BUFFALO COAL CORP.

REGISTRATION NUMBER: 001891261
EXTERNAL COMPANY REGISTRATION NUMBER: 2011/011661/10
SHARE CODE ON THE TSX VENTURE EXCHANGE: BUF
SHARE CODE ON THE JSE LIMITED: BUC
ISIN: CA1194421014

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by management)

For the three and six months ended June 30, 2020 and June 30, 2019

(Presented in South African Rands)

Notice of non-review

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), the Company hereby informs its readers that the Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2020 have not been reviewed by its auditor in accordance with the standards established by the Chartered Professional Accountants of Canada.

Management's responsibility for Interim Financial Reporting

These Interim Financial Statements of The Company have been prepared by and are the responsibility of management on behalf of the Board of Directors.

In the opinion of management, the Interim Financial Statements have been prepared within acceptable limits of materiality and are compliant with *IAS34 – Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, applicable laws and regulations and for maintaining proper standards of conduct for its activities.

BUFFALO COAL CORP.

Condensed Interim Consolidated Statements of Financial Position (Unaudited)

(Presented in South African Rands)

	Notes	June 30, 2020 R	December 31, 2019 R	June 30, 2020 (Note 1) C$
Assets				
Non-current assets				
Property, plant and equipment	3	**36 907 488**	41 419 841	2 904 967
Right of use assets	4	**1 098 116**	1 669 955	86 432
Investment in financial assets	5	**233 964**	198 744	18 415
Other receivables - restricted	5	**57 919 834**	57 150 772	4 558 837
Other receivables – deposits and prepayments		**6 615 939**	6 772 703	520 737
Long-term restricted cash		**3 200 000**	3 200 000	251 870
Total non-current assets		**105 975 341**	110 412 015	8 341 258
Current assets				
Trade and other receivables		**26 462 874**	37 533 214	2 082 879
Inventories		**27 096 216**	51 280 103	2 132 728
Short-term restricted cash	5, 7	**9 000 000**	-	708 385
Cash and cash equivalents		**8 541 922**	3 518 388	672 330
Total current assets		**71 101 012**	92 331 705	5 596 322
Total assets		**177 076 353**	202 743 720	13 937 580
Equity/(deficiency) and liabilities				
Capital and reserves				
Share capital		**1 089 305 350**	1 089 305 350	85 738 603
Currency translation reserve		**(219 945 085)**	(219 945 085)	(17 311 752)
Reserves		**9 098 987**	9 596 924	716 176
Accumulated retained loss		**(1 335 532 556)**	(1 248 932 442)	(105 119 006)
(Deficiency) attributable to owners of the Company		**(457 073 304)**	(369 975 253)	(35 975 979)
Non-controlling interest		**4 339 142**	4 339 142	341 531
Total (deficiency)		**(452 734 162)**	(365 636 111)	(35 634 448)
Non-current liabilities				
Asset retirement obligation	8	**47 533 136**	45 337 773	3 741 306
Lease liabilities	4	**293 261**	422 670	23 082
Total non-current liabilities		**47 826 397**	45 760 443	3 764 388
Current liabilities				
Trade and other payables		**63 509 540**	95 045 135	4 998 801
Current portion of lease liabilities	4	**251 834**	535 551	19 822
Current tax liabilities		**300 090**	254 915	23 620
Borrowings	7	**59 114 971**	64 114 971	4 652 906
RCF loan facilities	6	**453 237 164**	355 904 610	35 674 039
Conversion option liability	5	**293 879**	1 487 566	23 131
Current portion of asset retirement obligation	8	**5 276 640**	5 276 640	415 321
Total current liabilities		**581 984 118**	522 619 388	45 807 640
Total liabilities		**629 810 515**	568 379 831	49 572 028
Total equity (deficiency) and liabilities		**177 076 353**	202 743 720	13 937 580

Commitments and contingencies **1, 13**

Subsequent events **14**

Approved on behalf of the Board:

Signed, "Craig Wiggill", director *Signed, "Robert Francis", director*

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

BUFFALO COAL CORP.

Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Profit or Loss (Unaudited)

(Presented in South African Rands)

		6 months ended		3 months ended		6 months ended
	Notes	June 30, 2020 R	June 30, 2019 R	June 30, 2020 R	June 30, 2019 R	June 30, 2020 (Note 1) C$
Revenue		**201 657 753**	198 779 453	**74 472 661**	102 591 501	15 872 367
Cost of sales	**3**	**(159 143 912)**	(136 402 996)	**(49 223 003)**	(65 478 912)	(12 526 127)
Gross profit		**42 513 841**	62 376 456	**25 249 658**	37 112 589	3 346 240
Other income/(expenses) - net	**9**	**(82 184 195)**	21 224 555	**17 124 379**	18 801 382	(6 468 671)
General and administration expenses	**10**	**(29 720 414)**	(38 374 346)	**(14 397 879)**	(21 156 049)	(2 339 277)
(Loss)/profit before the undernoted		**(69 390 768)**	45 226 665	**27 976 158**	34 757 922	(5 461 708)
Finance income	**11**	**327 858**	617 447	**191 328**	307 462	25 806
Finance expense	**11**	**(18 035 141)**	(20 567 572)	**(9 295 653)**	(10 620 757)	(1 419 536)
(Loss)/profit before income tax		**(87 098 051)**	25 276 540	**18 871 833**	24 444 627	(6 855 438)
Income tax expense		**-**	-	**-**	-	-
(Loss)/profit and total comprehensive (loss)/profit for the period		**(87 098 051)**	25 276 540	**18 871 833**	24 444 627	(6 855 438)
(Loss)/profit and total comprehensive (loss)/profit attributable to:						
- Owners of the parent		**(87 098 051)**	25 276 540	**18 871 833**	24 444 627	(6 855 438)
- Non-controlling interest		**-**	-	**-**	-	-
		(87 098 051)	25 276 540	**18 871 833**	24 444 627	(6 855 438)
(Loss)/profit per share – basic and diluted	**2.2**	**(0.21)**	0.06	**0.04**	0.06	(0.02)
Headline (loss)/earnings per share – basic and diluted	**2.2**	**(0.21)**	0.06	**0.04**	0.06	(0.02)
Normalized headline (loss)/earnings per share – basic and diluted	**2.2**	**(0.21)**	0.06	**0.04**	0.06	(0.02)
Weighted average number of common shares outstanding:						
- Basic		**421 352 596**	421 352 596	**421 352 596**	421 352 596	421 352 596
- Diluted		**421 352 596**	421 352 596	**421 352 596**	421 352 596	421 352 596

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

BUFFALO COAL CORP.

