



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" or "the group")

SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

PREPARER

These results were prepared by Deon Botha CA (SA).

AUDITOR'S REPORT

The summarized financial results are extracted from audited information but is not itself audited. The directors take full responsibility for the preparation of the abridged financial and the correct extraction of the financial information included herein for the underlying annual financial statements. The financial statements were audited by Nexia SAB&T, the audit report thereon is available for inspection at the Company's registered office. The auditor's report contained the following paragraphs with respect to material uncertainty.

We draw attention to Note 23 in the financial statements, which indicates that the Group incurred net losses for the year ending 28 February 2021, the Group's total liabilities exceeded its total assets by R19 864 827 as at 28 February 2021 (2020: R16 548 924). As stated in Note 23, these events or conditions, along with other matters as set forth in Note 23, 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.

OVERVIEW

At a glance

	Year ended 28 Feb 2021 (audited)	Year ended 29 Feb 2020 (audited)
EBITDA	(3 249 597)	(2 473 494)
(Loss)/earnings per share (cents)	(76.21)	(59.81)
Headline loss per share (cents)	(76.21)	(59.81)
Net asset value per share (cents)	(492,5)	(436.9)
Tangible asset value per share (cents)	(492,5)	(436.9)

Changes to the Board of directors

Director	Position	Appointment date	Resignation date	Reappointment date
James Allan	Chief executive officer	2012-11-23		
Mohammed Bassam Al Mojarkesh	Non-executive director / shareholder representative	2016-07-29		
Charles Mostert	Independent non-executive director	2012-11-23	2016-07-29	2020-08-25
Abdulla Khalfan Humaid Nasser	Non-executive chairman	2016-02-29		
Eshaan Singh	Part-time financial director	2015-08-31	2016-07-29	2020-08-25
Said Tinawi	Non-executive director	2016-02-16		
Deon Botha	Part-time Financial Director	2021-11-04		
Enver Motala	Non-executive director	2021-02-01		

OVERVIEW (continued)

Reporting period under review

During the course of 2019 it became apparent that the company should widen the search for potential acquisitions to gold and to assets outside of South Africa.

At the beginning of 2020, post the year-end, the company identified an asset in South Africa which included a gold dump and discussions with this company were commenced. Discussions with the management and shareholders were protracted. It became apparent that no acquisition could be concluded before the company brought its financials up to date.

It was decided by management that it was necessary to raise capital from the current shareholders in order to bring the financials up to date and resume trading on the JSE Limited.

As a result of this it was decided to:

- Raise a shareholder loan to provide the capital required to publish the outstanding Annual Financial Statements
- Consolidate the issued shares on a 100:1 basis
- increase the number of authorised shares to 1.5bn
- Undertake a rights issue and convert debt into equity and raise some working capital
- Bring the Annual Financial statements up to date and apply to the JSE Limited to lift the suspension on trading.

The last traded price prior to the consolidation was 11c per share, resulting in a post consolidation price of R11 per share.

The largest shareholder, Shenver Investments (18%), was approached to provide a working capital loan in order to achieve these objectives. Mr Enver Motala, of Shenver Investments, agreed to fund a working capital loan, of R1m, to the company on the condition that a rights issue of R30m would be done at R1 per share once the suspension of trading was lifted by the JSE Limited.

The steep discount to the last traded price was agreed by the board as it encourages the current shareholders to follow their rights in the rights issue.

New auditors were appointed and a circular was sent to shareholders on 15 July 2020.

The shareholders meeting on 14 August 2020 approved resolutions to consolidate the shares on a 100:1 basis, resulting 4 351 265 issued shares and to increase the authorized share capital to 1.5bn shares.

A rights issue of R30m has been announced and has been underwritten by various debt holders, with the CEO committing to follow his rights of R2.1m. This commitment and the underwriting commitment from debt holders of R18.6m is approximately R20.7m. Given the current indications of support for this rights issue consideration will be given to increasing the size of the rights issue. Once the trading of the shares recommences on the JSE Limited, the Company will recommence the rights issue process.

