolidation

The consolidated financial information includes the financial statements of the Group and its subsidiaries. All financial results are consolidated with similar items on a line by line basis.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ACCOUNTING POLICIES

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

1.2 Consolidation (continued)

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying value amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified as profit or loss.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on change in ownership are also recorded in equity.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity by applying predecessor accounting.

1.3 Investment in subsidiaries

In the Company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in subsidiary is the aggregate of:

- ◆ the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- ◆ any costs directly attributable to the purchase of the subsidiary.

Any adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments (IFRS 9)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

ACCOUNTING POLICIES

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

1.4 Financial instruments (continued)

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as:

- ◆ Financial assets at amortised cost (debt instruments).

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade financial assets (restricted cash) trade and other receivables and cash and cash equivalents.

Derecognition

A financial asset is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- ◆ The rights to receive cash flows from the asset have expired;
- or
- ◆ The Group has transferred its rights to receive cash flows from the asset.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ACCOUNTING POLICIES

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

1.4 Financial instruments (continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a financial assets is always presumed to have increased significantly since initial recognition if the contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a receivable is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the financial asset has not increased significantly since initial recognition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Financial liabilities (IFRS 9)

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other financial liabilities, trade and other payables and bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified as:

- ◆ Financial liabilities at amortised cost.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing financial liabilities are subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

ACCOUNTING POLICIES

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

1.4 Financial instruments (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Financial instruments: IAS 39 (2018 and 2017)

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- ◆ Loans and receivables
- ◆ Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition.

Initial recognition and measurement

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

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when its contractual obligations are discharged or cancelled or expire.

ACCOUNTING POLICIES

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

1.4 Financial instruments (continued)

Impairment of financial assets

At each reporting date the Company assesses all financial assets, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

1.5 Cash restricted for use

Cash which is subject to restrictions on its use is stated separately at carrying amount in the statement of financial position.

1.6 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, from the proceeds.

1.7 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share based payment transaction or a liability if the goods or service were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably. The value is determined at grant date and not subsequently adjusted.

ACCOUNTING POLICIES

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

1.7 Share based payments (continued)

If the fair value of the goods and services received cannot be estimated reliably, their value and the corresponding increase in equity are measured by reference to the fair value of the equity instruments granted.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the group accounts for those services as they are rendered by the counterparty during the vesting period, or on a straight-line basis over the vesting period.

The fair value of the share-based payment is determined by applying the Black Scholes Merton Option valuation method. At each reporting date management assesses the number of options it expects to vest and adjusts the calculation accordingly so that the cost recognised over the vesting period reflects and is based on the number of options that ultimately vest.

1.8 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is treated as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A tax liability is recognised for all taxable temporary differences.

Deferred tax assets and liabilities are measured at an amount that includes the effect of possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantially enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current and future taxable profit.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.9 Revenue (IAS 18)

Revenue is recognised to the extent that the Company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably, and it is probable that economic benefits associated with the transaction will flow to the Company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

ACCOUNTING POLICIES

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service contract is rendered, such as leave pay 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.

1.11 Borrowing costs

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

1.12 Earnings per share

Earnings and headline earnings per share are calculated by dividing the net profit attributable to the owners of the parent and headline earnings respectively, by the weighted average number of ordinary shares in issue during the year, excluding the ordinary shares held by the Group as treasury shares.

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all ordinary shares with dilutive potential. Full share grants have dilutive potential. The full share grants are assumed to have been converted into ordinary shares. It has no effect on net profit and therefore no adjustment is made to net profit for full share grants.

Headline earnings are calculated in accordance with Circular 1/2019 issued by the South African Institute of Chartered Accountants as required by the JSE Listings Requirements.

1.13 Segment reporting

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker. Furthermore, a segment is a distinguishable component of the Group that is engaged in either providing related products and services (business segment), in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different to those of other segments. The Chief Executive Officer is the chief operating decision maker and evaluates the financial information of the Group as one operating unit.

No segment information has been provided as the Group is currently not trading.

NOTES TO THE FINANCIAL STATEMENTS

for the years ended 29 February 2020, 2019, 2018 and 2017

2. STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED DURING THE RELEVANT FINANCIAL YEARS

During the applicable financial years, the Group has adopted the following standards and interpretations that were effective and that are relevant to its operations:

Standard and interpretation	Effective date – years beginning on or after	Impact on financial statements
2017 financial year		
Amendment to IFRS 7: <i>Financial Instruments</i> : Disclosures: Annual Improvements project	01/01/2016	Not material
Disclosure Initiative: Amendment to IAS 1: <i>Presentation of Financial Statements</i>	01/01/2016	Not material
Amendment to IAS 34: <i>Interim Financial Reporting</i> . Annual Improvements project	01/01/2016	Not material
2018 financial year		
Amendments to IAS 7: <i>Disclosure initiative</i>	01/01/2017	Enhanced disclosures
IAS 12: <i>Income Taxes</i>	01/01/2017	Not material
2019 financial year		
IFRS 9: <i>Financial Instruments</i>	01/01/2018	Not material There was a change in the classification of financial assets and methodology in financial assets impairments
IFRS 15: <i>Revenue from Contracts with Customers</i>	01/01/2018	Not material
Amendments to IFRS 15: Clarifications to IFRS 15: <i>Revenue from Contracts with Customers</i>	01/01/2018	Not material
2020 financial year		
IFRS 16: <i>Leases</i>	01/01/2019	Not material

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

2. STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED DURING THE RELEVANT FINANCIAL YEARS (continued)**Standards and interpretations not yet effective**

The Group has chosen not to early adopt the following standards and interpretations which have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2020 or later periods:

Standard and interpretation	Effective date – years beginning on or after	Impact on financial statements
Annual Improvement to IFRS Standards 2018 to 2020 – Amendments to IFRS 9	01/01/2022	Not material
Classification of Liabilities as Current or Non-current – Amendment to IAS 1	01/01/2023	Not material
COVID-19-related Rent Concessions – Amendment to IFRS 16	01/01/2020	Not material
IAS 1: <i>Presentation of Financial Statements</i> – Disclosure initiative	01/01/2020	Not material
IAS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> – Disclosure initiative	01/01/2020	Not material
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	01/01/2022	Not material
Definition of a business – Amendments to IFRS 3	01/01/2020	Not material

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

3. INVESTMENTS IN SUBSIDIARIES

The following is a list of entities which are controlled by the Group either directly or indirectly through subsidiaries:

Name of company	Group					Company	
	% holding 2020	% holding 2019	% holding 2018	% holding 2017	% holding 2016	Carrying amount 2020	Carrying amount 2019
Sable Platinum Holdings (Pty) Ltd	100	100	100	100	100	152 245 645	152 245 645
Impairment provision						(152 245 645)	(152 245 645)
						–	–
Held by Sable Platinum Holdings (Pty) Ltd "SPH"							
Bridge Line (Pty) Ltd	51	51	51	51	51		
Coveway Trade and Invest 46 (Pty) Ltd	51	51	51	51	51		
Dotfull Trading (Pty) Ltd	74	74	74	74	74		
Fast Pull Trade and Invest (Pty) Ltd	74	74	74	74	74		
Middlewave Trade and Invest 4 (Pty) Ltd	51	51	51	51	51		
Rickshaw Trade and Invest 88 (Pty) Ltd	74	74	74	74	74		
Roan Platinum (Pty) Ltd	74	74	74	74	74		
Saddle Path Properties 54 (Pty) Ltd	74	74	74	74	74		
Squirewood Investments 98 (Pty) Ltd	74	74	74	74	74		
Writer Star Trade and Invest (Pty) Ltd	74	74	74	74	74		

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4. FINANCIAL ASSETS

	Group					Company	
	2020 R	2019 R	2018 R	2017 R	2016 R	2020 R	2019 R
Loan to subsidiary							
Sable Platinum Holdings (Pty) Ltd						37 290 992	37 290 992
Impairment provision						(37 290 992)	(37 290 992)
						–	–
The Group and its subsidiaries are exploration companies not yet in a cash-generating position. The financial asset has been assessed as being in stage 3 according to the IFRS 9 general approach and as a result the loan has been credit impaired.							
Other financial assets							
Restricted cash – environmental guarantees	249 516	249 516	249 516	249 516	249 515	–	–
The environmental guarantee was issued on 26 January 2010, secured by a cash call held by Nedbank.							
The letter of guarantee number 9402/30237718 for the amount as above in respect of the mine known as The Remaining Extent of Farm Doornpoort 295 JR situated in the magisterial district of Pretoria, Gauteng.							
The guarantee shall lapse on the granting of a closure certificate in terms of the Mineral and Petroleum Resources Development Act, 2002 or by three months written notice in advance. The funds are invested with Nedbank and as such the credit risk has been assessed as low.							
Non-current assets							
At amortised cost, gross of impairment losses	249 516	249 516	249 516	249 516	249 515	–	–

The fair value of these instruments approximates their carrying value as the terms and conditions of the financial asset is market related.