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)

(Presented in South African Rands)

	Attributable to owners of the Group								
			Reserves						
	No. of shares issued	Share capital	Option reserve	BEE option reserve	Accumulated retained loss	Currency translation reserve	Total	Non-controlling interest	Total equity
		R	R	R	R	R	R	R	R
Balance at December 31, 2018	421 352 596	1 089 305 350	624 124	9 073 711	(1 285 872 161)	(219 945 085)	(406 814 061)	4 339 142	(402 474 919)
Net profit for the period	-	-	-	-	25 276 540	-	25 276 540	-	25 276 540
Balance at June 30, 2019	421 352 596	1 089 305 350	624 124	9 073 711	(1 260 595 621)	(219 945 085)	(381 537 521)	4 339 142	(377 198 379)
Stock options expired/cancelled	-	-	(100 911)	-	100 911	-	-	-	-
Net profit for the period	-	-	-	-	11 562 268	-	11 562 268	-	11 562 268
Balance at December 31, 2019	**421 352 596**	**1 089 305 350**	**523 213**	**9 073 711**	**(1 248 932 442)**	**(219 945 085)**	**(369 975 253)**	**4 339 142**	**(365 636 111)**
Stock options expired/cancelled	**-**	**-**	**(497 937)**	**-**	**497 937**	**-**	**-**	**-**	**-**
Net loss for the period	**-**	**-**	**-**	**-**	**(87 098 051)**	**-**	**(87 098 051)**	**-**	**(87 098 051)**
Balance at June 30, 2020	**421 352 596**	**1 089 305 350**	**25 276**	**9 073 711**	**(1 335 532 556)**	**(219 945 085)**	**(457 073 304)**	**4 339 142**	**(452 734 162)**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

BUFFALO COAL CORP.

Condensed Interim Consolidated Statements of Cash Flow (Unaudited)

(Presented in South African Rands)

	6 months ended		3 months ended		6 months ended
	June 30, 2020 R	June 30, 2019 R	June 30, 2020 R	June 30, 2019 R	June 30, 2020 (Note 1) C$
Cash flows from operating activities					
Cash generated from operations	**23 647 646**	9 584 836	**14 594 841**	3 913 391	1 861 293
Interest received	**327 858**	617 447	**191 328**	307 462	25 806
Interest paid	**(3 630 629)**	(4 952 806)	**(1 552 191)**	(1 615 935)	(285 765)
Net cash generated from operating activities	**20 344 875**	5 249 477	**13 233 978**	2 604 918	1 601 334
Cash flows from investing activities					
Purchase of property, plant and equipment	**(1 321 341)**	(4 410 667)	**(622 379)**	(2 720 856)	(104 002)
Net cash (utilized in) investing activities	**(1 321 341)**	(4 410 667)	**(622 379)**	(2 720 856)	(104 002)
Cash flows from financing activities					
Increase in short-term restricted cash	**(9 000 000)**	-	**(9 000 000)**	-	(708 385)
Repayment of borrowings	**(5 000 000)**	-	**(5 000 000)**	-	(393 547)
Net cash (utilized in) financing activities	**(14 000 000)**	-	**(14 000 000)**	-	(1 101 932)
Net increase/(decrease) in cash and cash equivalents	**5 023 534**	838 810	**(1 388 401)**	(115 939)	395 400
Cash and cash equivalents at the beginning of the period	**3 518 388**	5 231 958	**9 930 323**	6 186 706	276 930
Cash and cash equivalents at the end of the period	**8 541 922**	6 070 768	**8 541 922**	6 070 768	672 330

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

1 BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements (the "Interim Results") of Buffalo Coal Corp. ("BC Corp" or the "Company") and its subsidiaries (the "Group") for the three and six months ended June 30, 2020 and June 30, 2019 have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and have been prepared in accordance with accounting policies based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and are in compliance with IAS 34, *Interim Financial Reporting.* These Interim Results were approved and authorized for issue by the Board of Directors on August 21, 2020.

The Interim Results have not been reviewed or audited by the Group's external auditors. The Interim Results do not include all the information and disclosures required in the consolidated annual financial statements and should be read in conjunction with the Group's consolidated annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS. The Group has adopted the required new or revised accounting standards in the current period, as further set out in Note 2 below.

The preparation of the Interim Results requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing these Interim Results, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the consolidated annual financial statements for the year ended December 31, 2019, except for those disclosed in Note 2.

References to "R", "Rands" mean South African Rands, "C$" mean Canadian Dollars and to "US$" mean United States Dollars. References to Q2 2020 mean the three months ended June 30, 2020.

Readiness and response to COVID-19

South Africa reported its first positive case of Coronavirus disease 2019 ("COVID-19") on March 5, 2020. The Company has been impacted by the spread of the COVID-19 to South Africa.

On March 15, 2020, South Africa's President, declared a state of disaster and announced a wide range of Government interventions aimed at curbing the spread of the COVID-19 outbreak.

On March 26, 2020, the South African government imposed a national 21-day lockdown ("the National Lockdown").

All non-essential businesses had to close for the duration of the National Lockdown. Mines had to limit activities to care and maintenance procedures designed to avoid damage to underground working areas and other infrastructure and facilities required for continuous operations.

In compliance with the directive issued, care and maintenance protocols were developed and implemented at the Group's operations in Dundee. Due to the high prevalence of immune-compromised workers in the South African mining industry, to which the Group's operations in Dundee is no exception, the Group has been proactive and has implemented multiple additional measures to reduce the potential spread of infection amongst our workforce and their families.