The Annual Financial statements to February 2020 were brought up to date and the Integrated Report for 2016 to 2020 was released to shareholders on 9 November 2020.

Interim Results for the period to August 2020 were released on 26 February 2021, bringing the reporting of Financial Results up to date.

A number of gold and copper targets were investigated during the course of 2020.

A transaction with Chan Cun Capital Group to acquire the Akyanga gold deposit in the DRC was announced on 9 November 2020. Unfortunately, Chan Cun failed to fulfil some conditions precedent and this transaction was cancelled on 1 February 2021.

More significantly the company entered into an agreement, on 10 November 2020, to acquire 50% of Stepford Company Limited, a company registered in Ghana that holds the Prospecting Right over 101km² adjacent to the Newmont Ahafo Mine in Ghana. Ahafo produces approximately 650 000 ounces of gold per annum from a resource base of nearly 10m ounces. The geochemical signature on the Stepford Project is compelling and it is likely that exploration of this project area will result in a significant resource and potentially an open pit mine.

During the capital raise for this project the Ghanaian government chose to cancel the Mining Right held by Resolute Mining (apparently because they were trying to sell their mine to the Chinese). This deterred a number of investors from putting the required capital into MEDR in order to execute this agreement and Stepford cancelled the agreement with MEDR.

The company continues to investigate gold projects in South Africa and neighbouring countries.

The company has a number of vanadium and iron ore Prospecting Rights that have been granted, but not executed. These are being investigated with a possibility of having a joint venture partner fund these projects.

Subsequent to the year- end the company signed a joint venture agreement with Moopetsi Chrome wherein MEDR will acquire 41% of Moopetsi Chrome in exchange for mobilizing and managing a mining fleet. MEDR will be responsible for marketing the ore from the mine. MEDR has agreed with a mining contractor that the mining contractor will provide the working capital required in order to bring the mine into production in exchange for 15% equity in the project.

The structure of the agreement is such that section 11 approval is not required from the Department of Minerals and Energy and should provide welcome cashflow to the company.

The granting of the Mining Permit to Moopetsi Chrome is anticipated in the next few months. However, it is known that the backlog of applications at the DMRE makes this timing uncertain.

There have been no changes to the status of mineral right applications at the Department of Minerals and Energy since 1 March 2020. Refer to the Integrated Annual Report of FY 2020 for details of these applications.

I welcome Deon Botha onto the Board as a part-time Financial Director and Mr Enver Motala onto the Board as a non-executive director. I thank him for his financial support that has enabled the company to come through 2021 with success.

I would like to thank the Board, and in particular Charles Mostert who has acted as Chairman, for their ongoing assistance.

Various service providers have provided support during this difficult period and, in particular, I thank Exchange Sponsors for their unwavering support during the various investigations into various acquisition targets.

I am confident that the company will grow following the successful conclusion of the rights issue in 2021



James Allan

28 September 2021

SUMMARISED AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 28 February 2021

	GROUP		COMPANY	
	Year ended 28 Feb 2021 (audited)	Year ended 29 Feb 2020 (audited)	Year ended 28 Feb 2021 (audited)	Year ended 29 Feb 2020 (audited)
Figures in Rands				
Assets				
Non-current assets				
Financial assets	-	249 517	-	-
	-	249 517	-	-
Current assets				
Trade and other receivables	2 056 645	1 706 059	-	-
Cash and cash equivalents	5 561	1 603	-	-
	2 062 206	1 707 662	-	-
Total assets	2 062 206	1 957 179	-	-
Equity and liabilities				
Capital and reserves				
Share capital	99 468 435	99 467 435	317 605 140	317 605 140
Accumulative loss	(119 320 293)	(116 004 390)	(322 239 435)	(318 605 140)
Equity attributable to owners of the parent	(19 851 858)	(16 535 955)	(4 634 295)	(1 000 000)
Non-controlling interests	(12 969)	(12 969)	-	-
Total equity	(19 864 827)	(16 548 924)	(4 634 295)	(1 000 000)
Non-current liabilities				
Other financial liabilities	19 155 850	14 865 182	2 950 000	-
	19 155 850	14 865 182	2 950 000	-
Current liabilities				
Trade and other payables	2 757 784	3 640 533	1 684 295	1 000 000
Taxation	13 399	-	-	-
Bank overdraft	-	368	-	-
	2 771 183	3 640 921	1 684 295	1 000 000
Total liabilities	21 927 033	18 506 103	4 634 295	1 000 000
Total equity and liabilities	2 062 206	1 957 179	-	-