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	Group				
	2020 R	2019 R	2018 R	2017 R	2016 R
5. LOANS TO PREVIOUS GROUP COMPANIES					
Fast Pace Trade and Invest 32 (Pty) Ltd	–	–	–	–	1 369 370
Ochre Shimmer Trade and Invest 72 (Pty) Ltd	–	–	–	–	14 240
Sable Platinum Joint Venture	–	–	–	–	900
	–	–	–	–	1 384 510
The loans are unsecured, interest free and have no repayment terms. The loans are not repayable within the next twelve months.					
The fair value of these instruments approximates their carrying value, as the terms and conditions of the financial asset is market related.					
6. TRADE AND OTHER RECEIVABLES					
James Allan – as agent and intermediary of MEDR shareholders	–	–	–	–	100 000
The James Allan receivable represents the proceeds owing to the Group for the sale of the loan claim by Sable Platinum Holdings (Pty) Ltd against Sable Platinum Mining Limited to all shareholders of MEDR (previously Sable Metals and Minerals Limited) according to the scheme of arrangement approved on 25 January 2016					
SARS – VAT receivable	1 706 059	1 336 509	1 055 556	842 879	112 915
	1 706 059	1 336 509	1 055 556	842 879	212 915
The fair value of trade and other receivables approximates its carrying amount due to its short-term nature.					

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	Group				
	2020 R	2019 R	2018 R	2017 R	2016 R
7. CASH AND CASH EQUIVALENTS					
Cash and cash equivalents consist of:					
Cash on hand	1 603	1 603	1 603	1 603	1 603
Bank balances	–	–	–	–	398 113
Cash on hand	1 603	1 603	1 603	1 603	399 716
Bank overdraft	(368)	(300)	(55)	(69)	–
Net cash and cash equivalents	1 235	1 303	1 548	1 534	399 716

Banking facilities are secured by personal suretyship of the directors.

The fair value of cash and cash equivalents approximates its carrying amounts due to its short-term nature.

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	Group		
	Financial assets at amortised cost R	Non-financial assets R	Total R
8. FINANCIAL ASSETS BY CATEGORY			
2020			
Other financial assets	249 516	–	249 516
Trade and other receivables	–	1 706 059	1 706 059
Cash and cash equivalents	1 603	–	1 603
	251 119	1 706 059	1 957 178
2019			
Other financial assets	249 516	–	249 516
Trade and other receivables	–	1 336 509	1 336 509
Cash and cash equivalents	1 603	–	1 603
	251 119	1 336 509	1 587 628

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	Group		
	Loans and receivables R	Non- financial assets R	Total R
8. FINANCIAL ASSETS BY CATEGORY (continued)			
2018			
Other financial assets	249 516	–	249 516
Trade and other receivables	–	1 055 556	1 055 556
Cash and cash equivalents	1 603	–	1 603
	251 119	1 055 556	1 306 675
2017			
Other financial assets	249 516	–	249 516
Trade and other receivables	–	842 879	842 879
Cash and cash equivalents	1 603	–	1 603
	251 119	842 879	1 093 998
2016			
Other financial assets	249 516	–	249 516
Loans to previous group companies	1 384 510	–	1 384 510
Trade and other receivables	100 000	112 914	212 914
Cash and cash equivalents	399 716	–	399 716
	2 133 742	112 914	2 246 656

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9. SHARE CAPITAL

Authorised – 1 000 000 000 ordinary shares of no par value**Reconciliation of number of shares issued**

	Group					Company	
	2020 R	2019 R	2018 R	2017 R	2016 R	2020 R	2019 R
Opening balance	435 126 517	435 126 517	435 126 517	435 126 517	186 263 412	435 126 517	435 126 517
Shares issued	–	–	–	–	200 000 000	–	–
Escrow shares released	–	–	–	–	41 648 396	–	–
Vesting of share options	–	–	–	–	7 214 709	–	–
Closing balance	435 126 517	435 126 517	435 126 517	435 126 517	435 126 517	435 126 517	435 126 517
Issued							
Opening balance	99 468 435	99 468 435	99 468 435	99 468 435	87 889 857	317 605 140	317 605 140
Subscription for shares/shares issued	–	–	–	–	8 000 000	–	–
Vesting of share options – transfer from share-based payment reserve	–	–	–	–	3 823 796	–	–
Capitalised costs	–	–	–	–	(245 218)	–	–
Closing balance	99 468 435	99 468 435	99 468 435	99 468 435	99 468 435	317 605 140	317 605 140

The directors were issued with a general authority to issue shares not exceeding 34 186 771 shares at the annual general meeting that was held on 16 July 2015.

The following approvals were granted to the Board of Directors at the extraordinary general meeting held on 25 January 2016:

- the issue of 200 000 000 shares at an issue price of 4 cents which yielded a gross amount of R8 million before the capitalisation of professional costs;
- the release of 41 648 396 shares held in escrow by Java Capital Trustees and Sponsors (Pty) Ltd;
 - The escrow agreement was entered into in 2012 when JG Allan, PA Poulosom, RC Hochreiter, GL Hochreiter, Yawara Capital (Pty) Ltd (D Levithan), PSG Nominees (B Schabert), CP Mostert, J Louw, Allan Hochreiter Investments (Pty) Ltd and Leg Legacy Platinum

Corporation (“the vendors”) sold all the issued shares in Sable Platinum Holdings (Pty) Ltd to New Corpcapital Limited (previously known as “Sable” and now known as MEDR);

- The escrow agreement was entered into between the vendors, MEDR and Sable Platinum Holdings (Pty) Ltd in terms of which a total number of 41 648 396 Sable consideration shares issued to the vendors, were to be held in escrow by Java Capital Trustees and Sponsors (Pty) Ltd pending the resolution of two matters, namely the Syferfontein and Bank litigation;
- The provisions of the escrow agreement did not provide for a change in control of Sable before the matters had been resolved and the escrow shares had been released; and

- Change in control was triggered with the specific issue of shares hence the approval by shareholders at the extraordinary general meeting;

- Immediate vesting of 7 214 709 share rights which has triggered a full release of the share-based payment reserve amount to share capital.

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10. SHARE INCENTIVE SCHEME – SABLE PLATINUM PERFORMANCE RIGHTS SCHEME

	Group				
	2020 R	2019 R	2018 R	2017 R	2016 R
Expense arising from share-based payment transactions	–	–	–	–	2 045 178
Participants in the share incentive scheme are required to be in the employment of the Group for a minimum of 3 years from the inception of the share incentive scheme.					
Reconciliation of number of options					
Opening balance	–	–	–	–	7 214 709
Vested during the year	–	–	–	–	(7 214 709)
Closing balance	–	–	–	–	–

In terms of paragraph 1.9 of the Sable Platinum performance rights scheme, rights to shares would vest in the event that the Company is taken over, delisted or become the subject of a merger. There will be a change of control as a result of the specific issue and scheme of arrangement. The Remuneration and Nominations Committee has determined the numbers of rights that would vest. The shareholders were requested to amend the scheme.

As a result of the immediate vesting of the share rights, a IFRS 2 share-based payment charge has been raised in the statement of comprehensive income of R2 045 178 for the remaining period of the rights. With the full charge being recognised the amount recorded in the share-based payment reserve of R3 823 796 has been transferred to share capital as the transaction has now been settled and shares have been issued.

The vested options were granted to senior executives and was intended to function as a bonus scheme for the senior executive directors of the Group.

The values of the share options were determined using the Black Scholes Merton Options Valuation Model for equity-settled instruments.

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	Group				
	2020 R	2019 R	2018 R	2017 R	2016 R
11. OTHER FINANCIAL LIABILITIES					
At amortised cost					
Sable Platinum Mining Limited	14 065 182	11 975 974	9 768 980	6 989 654	–
Shenver Investments (Pty) Ltd holds cession over the loan limited to R5,25 million. Sable Platinum has agreed that the loan is non-interest-bearing.					
Director's loan – Mohamed Said Tinawi	800 000	716 876	611 527	521 661	–
Non-current liabilities	14 865 182	12 692 850	10 380 507	7 511 315	–
The fair value of non-current liabilities approximates their carrying value, as there is no fixed terms of repayment.					
Director's loan – James Gordon Allan	–	–	–	104 500	–
Current liabilities	–	–	–	104 500	–

The loans are unsecured, interest-free (except for Mohamed Said Tinawi – bearing interest at 16% p.a.) and have no fixed terms of repayment. The loan due to Mohamed Said Tinawi is limited by agreement to R800 000 and no further interest will be incurred. The fair value of the current liabilities approximates its carrying amount due to its short-term nature. The Company has the right to defer payment for a period of at least 12 months.