Limited mining activities commenced on April 14, 2020 after the Company was granted approval to utilize 30% of its workforce. The National Lockdown was further extended for 14 days to April 30, 2020 where after the South African Government downgraded the entire country to level 4 in terms of South Africa's National Disaster Regulations. On May 4, 2020, the Company increased its workforce in line with regulatory approvals to 50%. On June 1, 2020 South Africa was downgraded to National Lockdown level 3 and mining activities were allowed to increase to 100% of operational capacity.

The National Lockdown, implementation of National Disaster Regulations and COVID-19 infections of employees have negatively impacted both the Group's mining operations as well as on the community within the region of our operations, with a large-scale loss of income and/or employment opportunity occurring across all industries. Since the downgrade to National Lockdown Level 3, primarily driven by national economic necessity, South Africa has experienced a steep increase in the number of COVID-19 related infections and is currently reported as having one of the highest daily infection rates per capita in the world.

On July 11, 2020, the Group identified the first COVID-19 infection of one of its employees. As at the date of this Interim Results the Group has recorded a total of 17 COVID-19 infections amongst its employees of whom 14 have recovered.

Whilst the wellbeing of Buffalo Coal's employees and their families remain the Group's biggest concern, management continues to closely monitor the expected negative effects of COVID-19 on its operations in a responsible manner and actively continue engagements with its employees, financiers, major suppliers and other stakeholders in this regard to proactively measure and manage any potential impacts.

Due to the National Lockdown, the Government introduced a Temporary Employee Relief Scheme ("TERS") for the benefit of any employees who were not able to work and earn a full salary during these restrictions. The Group, as employer, applied for the TERS benefits on behalf of those affected employees and, in accordance with the terms of TERS, received Unemployment Insurance Fund ("UIF") payments in the amount of R5.5 million as at June 30, 2020, which were paid out to its affected workforce. The Group will continue to engage with its employees and apply for and distribute any TERS benefits, where applicable and in line with the Government's extensions for the duration of the National Lockdown.

Going Concern

The Interim Results have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Group will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Group's ability to continue as a going concern and ultimately continue operations into the future, is dependent on its ability to realize on short-term opportunities, settling its outstanding debt obligations and to secure the funding required for medium to longer term projects.

The Group remains dependent upon sustaining profitable levels of operation, as well as the continued support of Investec, RCF and other stakeholders and believes that, subject to its ability to meet current production and sales forecasts, it should be able to generate positive cash flows in the foreseeable future. However, there is no assurance that the Company will be able to meet its covenants in the future, or that Investec will provide future waivers or that RCF will provide further extensions, if required. These matters constitute material uncertainties which cast significant doubt as to whether the Group can continue as a going concern.

Since the downgrade to National Lockdown Level 3, South Africa has experienced a steep increase in the number of COVID-19 related infections and is reported as having one of the highest daily infection rates per capita in the world.

Due to continued uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries, the Group cannot at this point in time quantify uncertainties or accurately predict the impact COVID-19 may have on its ability to operate and/or the ability of third parties to meet their obligations with the Group.

The impact on the domestic anthracite business in South Africa is purely consequential, in that domestic metallurgical users will likely see their export markets eroded, and their need for reductants will reduce as a consequence. This too could impact on the forecast profitability and cash flows of the Group.

As a result of the National Lockdown imposed by the South African government on March 23, 2020, and the uncertainty of the outcome thereof on the Company's operations and cash flows, the Company approached both Investec and STA, requesting postponement of further payments until more information is available of the impact of COVID-19 on the Group's operations.

The Group continues to be in breach of certain covenants and agreed repayment terms with respect to its borrowings from Investec Bank Limited ("Investec") at June 30, 2020 (Refer Note 7, Investec borrowings). As at June 30, 2020, the Investec loan balance amounted to R59.1 million (December 31, 2019: R64.1 million).

On May 13, 2020, the Group received formal notification from Investec advising that the Group was in default of its payment obligations. As part of the revolving credit facility arrangement agreement reached with Investec on June 6, 2020 the parties agreed to negotiate in good faith on the restructuring of the remaining balance owing and payable to Investec by August 31, 2020 (Refer Note 7, Investec borrowings).

The amount payable to STA of R14.6 million is overdue as at June 30, 2020 (December 31, 2019: R17.6 million). The Group resumed payment of the R1 million monthly instalments to STA on June 30, 2020, after the monthly instalments were temporarily suspended from March 2020 to May 2020. The Group continued to make monthly interest payments on the outstanding balance during 2020.

The Resource Capital Fund Convertible Loan ("RCF loan") of US$27 million (approximately R468.0 million) became due and payable on June 30, 2019 (Refer to Note 6, RCF loan facilities). On April 15, 2019, BC Corp and RCF agreed to extend the final maturity date of the RCF loan to December 31, 2019. On December 13, 2019, RCF agreed to further extend the final maturity date of the RCF loan to December 31, 2020, to allow the Company the opportunity to obtain financing to settle this amount. Currently the Company does not have the means to repay the Convertible Loan at maturity.

The Group remains dependent upon the continued financial support of Investec and other stakeholders, sustaining profitable levels of operation and believes that subject to its ability to meet current production and sales forecasts, it should be able to generate positive cash flows in the foreseeable future.

There is no assurance that the Group will be able to meet its covenants in the future, or that Investec will provide future waivers or that RCF will provide further extensions, if required. These matters constitute material uncertainties which cast significant doubt as to whether the Group can continue as a going concern.

As at June 30, 2020, the Group had a shareholders' deficiency of R452.7 million (December 31, 2019: R365.6 million), and a working capital deficiency of R510.9 million (December 31, 2019: R430.3 million). The Group recorded a net loss of R87.1 million for the six months ended June 30, 2020 (June 30, 2019: net profit of R25.3 million) and a net profit of R18.9 million for the three months ended June 30, 2020 (June 30, 2019: net profit of R24.4 million).

Should the going concern assumption not be appropriate for the preparation of these Interim Results, adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications. Such adjustments could be material.