SUMMARISED AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 28 February 2021

		GROUP		COMPANY	
	Year ended 28 Feb 2021	% change	Year ended 29 Feb 2020	Year ended 28 Feb 2021	Year ended 29 Feb 2020
Figures in Rands	(audited)		(audited)	(audited)	(audited)
Finance income	47 855		-	-	-
Operating expenses	(3 297 452)		(2 473 494)	(480 531)	-
Operating loss	(3 249 597)		(2 473 494)	(480 531)	-
Impairment loss	-		-	(3 103 437)	-
Finance costs	(52 907)		(128 735)	(50 327)	-
Loss before income tax	(3 302 504)		(2 602 229)	(3 634 295)	-
Taxation	13 399		-	-	-
Total comprehensive loss for the year	(3 315 903)		(2 602 229)	(3 634 295)	-
Total comprehensive loss attributable to:					
Owners of the parent	(3 315 903)		(2 602 229)		
Non-controlling interest	-		-		
	(3 315 903)		(2 602 229)		
EBITDA	(3 249 597)	31,4%	(2 473 494)		
Earnings and Diluted Earnings per share					
Loss per share (cents)	(76.21)	27.4%	(59.81)		
Headline loss per share (cents)	(76.21)	27,4%	(59.81)		
Net Asset Value per Share	(492,5)	12.7%	(436,9)		
Net Tangible Value per Share	(492,5)	12,7%	(436,9)		

SUMMARISED AUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 28 February 2021

	Attributable to the parent				
Figures in Rands	Share capital	Accumulated loss	Total	Non-controlling interest	Total equity
Group					
Balance at 1 March 2019	99 468 435	(113 402 161)	(13 933 726)	(12 969)	(13 945 695)
Total comprehensive loss	-	(2 602 229)	(2 602 229)	-	(2 602 229)
Balance at 1 March 2020	99 468 435	(116 004 390)	(16 535 955)	(12 969)	(16 548 924)
Total comprehensive loss	-	(3 315 903)	(3 315 903)	-	(3 315 903)
Balance at 28 February 2021	99 468 435	(119 320 293)	(19 851 858)	(12 969)	(19 864 827)
Company					
Balance at 1 March 2019	317 605 140	(318 605 140)	(1 000 000)	-	(1 000 000)
Total comprehensive loss	-	-	-	-	-
Balance at 1 March 2020	317 605 140	(318 605 140)	(1 000 000)	-	(1 000 000)
Total comprehensive loss	-	(3 634 295)	(3 634 295)	-	(3 634 295)
Balance at 28 February 2021	317 605 140	(322 239 435)	(4 634 295)	-	(4 634 295)

SUMMARISED AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 28 February 2021