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	Group		Company	
	At amortised cost R	Total R	At amortised cost R	Total R
12. FINANCIAL LIABILITIES BY CATEGORY				
2020				
Other financial liabilities	14 865 182	14 865 182	–	–
Trade and other payables	3 640 552	3 640 552	1 000 000	1 000 000
Bank overdraft	368	368	–	–
	18 506 102	18 506 102	1 000 000	1 000 000
2019				
Other financial liabilities	12 692 850	12 692 850	–	–
Trade and other payables	2 841 173	2 841 173	1 000 000	1 000 000
Bank overdraft	300	300	–	–
	15 534 323	15 534 323	1 000 000	1 000 000
2018				
Other financial liabilities	10 380 507	10 380 507	–	–
Trade and other payables	2 733 435	2 733 435	1 000 000	1 000 000
Bank overdraft	55	55	–	–
	13 113 997	13 113 997	1 000 000	1 000 000

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	Group		Company	
	At amortised cost R	Total R	At amortised cost R	Total R
12. FINANCIAL LIABILITIES BY CATEGORY (continued)				
2017				
Other financial liabilities	7 615 815	7 615 815	–	–
Trade and other payables	2 405 731	2 405 731	1 000 000	1 000 000
Bank overdraft	69	69	–	–
	10 021 615	10 021 615	1 000 000	1 000 000
2016				
Trade and other payables	3 086 438	3 086 438	1 000 000	1 000 000
	3 086 438	3 086 438	1 000 000	1 000 000

	Group					Company	
	2020 R	2019 R	2018 R	2017 R	2016 R	2020 R	2019 R
13. TRADE AND OTHER PAYABLES							
Accrued expenses	3 640 552	2 841 173	2 733 435	2 405 731	3 086 438	1 000 000	1 000 000

The fair value of these instruments approximates their carrying value, due to their short-term nature.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	Group					Company
	2020 R	2019 R	2018 R	2017 R	2016 R	2016 R
14. REVENUE						
Sales	–	–	1 318 694	–	–	–
15. OTHER INCOME						
Profit on cession of liabilities and payables in terms of approved scheme of arrangement	–	–	–	–	5 523 720	4 176 169
Profit on acquisition of loan accounts	–	–	–	–	1 374 301	–
Sundry income	–	–	–	–	625 375	–
	–	–	–	–	7 523 396	4 176 169
16. FINANCE COSTS						
Unwinding of liability present value	–	–	–	–	1 381 080	1 381 080
Loan from director	128 735	139 759	115 894	88 537	94 414	–
	128 735	139 759	115 894	88 537	1 475 494	1 381 080

In terms of an agreement entered into, no further interest is payable on the loan from the director – refer note 11.

17. TAXATION

No provision has been made for taxation as the Group and the Company have no taxable income.

The estimated tax losses available for the Group for set off against future taxable income is R34 565 442 (2019: R31 963 213; 2018: R29 823 840; 2017: R26 944 135; 2016: R20 086 032). The estimated tax loss for the Company available for set off against future taxable income is R1 481 442 (2019: R1 481 442; 2018: R1 481 442; 2017: R1 481 442; 2016: R1 481 442).

No deferred tax provision has been made as there is no reasonable indication as to when the Company will become profitable.

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18. DISCONTINUED OPERATIONS

As part of the scheme of arrangement that was approved by shareholders on 25 January 2016, Sable Platinum Mining Limited ("SPM"), would repurchase the 370 issued shares held by Sable Platinum Holdings (Pty) Ltd for a consideration of R5.

This is reported as a discontinued operation.

Financial information relating to the discontinued operation for the period to date of disposal is set out below.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the 11 months ended 25 January 2016.

	Group
	2016 R
Revenue	–
Expenses	(5 409 185)
Net loss before taxation	(5 409 185)
Taxation	–
Gain on sale of subsidiary after income tax	8 026 332
Profit/(loss) from discontinued operation	2 617 147
Other comprehensive income	–
Other comprehensive income/(loss) from discontinued operation	2 617 147

In terms of the scheme of arrangement approved by shareholders at the extraordinary general meeting of 25 January 2016, MEDR (previously Sable) would pay a consideration of R6 000 000 to SPM for the cession and assignment of all current and contingent liabilities of MEDR and Sable Platinum Holdings Pty (Ltd) ("SPH") which would include the following:

- the Familia agreement and Sable's liability towards Familia;
- Sable's contingent obligation to pay arrear non-executive directors' fees of approximately R2 million;
- Sable and SPH's obligation to repay unsecured loans to Allan Hochreiter Investments (Pty) Ltd and James Allan; and
- Sable's contingent obligation to repay the loan of R6 million to Lemur Resources Limited.

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	Group				
	2020 R	2019 R	2018 R	2017 R	Restated 2016 R
19. CASH GENERATED FROM OPERATIONS					
Loss before tax including discontinued operations	(2 602 229)	(2 139 373)	(2 879 705)	(8 087 835)	321 648
Adjustments for:					
Profit on cession and assignment of liabilities	–	–	–	–	(5 523 720)
Profit on acquisition of loan accounts	–	–	–	–	(1 374 301)
Loss on sale of subsidiary loan	–	–	–	–	(8 026 332)
Loss on sale of loan claims	–	–	–	–	179 392
Other non-cash items	–	–	–	–	(31 759)
Finance costs	128 735	139 759	115 894	88 537	1 475 494
Impairment of prospecting right	–	–	–	–	1 200 000
Impairment of previous Group company loans	–	–	–	R1 384 510	–
Share-based payments	–	–	–	–	2 045 178
Changes in working capital:					
Trade and other receivables	(369 550)	(280 953)	(212 677)	(629 964)	(633 507)
Trade and other payables	2 553 768	1 873 328	1 890 526	4 087 986	1 447 549
	(289 276)	(407 239)	(1 085 962)	(3 156 766)	(8 920 358)
20. PROCEEDS FROM FINANCIAL LIABILITIES					
Closing balance	14 865 182	12 692 850	10 380 507	–	–
Opening balance	12 692 850	10 380 507	7 511 315	–	–
Movement	2 172 332	2 312 343	2 869 192	–	–
Less: Non-cash items	(1 883 124)	(1 905 349)	(1 341 216)	–	–
Proceeds from financial liabilities	289 208	406 994	1 527 976	–	–

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21. RELATED PARTIES

Relationships

Subsidiaries

Refer to note 3

Members of key management

Sheikh Abdulla Khalfan Humaid Nasser

James Gordon Allan

Mohammed Bassam Al Mojarkesh

Mohamed Said Tinawi

Eshaan Singh

Charles Philip Mostert

	Group				
	2020 R	2019 R	2018 R	2017 R	2016 R
Related party balances and transactions with entities with control, joint control or significant influence over the Company					
Accounts receivable – refer note 6					
James Gordon Allan	–	–	–	–	100 000
Loans payable to related parties – refer note 11					
Sable Platinum Mining Limited	(14 065 182)	(11 975 974)	(9 768 980)	(6 989 654)	–
Mohamed Said Tinawi	(800 000)	(716 876)	(611 527)	(521 661)	–
James Gordon Allan	–	–	–	(104 500)	–
Interest paid to related parties – refer note 16					
Mohamed Said Tinawi	128 735	139 759	115 894	88 537	94 414
Management fees					
Sable Platinum Mining Limited	1 500 000	1 500 000	1 500 000	3 510 000	–

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		Group				
		2020 R	2019 R	2018 R	2017 R	2016 R
22. DIRECTORS' REMUNERATION						
Executive						
James Gordon Allan		–	–	–	–	900 000
Eshaan Singh		–	–	–	–	105 000
		–	–	–	–	1 005 000

23. CONTINGENCIES

In terms of a scheme of arrangement approved on 25 January 2016, the Group and Company have ceded and assigned all current and contingent liabilities to Sable Platinum Mining Limited.

24. RISK MANAGEMENT**Capital risk management**

The Group and Company's objective when managing capital are to safeguard the Group and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Refer note 25 for risk to capital management.

Liabilities are planned to be settled from the proceeds from the partially underwritten rights issue as disclosed in note 26. There are no externally imposed capital requirements.

Financial risk management

The Group and Company's activities expose it to a variety of financial risks; market risk (including credit risk and liquidity risk).

Liquidity risk

The Group and Company's risk to liquidity is a result of the funds available to cover future commitments. The Group and Company manages liquidity risk through an ongoing review of future commitments.

Refer note 26 for risk to liquidity and settlement of current and future commitments.

The table below analyses the Group and Company'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 within 12 months equal their carrying balances as the impact of discounting is not significant. No finance costs are incurred on other financial liabilities other than as disclosed in note 11.

As a result balances due between 1 and 5 years are equal to their carrying balances as there is no impact of discounting.