Convenience rate translation

The Company's functional and presentation currency is Rands. The Canadian Dollar amounts provided in the Interim Results represent supplementary information solely for the convenience of the reader. The financial position as of June 30, 2020 and the financial results for the six months ended June 30, 2020 were translated into Canadian Dollars using a convenience translation at the rate of C$1:R12.70496, which is the exchange rate published on Oanda.com as of June 30, 2020. Such presentation is not in accordance with IFRS and should not be construed as a representation that the Rand amounts shown could be readily converted, realized or settled in Canadian Dollars at this or at any other rate.

2 ACCOUNTING POLICIES

2.1 New standards, amendments and interpretations

The interim financial statements have been prepared using the same accounting policies and methods as were used for the Company's consolidated financial statements and the notes thereto for the years ended December 31, 2019 and December 31, 2018 (the "2019 Annual Financial Statements"), except for the following new accounting pronouncements which were adopted on January 1, 2020. The interim financial statements should be read in conjunction with the 2019 Annual Financial Statements.

The following standards, amendments and interpretations are issued and effective for the first time for the six months ended June 30, 2020:

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020. Many are not applicable or do not have a significant impact to the Group and have been excluded.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments became effective for annual reporting periods beginning on or after January 1, 2020.

The Group has concluded that there is no significant impact resulting from the application of the amendments, interpretations, and improvements on the standards above to have a material impact on the interim financial statements.

The following standards, amendments and interpretations are issued but not yet effective for the six months ended June 30, 2020:

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined. The Group has not considered the effects of these standards, amendments and interpretations on the interim financial statements.

2.2 Headline earnings/loss per share and normalized headline earnings/loss per share

		6 months ended		3 months ended		6 months ended
R'000	**Notes**	**June 30, 2020**	**June 30, 2019 (restated)**	**June 30, 2020**	**June 30, 2019 (restated)**	**June 30, 2020 (Note 2)**
		R	**R**	**R**	**R**	**C$**
(Loss)/profit attributable to equity holders of the Company		**(87 098 051)**	25 276 540	**18 871 833**	24 444 627	(6 855 438)
Adjustments:						
Net (profit)/loss on disposal of property, plant and equipment	9	-	(48 000)	-	134 298	-
Taxation thereon		-	13 440	-	(37 603)	-
Headline (loss)/earnings for the period		**(87 098 051)**	25 241 980	**18 871 833**	24 541 322	(6 855 438)
Headline (loss)/earnings per share – basic and diluted		**(0.21)**	0.06	**0.04**	0.06	(0.02)
Normalized headline (loss)/earnings for the period		**(87 098 051)**	25 241 980	**18 871 833**	24 541 322	(6 855 438)
Normalized headline (loss)/earnings per share – basic and diluted		**(0.21)**	0.06	**0.04**	0.06	(0.02)
Weighted average number of common shares outstanding:						
- Basic		**421 352 596**	421 352 596	**421 352 596**	421 352 596	421 352 596
- Diluted		**421 352 596**	421 352 596	**421 352 596**	421 352 596	421 352 596

Headline earnings/loss per share is a basis for measuring profit/loss per share which accounts for all the profits and losses from operational, trading, and interest activities that have been discontinued or acquired at any point during the year. Excluded from this figure are profits or losses associated with the sale or termination of discontinued operations, fixed assets or related businesses, or from any permanent devaluation or write-off of their values.

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on earnings attributable to ordinary shareholders, after excluding the items mentioned above and those items as required by Circular 1/2019 issued by the South African Institute of Chartered Accountants ("SAICA").

There were no adjustments to the Company's headline earnings/loss per share for the three and six months ended June 30, 2020 (six months ended June 30, 2019: restated for profit on sale of property, plant and equipment of R0.05 million and the three months ended June 30, 2019: restated for loss on sale of property, plant and equipment of R0.1 million). There were no further adjustments to the Company's normalized headline earnings/loss per share for the three and six months ended June 30, 2020 and June 30, 2019.

(Presented in South African Rands)

3 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R	Mining assets R	Office equipment, fixtures and fittings R	Development costs capitalized R	Mineral rights R	Total R
Year to date June 30, 2020						
Opening net book value	**1 258 660**	**34 661 731**	**776 213**	**4 723 237**	**-**	**41 419 841**
Additions	**-**	**1 321 342**	**-**	**-**	**-**	**1 321 342**
Depreciation	**(130 855)**	**(4 772 211)**	**(184 060)**	**(746 569)**	**-**	**(5 833 695)**
Net book value at the end of June 2020	**1 127 805**	**31 210 862**	**592 153**	**3 976 668**	**-**	**36 907 488**
Year to date June 30, 2020						
Cost	**7 757 895**	**394 199 950**	**8 258 953**	**49 457 496**	**14 009 756**	**473 684 050**
Accumulated depreciation and impairment	**(6 630 090)**	**(362 989 088)**	**(7 666 800)**	**(45 480 828)**	**(14 009 756)**	**(436 776 562)**
Net book value at the end of June 2020	**1 127 805**	**31 210 862**	**592 153**	**3 976 668**	**-**	**36 907 488**

	Land and buildings R	Mining assets R	Office equipment, fixtures and fittings R	Development costs capitalized R	Mineral rights R	Total R
Year ended December 31, 2019						
Opening net book value	1 523 187	40 957 393	1 137 030	14 866 222	-	58 483 832
Additions	-	7 857 119	20 923	32 046	-	7 910 088
Disposals	-	(1 941 841)	-	-	-	(1 941 841)
Impairment loss	-	(518 262)	-	(7 523 974)	-	(8 042 236)
Depreciation	(264 527)	(11 692 678)	(381 740)	(2 651 057)	-	(14 990 002)
Net book value at the end of the year	1 258 660	34 661 731	776 213	4 723 237	-	41 419 841
Year ended December 31, 2019						
Cost	7 757 896	392 878 608	8 870 987	49 457 496	14 009 756	472 974 743
Accumulated depreciation	(6 499 236)	(357 698 615)	(8 094 774)	(37 210 285)	(14 009 756)	(423 512 666)
Accumulated impairment loss	-	(518 262)	-	(7 523 974)	-	(8 042 236)
Net book value at the end of the year	1 258 660	34 661 731	776 213	4 723 237	-	41 419 841

All property, plant and equipment is located in South Africa. Depreciation expense of R5.6 million for the six months ended June 30, 2020 and R7.0 million for the six months ended June 30, 2019, respectively, was recognized in 'Cost of Sales'.