	GROUP		COMPANY	
	Year ended 28 Feb 2021 (audited)	Year ended 29 Feb 2020 (audited)	Year ended 28 Feb 2021 (audited)	Year ended 29 Feb 2020 (audited)
Figures in Rands				
Cash flows from operating activities				
Cash utilised by operations	(354 005)	(289 276)	50 327	-
Finance income received	47 855			
Finance costs paid	(52 907)	-	(50 327)	-
Net cash used in)/generated from operating activities	(359 057)	(289 276)	-	-
Cash flows from investing activities				
Proceeds from restricted cash	249 517	-	-	-
Net cash from investing activities	249 517	-	-	-
Cash flows from financing activities				
Proceeds from financial liabilities	508 866	289 208	-	-
Payment of financial liabilities	(395 000)			
Net cash from financing activities	113 866	289 208	-	-
Total cash movement for the period	4 326	(68)	-	-
Cash at the beginning of the period	1 235	1 303	-	-
Total cash at the end of the period	5 561	1 235	-	-

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS
For the year ended 28 February 2021

1. Basis of preparation and Accounting Policies

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 the 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.

Standards and interpretations

No standards and interpretations effective and not yet effective would have a material impact on the financial statements of the Group and Company.

2. Earnings and headline earnings per share

	Year ended 28 Feb 2021 (audited)	Year ended 29 Feb 2020 (audited)
Headline and diluted headline loss per share		
Attributable to the ordinary equitable holders of the Company	(76.21)	(59.81)
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		
Loss for the year	(3,315,903)	(2,602,229)
Adjusted for: No adjustments required	-	-
	(3,315,903)	(2,602,229)
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	4,350,872	4,350,872
Adjusted for calculation of diluted earnings per share: No adjustments required	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	4,350,872	4,350,872

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS
For the year ended 28 February 2021
(CONTINUED)

3. FINANCIAL RISK MANAGEMENT AND FAIR VALUE

There has been no material change in the Group's financial risk management objectives and policies compared to those disclosed in the consolidated annual financial statements for the year ended 28 February 2021.

The Group does not currently carry any assets or liabilities at fair value which required any disclosure on its fair value measurement.

The directors are of the opinion that the carrying amount of the financial assets and financial liabilities approximate their fair values.

4. CONTINGENCIES

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

5. 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 segments), in providing products or services within a particular economic environment (geographic 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.

6. RELATED PARTIES

Relationships

Subsidiaries	Refer to Note 3 of financial statement
Directors and members of key management	Sheikh Abdulla Khalfan Humaid Nasser James Gordon Allan Deon Botha Mohammed Bassam Al Mojarkesh Mohamed Said Tinawi Eshaan Singh Charles Philip Mostert Enver Mohamed Motala
Other	Kim Botha - wife of Deon Botha

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS

For the year ended 28 February 2021

(CONTINUED)

6 RELATED PARTIES (continued)

Related party balances and transactions with entities with control, joint control or significant influence over the company

Related party balances

	Year ended 28 Feb 2021 (audited)	Year ended 29 Feb 2020 (audited)
Transactions with directors		
Loans payable		
Sable Platinum Mining Limited (JG Allan director)	16,249,048	14,065,182
Shenver Investments (Pty) Ltd (EM Motala director)	856,802	-
Mohamed Said Tinawi	800,000	800,000
Trade payables		
Eshaan Singh / Noah Capital	252,203	252,203
Deon Botha	99,575	-
Kim Botha - wife of Deon Botha	119,100	-
Related party transactions		
Interest paid		
Mohamed Said Tinawi	-	128,735
Management and accounting fees		
Sable Platinum Mining Limited (JG Allan director)	1,800,000	1,800,000
Deon Botha	65,000	-
Kim Botha	29,250	-
Directors' remuneration		
Executive		
J G Allan	-	-
D Botha	-	-
	-	-

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS
For the year ended 28 February 2021
(CONTINUED)

7 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 a loss for the year ending 28 February 2021 of R3,315,903 (2020 - R2,602,229) and, as of those dates, the Group's total liabilities exceeded its total assets by R19,864,827 (2020: R16,548,924).

The Group has the right to defer payment of non-current liabilities per Note 9 of R16,249,048 (2020 - R14,065,182) until such time as the Group's total assets exceed its liabilities.