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24. RISK MANAGEMENT (continued)

	Group		Company	
	Less than 1 year R	Between 1 and 5 years R	Less than 1 year R	Between 1 and 5 years R
At 29 February 2020				
Other financial liabilities	–	14 865 182	–	–
Trade and other payables	3 640 552	–	1 000 000	–
Bank overdraft	368	–	–	–
At 28 February 2019				
Other financial liabilities	–	12 692 850	–	–
Trade and other payables	2 841 173	–	1 000 000	–
Bank overdraft	300	–	–	–
At 28 February 2018				
Other financial liabilities	–	10 380 507	–	–
Trade and other payables	2 733 435	–	1 000 000	–
Bank overdraft	55	–	–	–
At 28 February 2017				
Other financial liabilities	–	7 615 815	–	–
Trade and other payables	2 405 731	–	1 000 000	–
Bank overdraft	69	–	–	–
At 28 February 2016				
Trade and other payables	3 086 438	–	1 000 000	–

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24. RISK MANAGEMENT (continued)

Credit risk

Then maximum exposure to credit risk consists mainly of cash and cash equivalents and financial assets (restricted cash).

The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. The credit risk has been assessed as low.

No losses are expected due to credit exposure.

25. GOING CONCERN

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

The Group incurred net losses for the years ending 29 February 2020, 28 February 2019, 28 February 2018 and 28 February 2017 and, as of those dates, the Group's total liabilities exceeded its total assets by R16 548 924 as at 29 February 2020 (2019: R13 946 695; 2018: R11 807 322; and 2017: R8 927 617). These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The directors will continue to source financial resources to continue as a going concern despite the historical losses incurred. The ability of the Group and Company to be going concerns is dependent on the success of the rights issue referred to in the subsequent events note.

Mining and prospecting risk

The Group and Company work within the framework of the Mineral and Petroleum Resources Development Act, no 28 of 2002 and other applicable legislation in order to remain therewith and to retain its granted rights. The failure of the Group and Company to meet its obligation to the Department of Mineral Resources and Energy (DMRE) may negatively impact on its holding of the prospecting rights and hence its core business. The impact of any legislative changes as to the risk they may pose to the Group and Company's operation will be assessed as and when they occur. The communities with whom the Group and Company deal with are often fractured. The Group and Company, through ongoing negotiation with these communities, attempt to anticipate and resolve any such issues as and when they occur and prior to them becoming material.

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26. EVENTS AFTER THE REPORTING PERIOD

Rights offer

The Company intends to do a partially underwritten rights issue of R30 000 000 (thirty million rand) (of which R16,3 million has been subscribed, and which the CEO, James Allan, has committed to follow his rights of R2,1 million) in order to prepare the annual financial statements, pay outstanding creditors and assist MEDR with future acquisitions.

It is anticipated that the rights issue circular will be sent to shareholders as soon as the suspension from the JSE is lifted and the rights offer has been approved by the JSE.

General meeting

At a general meeting held on 14 August 2020, the authorised ordinary share capital of the Company, comprising 1 000 000 000 (one billion) ordinary shares of no par value, was consolidated on a 1:100 basis into 10 000 000 (ten million) shares of no par value. The issued ordinary share capital of the Company, comprising 435 126 517 (four hundred and thirty-five million one hundred and twenty-six thousand five hundred and seventeen) ordinary shares of no par value, was consolidated on a 1:100 basis into 4 351 265 shares (four million three hundred and fifty-one thousand and two hundred and sixty five) of no par value.

At the same meeting, the authorised share capital of the Company was increased by 1 490 000 000 (one billion four hundred and ninety million) shares of no par value from 10 000 000 (ten million) shares of no par value to 1 500 000 000 (one billion five hundred million) shares of no par value.

Acquisitions – Casa Mining Limited

MEDR has widened the search for suitable assets to acquire from a narrow focus in South Africa to include the rest of Africa and, in particular, has focussed on the acquisition of gold and copper assets in Africa.

An acquisition of Casa Mining Limited (“Casa”) had been entered into on 9 November 2020, which owns a sizeable gold asset in the Democratic Republic of Congo (“DRC”) with 3 million ounce JORC Inferred Resource, which is currently being converted to a SAMREC defined resource.

A Heads of Agreement had been entered into on the 6 November 2020 with Chun Can Capital Group or its Nominee, a company incorporated in The State of Nevada USA (“Purchaser”), which holds 100% of Casa to acquire all the issued shares of and claims in Casa with effect from the date that all conditions precedent have been met. Refer to note 26 for further detail.

Stepford Company Limited

A Heads of Agreement had also been entered into with Stepford Company Limited (“Stepford”) on 9 November 2020, a company incorporated in Ghana to acquire 50% of the issued shares of and claims in Stepford from the shareholders of Stepford with effect from the date that all conditions precedent have been met. Refer to note 26 for further detail.

Covid-19

COVID-19 had no impact on the Group due to it not trading.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

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27. RESTATEMENT OF PRIOR PERIOD ERROR

The restatement relates to errors in the financial statements for the year ended 29 February 2016.

There was a scheme of an arrangement in 2016 where certain companies in the Group were derecognised. However, due to a different interpretation of certain statutory requirements, three companies in the Group that should also have been derecognised, wasn't derecognised. The 2016 financial statements have now been restated to derecognise these subsidiaries. The subsidiaries were Fast Pace Trade and Invest 32 (Pty) Ltd, Ochre Shimmer Trade and Invest 72 (Pty) Ltd and Sable Platinum Joint Venture (Pty) Ltd.

Furthermore, there was incorrect classification between finance income and operating expenses.

The audited financial statements for the year ended 29 February 2016, has been restated as follows:

	Group				Company			
	Effect on statement of comprehensive income		Effect on statement of financial position		Effect on statement of comprehensive income		Effect on statement of financial position	
	Debit R	Credit R	Debit R	Credit R	Debit R	Credit R	Debit R	Credit R
Disposal of subsidiaries in terms of restructure agreement								
Decrease in outside shareholders interest	–	–	–	324 989	–	–	–	–
Increase in loan receivable from previous Group companies	–	–	1 384 510	–	–	–	–	–
Decrease in financial assets	–	–	–	153 779	–	–	–	–
Decrease in cash and cash equivalents	–	–	–	1 200	–	–	–	–
Decrease in operating expenses	–	–	–	–	–	1 381 080	–	–
Decrease in finance income	1 381 080	–	–	–	1 381 080	–	–	–
Increase in profit from discontinued operations	–	2 285 622	–	–	–	–	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

	Group				
	2020 cents	2019 cents	2018 cents	2017 cents	2016 cents
28. EARNINGS AND HEADLINE EARNINGS PER SHARE					
Basic and diluted earnings/(loss) per share (cents)					
Attributable to the ordinary equity holders of the Company					
From continuing operations (cents)	(0,60)	(0,49)	(0,66)	(1,86)	(0,93)
From discontinued operations (cents)	–	–	–	–	1,06
Total basic loss per share	(0,60)	(0,49)	(0,66)	(1,86)	0,13
Headline and diluted headline loss per share (cents)					
Attributable to the ordinary equity holders of the Company					
From continuing operations (cents)	(0,60)	(0,49)	(0,66)	(1,54)	(3,76)
From discontinued operations (cents)	–	–	–	–	(2,31)
Total headline loss per share	(0,60)	(0,49)	(0,66)	(1,54)	(6,07)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

	Group				
	2020 cents	2019 cents	2018 cents	2017 cents	2016 cents
28. EARNINGS AND HEADLINE EARNINGS PER SHARE					
(continued)					
Reconciliation of loss used in calculating earnings per share and headline loss per share					
Profit attributable to the ordinary equity holders of the company used in calculating basic loss per share					
From continuing operations	(2 602 229)	(2 139 373)	(2 879 705)	(8 087 835)	(2 295 499)
<i>Adjusted for:</i>					
Profit on cession of loan liabilities	–	–	–	–	(5 523 720)
Profit on acquisition of loan accounts	–	–	–	–	(1 374 301)
Loss on sale of loan claims	–	–	–	–	179 392
Impairment of previous group company loans	–	–	–	1 384 510	–
Non-controlling interest	–	–	–	–	(312 000)
	(2 602 229)	(2 139 373)	(2 879 705)	(6 703 325)	(9 326 128)
From discontinuing operations	–	–	–	–	2 617 147
<i>Adjusted for:</i>					
Profit on disposal of subsidiary	–	–	–	–	(8 026 332)
Non-controlling interest	–	–	–	–	(312 000)
	–	–	–	–	(5 721 185)
Weighted average number of shares used as the denominator					
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	435 126 517	435 126 517	435 126 517	435 126 517	247 727 422
Adjusted for calculation of diluted earnings per share	–	–	–	–	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	435 126 517	435 126 517	435 126 517	435 126 517	247 727 422

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

29. DIRECTORS' INTERESTS IN SHARES

The following directors hold direct and indirect beneficial interests in the shares of the Company:

Holding at 2020	Direct holding	Indirect holding	Total holding	% of shareholding
James Gordon Allan	30 576 835	1 272 917	31 849 752	7,32
Charles Philip Mostert	334 750	–	334 750	0,08
	30 911 585	1 272 917	32 184 502	7,40

Holding 2017 to 2019	Direct holding	Indirect holding	Total holding	% of shareholding
James Gordon Allan	11 669 057	912 076	12 581 133	5,52
René Carlo Hochreiter	8 065 975	912 077	8 978 052	3,94
David Norton Levithan	–	17 370 184	17 370 184	7,62
Charles Philip Mostert	239 857	–	239 857	0,11
	19 974 889	19 194 337	39 169 226	17,19

Note: The notes to the annual financial statements of the Company for 2019, 2018 and 2017 are the same as for 2020. There was no changes to directors' interest from year-end to publication of the annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the years ended 29 February 2020, 2019, 2018 and 2017

continued

30. SHAREHOLDER ANALYSIS

Ordinary shareholder analysis as at 29 February 2020

The following are shareholders beneficially holding, directly or indirectly, in excess of 5% of the share capital as at 29 February 2020.