The impairment loss of R8.0 million recognized for the year ended December 31, 2019 relates to certain impaired mining assets and development costs which were written down to their estimated recoverable value.

(Presented in South African Rands)

4 LEASES

Lease liabilities

On adoption of IFRS 16, the Group recognized liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019 of 11.15%.

	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
	Land R	**Land R**	**Buildings R**	**Buildings R**	**Total R**	**Total R**
Opening balance	**660 910**	-	**297 311**	-	**958 221**	-
Lease liabilities recognized at January 1, 2019	**-**	874 123	**-**	989 250	**-**	1 863 373
Reassessment of lease liability	**-**	-	**2 684**	15 251	**2 684**	15 251
Finance charges	**34 185**	86 787	**7 831**	36 801	**42 016**	123 588
Payments made	**(150 000)**	(300 000)	**(307 826)**	(743 991)	**(457 826)**	(1 043 991)
Closing balance	**545 095**	660 910	**-**	297 311	**545 095**	958 221
Current lease liabilities	**251 834**	238 240	**-**	297 311	**251 834**	535 551
Non-current lease liabilities	**293 261**	422 670	**-**	-	**293 261**	422 670

Right of use assets

The associated right of use assets relates to land and buildings as follows:

	June 30, 2020	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**	**June 30, 2020**	**December 31, 2019**
	Land R	**Land R**	**Buildings R**	**Buildings R**	**Total R**	**Total R**
Opening balance	**1 372 645**	-	**297 310**	-	**1 669 955**	-
Right of use assets recognized at January 1, 2019	**-**	1 921 702	**-**	989 250	**-**	2 910 952
Depreciation	**(274 529)**	(549 057)	**(299 994)**	(707 191)	**(574 523)**	(1 256 248)
Reassessment of lease liability	**-**	-	**2 684**	15 251	**2 684**	15 251
Closing balance	**1 098 116**	1 372 645	**-**	297 310	**1 098 116**	1 669 955

Included in the lease of land is a servitude agreement between Zinoju Coal and Avemore Trust whereby a servitude is granted over a portion of land, used for operations. The servitude is calculated at a fixed minimum monthly payment of R25 000. The expiry date is the date on which operations cease, currently estimated to be June 2022.

Also included in the lease of land is an agreement with the Magdalena landowners relating to the lease of the Magdalena farm. The total lease amount of R1.8 million was paid for in advance during December 2010. The balance of the prepayment was allocated to the right of use asset on January 1, 2019.

Buildings which were leased related to the Company's corporate office in Centurion, South Africa. The Company has not renewed the lease agreement which expired on May 31, 2020.

5 FINANCIAL INSTRUMENTS AT FAIR VALUE

The following table presents the Group's financial assets and liabilities measured at fair value at June 30, 2020 and December 31, 2019:

	Level 1 R	Level 2 R	Level 3 R
June 30, 2020			
Investment in financial assets	**233 964**	**-**	**-**
Other receivables - restricted	**-**	**57 919 834**	**-**
Conversion option liability	**-**	**293 879**	**-**
December 31, 2019			
Investment in financial assets	198 744	-	-
Other receivables - restricted	-	57 150 772	-
Conversion option liability	-	1 487 566	-

Investment in financial assets

The investment in financial assets consists of security investments held by the Group. Changes in the fair value of the investment are recorded in 'other income/(expense) - net' within profit or loss.

Other receivables – restricted

Guarantees provided to the Department of Mineral Resources and Energy ("DMRE") relating to the asset retirement obligations as per the National Environmental Management Act ("NEMA") is held in an insurance investment fund with Centriq Insurance Company Limited ("Centriq"). It is contemplated that any future shortfalls between the DMRE required guarantee amount of R67.3 million (VAT inclusive) and the value of the investment would be funded over the Life of Mine through the growth in the investment. Management believes that no further cash contributions will be required in connection with the R67.3 million financial guarantees issued to the DMRE, provided there are no changes to the asset retirement liability.

Centriq has provided the DMRE with the required financial guarantees for the mining rehabilitation liability determined in terms of NEMA. The funds held by Centriq can only be used to assist the Company in complying with its obligations imposed in terms of NEMA and its regulations, which regulates mining operations. On this basis, the receivable from Centriq is disclosed as a restricted asset.

Conversion option liability

The RCF Convertible Loan has been recognized in two parts, a liability component and a Conversion Option Liability. An embedded derivative exists due to the convertible loan facility being denominated in US Dollars, the conversion feature being exercisable in Canadian Dollars and the functional currency being Rands.

(Presented in South African Rands)

On April 15, 2019 and December 13, 2019 BC Corp and RCF agreed to extend the final maturity date of the RCF Convertible Loan to December 31, 2020, which also had the effect of extending the conversion option liability component to the revised maturity date.

The liability component will continue to accrete to its face value of US$27.0 million (approximately R468.0 million at June 30, 2020) (December 31, 2019: US$27.0 million (approximately R379.3 million)), using a revised effective interest rate of 6.37%.