These events or conditions, along with other matters set forth in this note, 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 a going concern is dependent on the success of the rights issue as follows: Notes to the Financial Information

Rights issue

Shareholders approved the consolidation of the shares on a 100:1 basis as well as an increase of authorised share capital to R1,5bn shares on 14 August 2020.

The SENS announcement of 25 May 2020 informed shareholders that the company intends to do a partially underwritten rights issue of R30m (of which R16,3m has been subscribed and that the CEO, James Allan, has committed to follow his rights of R2,1m.) 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.

Mining and prospecting risk

The Group and Company works within the framework of the Mineral and Petroleum Resources Development Act, 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 (DMR) 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 deals with are often fractured. The Group and Company, through ongoing negotiation with these communities, attempts to anticipate and resolve any such issues as and when they occur and prior to them becoming material.

NOTES TO THE SUMMARISED AUDITED CONSOLIDATED FINANCIAL RESULTS
For the year ended 28 February 2021
(CONTINUED)

8 EVENTS AFTER THE REPORTING PERIOD

Middle East Diamond Resources Limited, its nominated subsidiary company, has entered into an agreement with Moopetsi Chrome Investment (Pty) Ltd whereby MEDR will conduct the mining for chrome on a Mining Permit (Reference 30/5//3/1/2/10802) in exchange for a 41% interest in Moopetsi with a 4% interest granted to a minority company. The balance of the 55% interest in Moopetsi shall be held by Nhloheteko Mining (26%) and Makobe Mr Timothy Makgale (29%).

The SENS announcement dated 11 November 2020 and the cautionary announcement regarding the proposed acquisition by Fast Pull Trade and Invest (Pty) Ltd ("Fast Pull"), a wholly owned subsidiary of MEDR, to acquire 50% of the issued shares of and claims in Stepford Company Limited ("Stepford"), a company incorporated in Ghana ("Stepford project") was cancelled as per the SENS announcement dated 10 May 2021.

The SENS announcement dated 24 March 2021 regarding MEDR entering into a Heads of agreement with Susanooholdings (Pty) Ltd ("Susanoo") where SPV (Pty) Ltd ("SPV") would acquire 100% of the share capital of Fast Pull Trade and Invest (Pty) Ltd, a wholly owned subsidiary of MEDR resulting in SPV acquiring an effective 50% in Stepford, in exchange for a loan of R10 million to MEDR and a royalty of 1.5% of the Net Smelter Revenue of gold and copper sales from the Transaction payable to MEDR was cancelled as per the SENS announcement dated 10 May 2021.

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

Covid-19 has no influence or impact on the business or operations of the Group.

For and behalf of the Board of directors



James Gordon Allan
Chief Executive Officer



Charles Philip Mostert
Independent Non-Executive Director

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" or "the Group")

Directors:

James Gordan Allan (Chief Executive Officer), Deon Botha (Financial Director (part-time)),
Sheikh Abdulla Khalfan Humaid Nasser* (Chairman), Charles Phillip Mostert (Lead Independent
Director)*,

Eshaan Singh*, Mohamed Said Tinawi* and Mohammed Bassam Al Mojarkesh*

** Independent Non-Executive Directors*

Registered address:

Kingsley Office Park, 85 Protea Road, Chislehurst, Sandton, 2196

Postal Address:

PO Box 411130, Craighall, 2024

Company Secretary:

Company Secretary, Claire Middlemiss, 14 Sirius Avenue, Morehill
Benoni1500

Sponsor:

Exchange Sponsors (2008) Proprietary Limited, 44a Boundary Road, Inanda, 2196,
(P O Box 411216, Craighall, 2024)

Auditor:

Nexia SAB&T, 119 Witch-Hazel Avenue, Highveld Technopark, Centurion, 0157 (PO Box 10512,
Centurion, 0046)

Transfer Secretaries:

Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Bierman Avenue, Rosebank,
2196
(Private Bag X9000, Saxonwold, 2132)

These results and an overview of MEDR are available at www.medr.co.za.