	Number of shares	% of shareholding
Shenver Investments Proprietary Limited	80 000 000	18,39
James Gordon Allan	30 576 835	7,03
Familia Asset Managers Proprietary Limited	28 450 742	6,54
Abbas Yunus Ally	26 000 000	5,98
Sasfin Securities Proprietary Limited	22 207 206	5,10

Note: The notes to the annual financial statements of the Company for 2019, 2018 and 2017 are the same as for 2020.

SHAREHOLDERS' ANALYSIS

DESCRIPTION OF SHAREHOLDERS

	Number of shareholders	% of shareholding	Number of shares held	% of shareholding
Public shareholding				
Corporate	121	7,88	245 287 337	56,37
Nominees/Trusts/Trustees	109	7,10	13 168 970	3,03
Individuals	1 305	85,02	144 485 708	33,21
	1 535	99,80	402 942 015	92,60
Non-public shareholding				
Directors	2	0,13	30 911 585	7,10
Associates of Directors	1	0,07	1 272 917	0,29
	3	0,20	32 184 502	7,40
Total	1 538	100,00	435 126 517	100,00

SHAREHOLDER SPREAD

	Number of shareholders	% of shareholding	Number of shares held	% of shareholding
1 – 1 000 shares	1 108	72,04	274 676	0,06
1 001 – 5 000 shares	181	11,77	462 221	0,11
5 001 – 10 000 shares	53	3,45	433 406	0,10
10 001 – 50 000 shares	78	5,07	1 922 960	0,44
50 001 – 100 000 shares	27	1,76	2 020 618	0,46
Over 100 000 shares	91	5,92	430 012 636	98,82
	1 538	100,00	435 126 517	100,00

NOTICE OF ANNUAL GENERAL MEETING

MIDDLE EAST DIAMOND RESOURCES LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2001/006539/06

JSE share code: MED ISIN: ZAE000211876

("MEDR" or the "Company")

As a result of the impact of the COVID-19 pandemic and the restrictions placed on public gatherings, the annual general meeting ("AGM") will be held in electronic format only.

Notice is hereby given that the AGM of MEDR shareholders recorded in the register as at Friday, 27 November 2020, which will only be accessible through electronic participation, as permitted by the JSE Listings Requirements, the provisions of the Companies Act and MEDR's Memorandum of Incorporation will be held at 10:00 on Tuesday, 12 January 2021, for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions set out below in the manner required by the Companies Act.

Note:

- ◆ For any of the ordinary resolutions number 1 to 10 and 12 to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.
- ◆ For any of the special resolutions number 1 to 3 to be adopted, 75% or more of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.
- ◆ For ordinary resolution number 11 to be adopted, 75% or more of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.

Purpose

The purpose of the meeting is to present, consider and adopt the financial statements of the Company for the four years ended 29 February 2020; to transact the business set out in this Notice of AGM ("AGM notice") by considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions hereunder; and to transact such other business as may be transacted at the AGM.

Record date, attendance and voting

2020	
Record date in order to be eligible to receive the AGM notice	Friday, 27 November
AGM notice posted to shareholders	Friday, 4 December
Last date to trade in order to be eligible to vote at the AGM	Monday, 28 December
Record date in order to be eligible to vote at the AGM	Thursday, 31 December
2021	
Submit forms of proxy for administrative purposes for the AGM (by 10:00)	Friday, 8 January
AGM (at 10:00)	Tuesday, 12 January
Results of the AGM released on SENS	Tuesday, 12 January

NOTICE OF ANNUAL GENERAL MEETING

continued

Voting and proxies

The date on which MEDR shareholders must be recorded in the register to be entitled to attend and vote at the AGM is Thursday, 31 December 2020. The last day to trade in order to be entitled to attend and vote at the AGM is Monday, 28 December 2020.

For an ordinary resolution to be approved by the shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution. For a special resolution to be approved by the shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution.

Voting will be via a poll; every shareholder of the Company shall have one vote for every share held in the Company by such shareholder.

A shareholder entitled to participate and vote at the AGM is entitled to appoint a proxy or proxies to electronically participate, speak and vote in his/her stead. A proxy need not be a shareholder of the Company.

The electronic platform (Microsoft Teams) to be utilised to host the AGM does not provide for electronic voting during the meeting.

Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the form of proxy and lodging this form with the Company's transfer secretaries by no later than 10:00 on Friday, 8 January 2021 by:

- ◆ delivery to Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank; or
- ◆ email to proxy@computershare.co.za.

Any forms of proxy not submitted by this time can still be lodged by email to proxy@computershare.co.za prior to the commencement of the meeting.

Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the AGM.

The transfer secretaries must be reasonably satisfied that the right of that person to participate in, speak and vote at the AGM as an MEDR shareholder, as proxy or as a representative of an MEDR shareholder, has been reasonably verified. Accepted forms of identification include original South African driver's licenses, green barcoded identity documents or barcoded identification smart cards issued by the South African Department of Home Affairs, as well as passports.

Dematerialised shareholders, other than those with 'own name' registration, who wish to participate in the AGM, should instruct their Central Securities Depository Participant ("CSDP") or Broker to issue them with the necessary letter of representation to participate in the AGM, in the manner stipulated in the relevant custody agreement. The letter of representation will need to be submitted together with the completed Electronic Participation Application Form to the Company's transfer secretaries and to MEDR in the manner and within the timeframe described above under the section titled "Electronic Participation Arrangements".

If these shareholders do not wish to participate in the AGM in person, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Those certificated shareholders and dematerialised shareholders with 'own name' registration, who wish to participate in the AGM (either in person or represented by proxy), must submit a completed Electronic Participation Application Form to the Company's transfer secretaries and to MEDR in the manner and within the timeframe described above under the section titled "Electronic Participation Arrangements".

NOTICE OF ANNUAL GENERAL MEETING

continued

ELECTRONIC ATTENDANCE AND PARTICIPATION

The Company's Memorandum of Incorporation authorises the conduct of shareholders' meetings entirely by electronic communication, as does section 63(2)(a) of the Companies Act. In light of the measures put in place by the South African Government in response to the COVID-19 pandemic, the Board has decided that the AGM will only be accessible through a remote interactive electronic platform, as detailed below.

Shareholders or their duly appointed proxies who wish to participate in the AGM are required to complete the Electronic Participation Application Form available immediately before the proxy form on pages 97 and 98 and email same to the Company's transfer secretaries at proxy@computershare.co.za and to MEDR at sirkien@juba.co.za as soon as possible, but in any event by no later than 10:00 on Friday, 8 January 2021.

Shareholders or their duly appointed proxies are required to provide satisfactory identification before being entitled to participate in the AGM.

Upon receiving a completed Electronic Participation Application Form, the Company's transfer secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the AGM. The Company's transfer secretaries will provide the Company with the nominated email address of each verified shareholder or their duly appointed proxy to enable the Company to forward them a Microsoft Teams meeting invitation required to access the AGM.

Fully verified shareholders or their duly appointed proxies who have applied to participate electronically in the AGM are requested by no later than 09:55 on Tuesday, 12 January 2021 to join the lobby of the meeting by clicking on the "Join Microsoft Teams Meeting" link to be provided by MEDR's Company Secretary or by the secretarial office, whose admission to the meeting will be controlled by the Company Secretary/secretarial office.

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the Company's transfer secretaries or MEDR who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder or their proxy from participating in and /or voting at the AGM.