The fair value of the Conversion Option Liability was re-measured using the Black-Scholes option pricing model:

	June 30, 2020	December 31, 2019	Initial assumptions
Volatility (based on historical share price)	**128.0%**	118.0%	51.0%- 107.0%
Life (in years) to maturity date	**0.5**	1.0	3.9-5.0
Risk-free interest rate	**0.26%**	1.69%	0.5%-1.5%
Share price (C$)	**0.01**	0.01	0.035-0.095
Potential shares	**785 383 945**	749 372 623	720 351 931
Value of convertible feature (C$)	**23 131**	137 835	18 191 938
Value of convertible feature (R)	**293 879**	1 487 566	182 348 706

Movement in the conversion option liability was as follows during the six months ended June 30, 2020 and year ended December 31, 2019:

	June 30, 2020 R	December 31, 2019 R
Opening balance	**1 487 566**	3 132 577
Loss on extension of loan maturity date	**-**	36 126 492
Fair value adjustment	**(1 320 330)**	(38 435 834)
Foreign currency translation adjustment	**126 643**	664 331
Closing balance	**293 879**	1 487 566

6 RCF LOAN FACILITIES

The movement in the RCF Convertible Loan was as follows:

	June 30, 2020 R	December 31, 2019 R
Opening balance	**355 904 610**	381 087 383
Gain on extension of loan maturity date	**-**	(34 654 984)
Accretion expense	**13 584 902**	18 558 139
Effect of foreign currency exchange difference	**83 747 652**	(9 085 928)
Closing balance	**453 237 164**	355 904 610

The RCF Convertible Loan became due and payable on June 30, 2019; however, on April 15, 2019, BC Corp and RCF agreed to extend the final maturity date of the RCF Convertible Loan to December 31, 2019. On December 13, 2019, RCF agreed to further extend the final maturity date of the RCF Convertible Loan to December 31, 2020.

(Presented in South African Rands)

In addition, RCF decreased the interest rate from 1.29% to 0% effective January 1, 2020. This maturity date extension does not affect the classification of the loan as current.

As at June 30, 2020 and December 31, 2019, BC Corp was fully drawn on the US$27.0 million (approximately: June 30, 2020: R468.0 million; December 31, 2019: R379.3 million) RCF Convertible Loan.

7 INVESTEC BORROWINGS

The movement in the Investec borrowings is as follows:

	June 30, 2020 R	December 31, 2019 R
Opening balance	**64 114 971**	100 982 963
Accretion of warrant asset	**-**	4 344 520
Effect of foreign currency exchange difference	**-**	263
Interest accrued	**2 920 426**	11 470 150
Interest paid	**(2 920 426)**	(12 174 598)
Repayments	**(5 000 000)**	(40 508 327)
Current portion	**59 114 971**	64 114 971

In December 2019, the Company provided Investec with its 2020 (FY 2020) cash flow forecast. Upon review thereof and following further discussions with Investec in January 2020, Investec agreed that the Company, in addition to the R5 million settled at the end of December 31, 2019, continue to make further monthly instalments of R5 million on January 31, 2020 and February 29, 2020, with the understanding that any part of the instalments not paid at each of the respective month-end dates would roll-over and be required to be settled on March 31, 2020.

Lower sales volumes and lower margins during the first two months of calendar 2020 resulted in a slower realization of cash from inventories and consequently less than anticipated cashflow generated from operations in Q1 2020. As a result, by agreement with Investec, the January and February instalments of R5 million each were rolled over to be settled along with the R5 million instalment due to be settled on March 31, 2020 (R15 million in total).

As a result of the National Lockdown and the uncertainty of the outcome thereof on the Company's operations and cash flows, the Company approached Investec, requesting postponement of further payments until more information was available of the impact of COVID-19 on the Group's operations. On March 27, the Company was forced to suspend all mining operations in compliance with COVID-19 National Disaster Regulations (Refer Note 1 – Basis of Preparation – Readiness and response to COVID-19). As a result of the negative impact of COVID-19 on the Company's operations to date and taking into account potential future disruptions to the Company's operations and coal markets because of COVID-19, the Company was not able to honour any of its 2020 payment commitments previously agreed to with Investec. On May 13, 2020, the Group received formal notification from Investec advising that the Group continued to be in default of its principle payment obligations, and they continue to reserve their right to take action.

Subsequently on June 6, 2020 Investec agreed to a revolving credit facility arrangement whereby the Company would make a payment of R5 million by no later than June 30, 2020, open a reserve bank account, transfer no less than R9 million upon opening thereof and, by not later than the 7th day of each calendar month, transfer all amounts in excess of R5 million in the Company's operational bank accounts to the reserve bank account. Interest generated on the funds held in the reserve account will be calculated at competitive interest rates linked to the prime interest rates. In terms of this arrangement the Company undertook not to effect any transfers or withdrawals from the reserve bank account for any purpose other than to fund operating costs in the event a shortfall occurred in the Company's cashflow resulting from operational reasons, including a temporary suspension of its operations due to COVID-19 infections. The parties further agreed that all amounts available in excess of R9 million in the reserve bank account will be applied as part settlement of the deferred payment on the last business day of each month. The Company also provided an undertaking to make payments, as much as reasonably possible, by August 31, 2020 against the deferred payments of R45 million that were due and not made. The parties agreed to negotiate in good faith on the restructuring of the remaining balance owing and payable to Investec by August 31, 2020.

(Presented in South African Rands)

The Group continues to be in breach of certain covenants and repayment terms with respect to its borrowings from Investec Bank Limited ("Investec") at June 30, 2020. Since inception of the Investec loan facilities to date, Investec has not exercised its acceleration rights with respect to any existing events of default under the Investec Facility. There is no assurance that Investec will not exercise its acceleration rights with respect to any existing events of default or that Investec will agree to further amendments to the repayment terms if the Company is unable to settle the instalments on due date set.

The Company continues to pay interest on the outstanding debt and to engage with Investec to negotiate amended repayment terms. The loan bears interest at prime plus 0,5% payable monthly.

The current portion as at June 30, 2020 and December 31, 2019 was R59.1 million and R64.1 million respectively.

8 ASSET RETIREMENT OBLIGATION

	June 30, 2020 **R**	**December 31, 2019** **R**
Opening balance	**50 614 413**	49 891 221
Change in estimate	**2 195 363**	723 192
- Allocation/(reversal) of provision	**1 417 767**	(1 020 591)
- Unwinding of discount	**777 596**	1 743 783
Closing balance	**52 809 776**	50 614 413
Current portion	**(5 276 640)**	(5 276 640)
Non-current portion	**47 533 136**	45 337 773

The change in estimate during the six months ended June 30, 2020 relates to changes in the inflation rates used and a six-month reduction in the amortization period.