AGENDA

1. Presentation and consideration of the annual financial statements of the Group and the Company, including the reports of the directors and the Audit and Risk Committee for the year ended 29 February 2020 as set out in the Company's integrated annual report 2020 of which this AGM notice forms part of.
2. In accordance with Companies Regulation 43(5)(c), issued in terms of the Companies Act, the Chairman of the Social and Ethics Committee, or, in the absence of the Chairman, any member of the Committee, will present the Committee's report to shareholders at the AGM. The Social and Ethics Committee Report is set out on pages 24 and 25 of the integrated annual report.
3. To consider and, if deemed fit, approve, with or without modification, the following special and ordinary resolutions:

NOTICE OF ANNUAL GENERAL MEETING

continued

ORDINARY BUSINESS

1. **ORDINARY RESOLUTION NUMBER 1: Confirmation of the appointment of Charles Philip Mostert**

To ratify the appointment of Charles Philip Mostert, who was appointed as an independent non-executive director of the Company with effect from 7 February 2017.

An abbreviated curriculum vitae in respect of Charles Philip Mostert may be viewed on page 9 of this annual integrated report of which this notice forms part.

2. **ORDINARY RESOLUTION NUMBER 2: Confirmation of the appointment of Eshaan Singh**

To ratify the appointment of Eshaan Singh, who was appointed as an independent non-executive director of the Company with effect from 7 February 2017.

An abbreviated curriculum vitae in respect of Eshaan Singh may be viewed on page 9 of this annual integrated report of which this notice forms part.

3. **ORDINARY RESOLUTION NUMBER 3: Confirmation of the appointment of Deon Botha**

To ratify the appointment of Deon Botha, who was appointed as Financial Director (part-time) of the Company with effect from 4 November 2020.

An abbreviated curriculum vitae in respect of Deon Botha may be viewed on page 8 of this annual integrated report of which this notice forms part.

Reason for ordinary resolution numbers 1 to 3

The reason for ordinary resolution numbers 1 to 3 is that paragraph 26.1 of the Memorandum of Incorporation of the Company and, to the extent applicable, the Companies Act, require that director appointments must be approved by shareholders at the next AGM.

4. **ORDINARY RESOLUTION NUMBER 4: Re-election of Mohammed Bassam Al Mojarkesh**

"Resolved that Mohammed Bassam Al Mojarkesh, who retires by rotation in terms of the Memorandum of Incorporation of the Company and, being eligible and offering herself for re-election, be and is hereby re-elected as an independent non-executive director."

An abbreviated curriculum vitae in respect of Mohammed Bassam Al Mojarkesh may be viewed on page 9 of the integrated annual report of which this notice forms part.

The Remuneration and Nominations Committee has considered Mohammed Bassam Al Mojarkesh past performance and contribution to the Company and, in accordance with paragraph 26.8 of the Memorandum of Incorporation of the Company, recommends that Mohammed Bassam Al Mojarkesh be re-elected as an independent non-executive director of the Company.

Reason for ordinary resolution number 4

The reason for ordinary resolutions number 4 is that paragraph 26.8 of the Memorandum of Incorporation of the Company and, to the extent applicable, the Companies Act, require that a component of the directors rotate at the AGM and, being eligible, may offer themselves for re-election as directors.

NOTICE OF ANNUAL GENERAL MEETING

continued

5. **ORDINARY RESOLUTION NUMBER 5: Confirmation of the appointment of the auditors**

"Resolved that the appointment of Nexia SAB&T as independent auditor of the Company for the ensuing year (the designated auditor being Aneel Darmalingham) on the recommendation of the Company's Audit and Risk Committee be hereby ratified."

Reason for ordinary resolution number 5

The reason for ordinary resolution number 5 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the AGM of the Company, as required by the Companies Act.

6. **ORDINARY RESOLUTION NUMBER 6: Appointment of Eshaan Singh as a member and Chairman of the Audit and Risk Committee**

"Resolved that Eshaan Singh be elected as a member and Chairman of the Audit and Risk Committee, with effect from the conclusion of this AGM in terms of section 94(2) of the Companies Act."

An abbreviated curriculum vitae in respect of Eshaan Singh may be viewed on page 9 of the integrated annual report of which this notice forms part.

7. **ORDINARY RESOLUTION NUMBER 7: Appointment of Charles Philip Mostert as a member of the Audit and Risk Committee**

"Resolved that Charles Philip Mostert be elected as a member of the Audit and Risk Committee, with effect from the conclusion of this AGM in terms of section 94(2) of the Companies Act."

An abbreviated curriculum vitae in respect of Charles Philip Mostert may be viewed on page 9 of the integrated annual report of which this notice forms part.

8. **ORDINARY RESOLUTION NUMBER 8: Appointment of Mohammed Bassam Al Mojarkesh as a member of the Audit and Risk Committee**

"Resolved that Mohammed Bassam Al Mojarkesh be elected as a member of the Audit and Risk Committee, with effect from the conclusion of this AGM in terms of section 94(2) of the Companies Act."

An abbreviated curriculum vitae in respect of Mohammed Bassam Al Mojarkesh may be viewed on page 9 of the integrated annual report of which this notice forms part.

Reason for ordinary resolutions number 6 to 8

The reason for ordinary resolutions number 6 to 8 (inclusive) is that the Company, being a public listed company, must appoint an Audit Committee as prescribed by sections 66(2) and 94(2) of the Companies Act, which also requires that the members of such Audit Committee be appointed, or re-appointed, as the case may be, at each AGM of a Company.

9. **ORDINARY RESOLUTION NUMBER 9: Endorsement of Remuneration Policy and Implementation Report**

Ordinary resolution 9.1

"Resolved that the Company's Remuneration Policy, as set out in the remuneration report on pages 21 and 22 of the integrated annual report of which this notice forms part, be and is hereby approved by way of a non-binding advisory vote of shareholders of the Company in terms of the King IV™ Report on Corporate Governance for South Africa 2016."

NOTICE OF ANNUAL GENERAL MEETING

continued

Ordinary resolution 9.2

"Resolved that the Implementation Report, as set out on page 23 of the integrated annual report of which this notice forms part, be and is hereby endorsed as a non-binding advisory vote of shareholders of the Company in terms of the King IV™ Report on Corporate Governance for South Africa 2016."

Reason for ordinary resolutions number 9.1 and 9.2

The reason for ordinary resolutions number 9.1 and 9.2 is that King IV™ recommends that the Remuneration Policy of the Company be endorsed through separate non-binding advisory votes by shareholders at the AGM of a Company. Failure to pass these resolutions will not have legal consequences relating to existing arrangements. However, the Board of Directors of the Company will take the outcome of the vote into consideration when assessing the Company's Remuneration Policy and Implementation Report.

Should either resolution number 9.1 or 9.2 be voted against by 25% or more of the voting rights exercised, the Board will enter into an engagement process to ascertain the reasons for the dissenting votes and appropriately address legitimate and reasonable objections and concerns raised.

10. ORDINARY RESOLUTION NUMBER 10: Placing unissued shares under directors' control

"Resolved that the unissued shares in the company, limited to 5% of the number of shares in issue at 4 December 2020, be and are hereby placed under the control of the directors until the next AGM and that they be and are hereby authorised to issue any such shares as they may deem fit, subject to the Companies Act, the Memorandum of Incorporation of the Company, and the provisions of the JSE Listings Requirements, save that the aforementioned 5% limitation shall not apply to any shares issued in terms of a rights offer."

Reason for ordinary resolution number 10

The reason for ordinary resolution number 10 is that the Board requires authority from shareholders in terms of article 3 of its Memorandum of Incorporation to issue shares in the Company. This general authority, once granted, allows the Board from time to time, when it is appropriate to do so, to issue ordinary shares as may be required, inter alia, in terms of capital raising exercises, and to maintain a healthy capital adequacy ratio that may be required from time to time. This general authority is subject to the restriction that it is limited to 5% of the number of shares in issue at 4 December 2020 on the terms and further restrictions more fully set out in ordinary resolution number 11 below.

11. ORDINARY RESOLUTION NUMBER 11: General authority to issue shares for cash

"Resolved that the directors of the Company be and are hereby authorised by way of a general authority, to allot and issue any of its unissued shares for cash placed under their control as they in their discretion may deem fit, without restriction, subject to the provisions of the JSE Listings Requirements, and subject to the provision that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 30% (130 537 955 shares) of the issued share capital at 4 December 2020, provided that:

- ◆ the approval shall be valid until the date of the next AGM of the Company, provided it shall not extend beyond 15 months from the date of this resolution;
- ◆ a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published after any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of shares in issue prior to such issue;
- ◆ the general issues of shares for cash in the aggregate in any one financial year may not exceed 5% of the Company's issued share capital of that class. For purposes of determining whether the aforementioned 5% has been or will be reached, the securities of a particular class will be aggregated with the securities that are compulsorily convertible into securities of that class and, in the case of the issue of compulsorily convertible

NOTICE OF ANNUAL GENERAL MEETING

continued

securities, aggregated with the securities of that class into which they are compulsorily convertible. The number of securities of a class which may be issued shall be based on the number of securities of that class in issue at the date of such application less any securities of the class issued during the current financial year, provided that any securities of that class to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were securities in issue at the date of application;

- ◆ in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE should be consulted for a ruling if the securities have not traded in such 30-business day period;
- ◆ any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements and not to related parties; and
- ◆ any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue."

Reason for ordinary resolution number 11

For listed entities wishing to issue shares, it is necessary for the Board not only to obtain the prior authority of the shareholders as may be required in terms of their Memorandum of Incorporation contemplated in ordinary resolution number 11 above but it is also necessary to obtain the prior authority of shareholders in accordance with the JSE Listings Requirements. The reason for this resolution is, accordingly, to obtain a general authority from shareholders to issue shares in compliance with the JSE Listings Requirements. The authority granted in terms of this resolution number 11 must accordingly be read together with authority granted in terms of ordinary resolution number 10 above and any exercise thereof will be subject to the conditions contained in ordinary resolution number 11.

Note: This resolution requires the approval of not less than 75% of the votes cast by shareholders present or represented by proxy and entitled to vote at this AGM.

12. ORDINARY RESOLUTION NUMBER 12: Authority to action

"Resolved that any one director of the Company and/or the Company Secretary is hereby authorised to do all such things and sign all such documents as deemed necessary to implement the ordinary and special resolutions as set out in this notice convening the AGM at which these resolutions will be considered."

Reason for ordinary resolution number 12

The reason for ordinary resolution number 12 is to ensure that the resolutions voted favourably upon is duly implemented through the delegation of powers provided for in terms of clause 5.3 of the Company's Memorandum of Incorporation.

NOTICE OF ANNUAL GENERAL MEETING

continued

SPECIAL BUSINESS

13. SPECIAL RESOLUTION NUMBER 1: Remuneration of non-executive directors

"Resolved that the remuneration payable to the non-executive directors be approved on the following basis with effect from this AGM until the next AGM to be held in 2021:

Category	Recommended remuneration
Board member	R45 000 annual retainer
Board Chairman	R15 000 per meeting attended
Board member	R10 000 per meeting attended
Audit and Risk Committee	
Chairman	R8 000 per meeting attended
Member	R6 000 per meeting attended
Remuneration and Nominations Committee	
Chairman	R4 500 per meeting attended
Member	R3 500 per meeting attended
Social and Ethics Committee	
Member	R500 per meeting attended

Reasons for and effect of special resolution number 1

The reason for the proposed special resolution is to comply with section 66(9) of the Companies Act, which requires the approval of directors' fees prior to the payment of such fees.

Fees payable to non-executive directors are exclusive of value added tax.

The effect of special resolution number 1 is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors without requiring further shareholder approval until the next AGM.

14. SPECIAL RESOLUTION NUMBER 2: Financial assistance to related and inter-related companies

"Resolved that the Board of Directors of the Company be and is hereby authorised in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval (which approval will be in place for a period of two years from the date of adoption of this special resolution number 2), to authorise the Company to provide any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to such term in section 45(1) of the Companies Act) that the Board may deem fit to any related or inter-related company of the Group (related and inter-related will herein have the meanings attributed to those terms in section 2 of the Companies Act), on the terms and conditions and for the amounts that the Board of Directors may determine."

Reasons for and effect of special resolution number 2

The reason for and the effect of special resolution number 2 is to provide a general authority to the Board of Directors of the Company for the Company to grant direct or indirect financial assistance to any company forming part of the Group, including in the form of loans or the guaranteeing of their debts.

NOTICE OF ANNUAL GENERAL MEETING

continued

15. SPECIAL RESOLUTION NUMBER 3: Authority to repurchase shares by the Company

"Resolved as a special resolution that the Company and its subsidiaries be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the Memorandum of Incorporation of the Company, the JSE Listings Requirements and the requirements of any other stock exchange on which the shares of the Company may be quoted or listed, namely that:

- ◆ the general repurchase of the shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the Company and the counterparty;
- ◆ this general authority shall only be valid until the next AGM of the Company, provided that it shall not extend beyond 15 months from the date of this resolution;
- ◆ an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- ◆ the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the Company's issued share capital at the time the authority is granted;
- ◆ a resolution has been passed by the Board of Directors approving the purchase, that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position or required shareholder spread of the Company;
- ◆ the general repurchase is authorised by the Company's Memorandum of Incorporation;
- ◆ repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the applicant's securities have not traded in such five business day period;
- ◆ the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf; and
- ◆ the Company and its subsidiaries may not effect a repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place as contemplated in terms of 5.72(g) of the JSE Listings Requirements."

Reasons for and effect of special resolution number 3

The reason for and effect of special resolution number 3 is to grant the directors a general authority in terms of its Memorandum of Incorporation and the JSE Listings Requirements for the acquisition by the Company and/or its subsidiaries of shares issued by it on the basis reflected in the special resolution.

In terms of the JSE Listings Requirements any general repurchase by the Company and/or its subsidiaries must, inter alia, be limited to a maximum of 20% of the Company's issued share capital in any one financial year of that class at the time the authority is granted.

NOTICE OF ANNUAL GENERAL MEETING

continued

OTHER BUSINESS

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to the Company.

INFORMATION RELATING TO THE SPECIAL RESOLUTIONS

1. The directors of the Company or its subsidiaries will only utilise the general authority to purchase shares of the Company and/or the subsidiary as set out in special resolution number 3 to the extent that the directors, after considering the maximum shares to be purchased, are of the opinion that the Group's position would not be compromised as to the following:
 - ◆ the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the purchase;
 - ◆ the consolidated assets of the Group will at the time of the AGM and at the time of making such determination be in excess of the consolidated liabilities of the Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Group;
 - ◆ the ordinary capital and reserves of the Group after the purchase will remain adequate for the purpose of the business of the Group for a period of 12 months after the AGM and after the date of the share purchase;
 - ◆ the working capital available to the Group after the purchase will be sufficient for the Group's requirements for a period of 12 months after the date of the share repurchases and the directors have passed a resolution authorising the repurchase, resolving that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and resolving that since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the Group.
2. For the purposes of considering special resolution number 3, and in compliance with paragraph 11.26 of the Listings Requirements, the information listed below has been included in the integrated annual report, in which this Notice of AGM is included, at the places indicated:
 - ◆ Directors and management (pages 8 and 9)
 - ◆ Major shareholders (page 84)
 - ◆ Directors' interests in securities (page 83)
 - ◆ Share capital of the Company (page 67)
 - ◆ Contingent liabilities (page 76)
 - ◆ Responsibility statement (page 27)
3. For purposes of special resolution number 2, the Board will only utilise the general authority bestowed upon them to provide direct or indirect financial assistance related to inter-related companies to the extent that the directors, after considering the amount of financial assistance to be granted, are of the opinion that:
 - ◆ immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as defined in the Companies Act, 2008 as amended);
 - ◆ the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company all conditions or restrictions regarding the granting of financial assistance as set out in the Company's Memorandum of Incorporation have been satisfied and that the Board of Directors has passed a resolution authorising the grant of the said financial assistance (the Board resolution) under their general authority so granted, the Company which will then provide written notice of the Board resolution to all shareholders;

NOTICE OF ANNUAL GENERAL MEETING

continued

- ◆ within 10 days after adoption of the Board resolution, if the total value of all loans, debts, obligations or assistance contemplated in that resolution, together with any previous such resolution(s) during the financial year, exceeds one-tenth of 1% of the Company's net worth at the time of the Board resolution; or;
 - ◆ within 30 business days after the end of the financial year, in any other case.
4. The Company is not involved in any legal or arbitration proceedings, nor are any proceedings pending or threatened of which the Company is aware that may have or have had in the previous 12 months, a material effect on the Company's financial position.
 5. The directors, whose names are reflected in this integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts that have been made and that the notice contains all information required by law and the JSE Listings Requirements.
 6. Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report up to the date of this AGM notice.

By order of the Board



Juba Statutory Services Proprietary Limited

Sirkien van Schalkwyk

Company Secretary

25 November 2020

ELECTRONIC PARTICIPATION APPLICATION FORM



MIDDLE EAST DIAMOND RESOURCES LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2001/006539/06

JSE share code: MED ISIN: ZAE000211876

("MEDR" or the "Company")

Instructions

Shareholders or their proxies, have the right, as provided for in the Company's Memorandum of Incorporation and the Companies Act, to participate in the AGM by way of electronic communication.

Shareholders or their duly appointed proxies who wish to participate in the AGM must complete this application form and email it (together with the relevant supporting documents referred to below) to the Company's transfer secretaries at proxy@computershare.co.za and to the Company at sirkien@juba.co.za as soon as possible, but in any event by no later than 10:00 on Friday, 8 January 2021.

Upon receiving a completed Electronic Participation Application Form, the Company's transfer secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the AGM. The Company's transfer secretaries will provide the Company with the email address of each verified shareholder or their duly appointed proxy (each, "a Participant") to enable the Company to forward the Participant a Microsoft Teams meeting invitation required to access the AGM.