The allocation of the provision recognized during June 30, 2020 of R1.4 million (year ended December 31, 2019: reversal of R1.0 million) is expensed in "General and administration expenses" (Refer to Note 10).

The unwinding of the discount recognized during the six months ended June 30, 2020 of R0.7 million (year ended December 31, 2019: R1.7 million), is expensed in "finance cost" (Refer to Note 11).

(Presented in South African Rands)

The provision is calculated using the following rates for the various mining sites:

	June 30, 2020	December 31, 2019
Discount rate (%) - Magdalena	**7.68**	8.25
Discount rate (%) – Aviemore – MR174	**3.53**	6.90
Discount rate (%) – Aviemore – MR301	**8.25**	8.25
Inflation rate (%) – Magdalena & Aviemore	**4.00**	4.00

The change in inflation rates used is linked to the changes in South African Consumers Price Index ("CPI") obtained as at April 30, 2020 which was 3%, adjusted for a premium spread to 4%. The inflation rates used in the calculation is the same for all the rehabilitation guarantees as noted in the table above. The discount rates used in the calculation of the estimated net present value of the rehabilitation liability is dependent on the life-of-mine (Magdalena – 5 years Aviemore – 7 years) and were based on recent yields determined on South African Government bonds. Government bonds expiring in 1 to 5.5 years were used for Magdalena (R2026), expiring within 12 months for Aviemore MR174 (R2021) and bonds expiring in more than 10 years were used for Aviemore MR301 (R2033). As the yields on the South African Government bonds increased significantly between December 31, 2019 and March 31, 2020, management decided to reduce the risk-free rate used so that the discount rates would be similar to those used on December 31, 2019.

The Group's undiscounted rehabilitation liability, if immediate closure was required, is estimated to amount to R62 720 619 on June 30, 2020 and December 31, 2019.

9 OTHER INCOME/(EXPENSE) – NET

	6 months ended		3 months ended	
	June 30, 2020 R	June 30, 2019 R	June 30, 2020 R	June 30, 2019 R
Unrealized foreign exchange (loss)/gain - net	**(85 091 167)**	7 439 816	**14 590 321**	9 134 898
Realized foreign exchange (loss)/gain - net	**(95 315)**	69 335	**56 448**	10 001
Net profit/(loss) on disposal of property, plant and equipment	**-**	48 000	**-**	(134 298)
Scrap sales	**111 033**	60 734	**66 612**	(2 812)
Fair value adjustment on other receivables - restricted	**769 062**	1 976 270	**1 917 104**	1 140 509
Fair value adjustment on conversion option and warrant liability	**1 320 330**	11 722 768	**73 542**	8 732 563
Gain on extension of RCF Convertible loan – maturity date	**-**	10 507 576	**-**	10 507 576
Loss on extension of RCF Convertible loan – conversion option	**-**	(11 121 309)	**-**	(11 121 309)
Other income	**801 862**	521 365	**420 442**	534 254
Total	**(82 184 195)**	21 224 555	**17 124 379**	18 801 382

(Presented in South African Rands)

10 GENERAL AND ADMINISTRATION EXPENSES

General and Administrative expenses include the general and administration expenses relating to BC Dundee's head office at Coalfields, the Company's corporate and listing related expenses. As part of the Company's ongoing efforts to curtail costs, the corporate office in Centurion was closed at the end of May 2020. The following table provides a summary of the expenses. For a more detailed explanation of the changes in these expenses refer to the Company's Management Discussion and Analysis for the period.

	6 months ended		3 months ended	
	June 30, 2020 R	June 30, 2019 R	June 30, 2020 R	June 30, 2019 R
Audit and tax related fees	**1 639 369**	2 352 661	**1 101 482**	1 388 001
Bad debts (reversal)	**(45 514)**	5 667 187	**(44 737)**	320 479
Consulting fees	**3 051 948**	3 877 784	**1 965 803**	2 821 709
Directors fees	**1 536 682**	1 406 550	**759 098**	721 311
Insurance	**5 418 181**	4 204 611	**2 715 416**	2 006 431
Legal fees	**882 061**	895 622	**(544 699)**	601 291
Penalty (recovery)	**-**	(1 075 000)	**-**	-
Rehabilitation adjustment expense/(income)	**1 417 767**	1 283 478	**1 189 938**	3 476 668
Salaries and wages	**13 496 456**	15 493 158	**6 032 409**	7 654 567
Shareholder communication and listing fees	**375 761**	470 872	**187 211**	238 949
Travel and accommodation	**54 178**	549 566	**16 351**	176 950
Telephone, internet and computer expenses	**1 017 575**	1 133 060	**701 363**	679 172
Other	**875 950**	2 114 797	**318 244**	1 070 521
Total	**29 720 414**	38 374 346	**14 397 879**	21 156 049

11 FINANCE INCOME AND EXPENSE

	6 months ended		3 months ended	
	June 30, 2020 R	June 30, 2019 R	June 30, 2020 R	June 30, 2019 R
Finance income				
Interest on cash and restricted cash	**327 858**	617 447	**191 328**	307 462
Total	**327 858**	617 447	**191 328**	307 462
Finance expense				
Interest on borrowings	**(2 920 426)**	(5 481 568)	**(1 294 595)**	(2 616 381)
Interest on RCF loan facilities	**-**	(450 838)	**-**	(207 760)
Interest on STA accounts payable	**(702 863)**	(1 024 244)	**(301 977)**	(519 302)
Interest on South African Revenue Services ("SARS")	**-**	(30 756)	**-**	-
Unwinding discount on asset retirement obligation	**(777 596)**	(725 953)	**(301 217)**	(293 299)
RCF Loan accretion expense	**(13 584 902)**	(8 314 990)	**(7 377 636)**	(4 658 061)
Investec accretion of warrant asset	**-**	(4 344 520)	**-**	(2 266 554)
Finance charges on lease liabilities	**(42 016)**	(169 491)	**(19 421)**	(55 929)
Other	**(7 338)**	(25 212)	**(807)**	(3 471)
Total	**(18 035 141)**	(20 567 572)	**(9 295 653)**	(10 620 757)

(Presented in South African Rands)

Interest on borrowings includes royalties payable to Investec of RNil for the six months ended June 30, 2020 (June 30, 2019: R0.1 million) pursuant to the terms of the 6th Amendment Agreement under which a Life of Mine Royalty ("LOMR") is payable to Investec on all bituminous coal sales with effect from July 1, 2017.