MEDR will send each Participant a Microsoft Teams meeting invitation with a link to "Join the Microsoft Teams Meeting" on 12 January 2021 to enable Participants to link up and participate electronically in the AGM. This link will be sent to the email address nominated by the Participant in the table below.

Please note

The electronic platform to be utilised for the AGM does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the form of proxy and lodging the completed proxy form together with this Electronic Participation Application Form with the Company's transfer secretaries.

Participants who indicate in this form that they wish to vote during the electronic meeting, will be contacted by the Company's transfer secretaries to make the necessary arrangements.

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the Company's transfer secretaries or MEDR who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Participant from participating in and / or voting at the AGM.

By signing this application form, the Participant indemnifies and holds the Company harmless against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines to participate in the AGM or any interruption in the ability of the Participant to participate in the AGM via electronic communication, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else, including without limitation the Company and its employees.

Information required for participation by electronic communication at the AGM

Full name of shareholder:
Identity or registration number of shareholder:
Full name of authorised representative (if applicable):
Identity number of authorised representative:
Email address:
<i>* Note: this email address will be used by the Company to share the Microsoft Teams meeting invitation required to access the AGM electronically</i>
Cell phone number:
Telephone number, including dialling codes:
<i>* Note: The electronic platform to be utilised for the AGM does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the proxy form.</i>
Indicate (by marking with an 'X') whether:
<input type="checkbox"/> votes will be submitted by proxy (in which case, please enclose the duly completed proxy form with this form); or
<input type="checkbox"/> the Participant wishes to exercise votes during the AGM. If this option is selected, the Company's transfer secretaries will contact you to make the necessary arrangements.
By signing this application form, I consent to the processing of my personal information above for the purpose of participating in MEDR's AGM.
Signed at _____ on _____ 2021
Signed _____

Documents required to be attached to this application form

1. In order to exercise their voting rights at the AGM, shareholders who choose to participate electronically may appoint a proxy, which proxy may participate in the AGM, provided that a duly completed proxy form has been submitted in accordance with the instructions on that form, and as envisaged in the Notice of AGM.
2. Documentary evidence establishing the authority of the named person, including any person acting in a representative capacity, who is to participate in the AGM, must be attached to this application.
3. A certified copy of the valid identity document/passport of the person attending the AGM by electronic participation, including any person acting in a representative capacity, must be attached to this application.

Applications to participate by electronic communication will only be considered if this application form is completed in full, signed by the shareholder, its proxy or representative, and delivered as detailed above. The company may in its sole discretion accept any incomplete application forms.

FORM OF PROXY – ANNUAL GENERAL MEETING



MIDDLE EAST DIAMOND RESOURCES LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2001/006539/06

JSE share code: MED ISIN: ZAE000211876

("MEDR" or the "Company")

Note:

All beneficial shareholders that have dematerialised their shares through a CSDP or broker, other than those which are in "own name", must **not complete this form**.

Certificated shareholders and/or dematerialised shareholders with "own name" registration must either provide their CSDP or broker with their voting instructions, or alternatively, should they wish to attend the annual general meeting in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between themselves and the CSDP or broker.

For use by MEDR shareholders at an Annual General Meeting (which will be held and conducted entirely by electronic communication) convened in terms of the Companies Act to be held at 10:00 on Tuesday, 12 January 2021, or any adjourned or postponed meeting.

The Board requests that completed forms of proxy are received at the office of the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag x9000, Saxonwold, 2132), or via email to proxy@computershare.co.za by 10:00 on Friday, 8 January 2021. Any forms of proxy not lodged by this time may still be lodged by email to proxy@computershare.co.za prior to the commencement of the meeting.

I/We (Names in full – please print)

of (address):

Telephone number

Cell phone number

e-mail address

being the holder of

shares in MEDR hereby appoint:

1. _____ of _____ or failing him/her,

2. _____ of _____ or failing him/her,

3. the Chairman of the Annual General Meeting,

as my/our proxy to attend, speak and vote for me/us at the Annual General Meeting (or any postponement or adjournment thereof) for purposes of consider and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each postponement or adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the MEDR shares registered in my/our name(s), in accordance with the following instructions and otherwise in accordance with the Companies Act, the Memorandum of Incorporation and the terms of the attached notes:

		Number of shares		
		In favour of	Against	Abstain
ORDINARY RESOLUTIONS				
Ordinary resolution number 1	Confirmation of the appointment of Charles Mostert			
Ordinary resolution number 2	Confirmation of the appointment of Eshaan Singh			
Ordinary resolution number 3	Confirmation of the appointment of Deon Botha			
Ordinary resolution number 4	Re-election of Mohammed Bassam Al Mojarkesh			
Ordinary resolution number 5	Confirmation of the appointment of the auditor, Nexia SAB&T, and designated auditor, Aneel Darmalingam			
Ordinary resolution number 6	Appointment of Eshaan Singh as a member and Chairman of the Audit and Risk Committee			
Ordinary resolution number 7	Appointment of Charles Mostert as a member of the Audit and Risk Committee			
Ordinary resolution number 8	Appointment of Mohammed Bassam Al Mojarkesh as a member to the Audit and Risk Committee			
Ordinary resolution number 9.1	Endorsement of the Remuneration Policy			
Ordinary resolution number 9.2	Endorsement of the Implementation Report			
Ordinary resolution number 10	Placing unissued shares under directors' control			
Ordinary resolution number 11	General authority to issue shares for cash			
Ordinary resolution number 12	Authority to action			

		Number of shares		
		In favour of	Against	Abstain
SPECIAL RESOLUTIONS				
Special resolution number 1	Remuneration of non-executive directors			
Special resolution number 2	Financial assistance to related and inter-related companies			
Special resolution number 3	General authority to repurchase shares by the Company			

Signed at _____ on _____ 2021

Signature _____

Capacity of signatory (where applicable) _____

(Note: Authority of signatory to be attached – see note 2)

Assisted by me (where applicable) _____

Full name _____

Capacity _____

Signature _____

Please read the notes below.

NOTES TO THE FORM OF PROXY:

- Shareholders' instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the Annual General Meeting as he/she deems fit. A shareholder may instruct the proxy to vote less than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A shareholder who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the shareholders' votes exercisable at the Annual General Meeting.
- Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc) must be attached to this form of proxy.
- Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
- A minor must be assisted by the minor's parent or guardian, unless the relevant documents, establishing the minor's legal capacity are produced or have been registered by the share registrars of the Company.
- The Chairman of the Annual General Meeting may accept any form of proxy which is completed other than in accordance with these notes if the Chairman of the Annual General Meeting is satisfied as to the manner in which the shareholder wishes to vote.

SUMMARY IN TERMS OF SECTION 58(8)(B)(I) OF THE COMPANIES ACT, 2008, AS AMENDED

Section 58(8)(b)(i) provides that if a company supplies a form of instrument for appointing a proxy, the form of proxy supplied by the company for the purpose of appointing a proxy must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act, 2008, as amended, which summary is set out below:

- ◆ A shareholder of a company may, at any time, appoint any individual, including an individual who is not a shareholder of that company, as a proxy, among other things, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.
- ◆ A shareholder 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 the shareholder.
- ◆ A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person.
- ◆ A proxy appointment must be in writing, dated and signed by the shareholder; and remains valid only until the end of the meeting at which it was intended to be used, unless the proxy appointment is revoked, in which case the proxy appointment will be cancelled with effect from such revocation.
- ◆ A shareholder may revoke a proxy appointment in writing.
- ◆ A proxy appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder.
- ◆ A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction.

CORPORATE INFORMATION

REGISTERED ADDRESS

Kingsley Office Park
85 Protea Road
Chistlehurst
Sandton, 2196

(PO Box 411130, Craighall, 2024)

DIRECTORS

Executive directors

James Gordon Allan (Chief Executive Officer)
Deon Botha (Financial Director (part-time))

Independent non-executive directors

Sheikh Abdulla Khalfan Humaid Nasser (Chairman)
Charles Philip Mostert (Lead Independent Director)
Eshaan Singh
Mohamed Said Tanawi
Mohammed Bassam Al Mojarkesh

SPONSOR

Exchange Sponsors (2008) Proprietary Limited
(Registration number 2008/019553/07)
44a Boundary Road
Inanda, 2196
(PO Box 411216, Craighall, 2024)

Date and place of incorporation of the company

Incorporated on 27 June 2001 in the
Republic of South Africa

COMPANY SECRETARY

JUBA Statutory Services Proprietary Limited
(represented by Sirkien van Schalkwyk)
(Registration number 2010/006409/07)
Block B, Office 103
The Park Shopping Centre
837 Barnard Street
Elarduspark, 0181

(PO Box 4896, Rietvalleirand, 0174)

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196

(Private Bag X9000, Saxonwold, 2132)