The LOMR is calculated at a rate of 3.54% on the sales of all bituminous coal mined from the Magdalena reserve. As at June 30, 2020, R5.9 million in royalties payable to Investec is included in Trade and other payables (December 31, 2019: R5.9 million).

12 RELATED PARTIES

RCF is a related party to the Company as a result of owning a controlling interest in the Company.

The following balances were outstanding as at June 30, 2020 and December 31, 2019:

Related party payables	June 30, 2020 R	December 31, 2019 R
RCF		
Included in trade payables [1]		
Opening balance	1 738 606	1 781 632
Repayments	(305 000)	-
Effect of foreign currency exchange difference	364 813	(43 026)
Closing balance	**1 798 419**	**1 738 606**
Accrued interest [2]		
Opening balance	3 878 063	3 064 189
Interest accrued for the period	-	748 369
Effect of foreign currency exchange difference	687 252	65 505
Closing balance	**4 565 315**	**3 878 063**
Total closing balance	**6 363 731**	**5 616 669**

[1] As set out in the third amended and restated convertible loan agreement with RCF, RCF has invoiced the Company for costs incurred relating to the loan facilities. There were no additional costs invoiced to the Company during the six months ended June 30, 2020 or the year ended December 31, 2019. During the six months ended June 30, 2020, the Company paid US$20 000 (approximately R305 000) on the outstanding trade payables balance and will continue to make monthly repayments of US$10 000 until the balance is settled.

[2] Interest which accrued on the RCF Convertible Loan was calculated at a rate of 1.29% since inception and was decreased to 0% effective January 1, 2020 as a result of the extension on the loan maturity date to December 31, 2020. (Refer Note 6 – RCF Loan Facilities).

These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

(Presented in South African Rands)

Compensation of key management personnel

In accordance with IAS 24 - *Related-Party Disclosures*, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and other key members of management personnel (officers) during the six months ended June 30, 2020 and June 30, 2019 were as follows:

	6 months ended		3 months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	R	R	R	R
Salaries	**3 497 435**	3 267 355	**1 816 350**	1 516 453
Directors' fees	**1 524 383**	1 330 537	**809 657**	671 698
Total	**5 021 818**	4 597 892	**2 626 007**	2 188 151

Amounts owing to directors and other members of key management personnel were R0.5 million as of June 30, 2020 (December 31, 2019: R0.5 million). These amounts are to be settled in the normal course of business.

13 COMMITMENTS AND CONTINGENCIES

Management Agreements – Change in Control Provision

Certain management contracts require that payments of approximately R4.6 million be made upon the occurrence of a change of control, other than a change of control attributable to RCF and/or Investec. As no triggering event has taken place, no provision has been recognised as of June 30, 2020.

Capital Commitments

Capital expenditures contracted for at the statement of financial position date but not recognized in the Interim Results are as follows:

	June 30, 2020	December 31, 2019
	R	R
Property, plant and equipment	**2 358 514**	3 778 606

Avemore Trust

An agreement between the Group and the Avemore Trust is comprised of the following:

- R2.50 /tonne royalty payment on future production, subject to a minimum monthly amount of R25 000 per month.
- 17.5k litres of water to be stored to allow the continued use of the borehole on the property.

The Group has complied and is complying with these terms.

Environmental and Regulatory Contingency

The Group's mining and exploration activities are subject to various laws and regulations governing the environment and mine operations. These laws and regulations are continually changing and generally becoming more restrictive. The Group has made, and expects to make in the future, expenditures to continue to comply with such laws and regulations.

On November 20, 2015, the Financial Provisioning Regulations, 2015 (GNR 1147) were promulgated by the Minister of Environmental Affairs for South Africa as replacement of financial provisioning and rehabilitation legislation contained in the Mineral and Petroleum Resources Development Act, 2002 ("MPRDA") and the National Environmental Management Act, 1998 ("NEMA"). After promulgation of the GNR 1147, the Department of Environmental Affairs ("DEA") met with various stakeholders who sought clarification on a number of issues. This resulted in amended regulations pertaining to the financial provisioning for prospecting, exploration, mining or production operations which were issued on November 10, 2017.

As part of the transitional arrangements mining companies have until June 20, 2021 to align their costings with the new regulations and can continue to submit their costings according to the previous MPRDA regulations, even though these have been repealed. However, any mining company that applied for a mining right after November 20, 2015 will have to calculate their liabilities compliant with GNR 1147 and additionally, any mining company that undergoes unscheduled closure after November 20, 2017 will have to update their costs in compliance with GNR 1147.

Additionally, new draft regulations (GNR 667) that seek to repeal and replace GNR 1147 were put out for public comment on May 17, 2019. The public commenting period has ended, and the industry is now waiting for the new regulations to be published in order to see what changes to GNR 1147 there will be.

Although the estimated rehabilitation and closure liability is fully provided for in compliance with GRN 1147, no additional provision has been made in the financial statements for the potential liability associated with ground water contamination. The mining industry is coming under increased pressure to make additional provision for water purification after closure and therefore more emphasis is currently being placed on the monitoring of groundwater pre-mining, potential contamination during mining, as well as groundwater monitoring post mining. Mining companies may, as a result of these studies, have to make additional provision for water treatment after mine closure, particularly if the post mining water release quality requirements are legislated to be more onerous than the current situation.

The liability estimation is highly dependent on changes in related environmental legislation, license conditions and new/improved technology. Estimation of the liability can also be influenced by the authority/discretion of the relevant Minister/s with authority over site closure, rehabilitation and remediation.

The Group's Calcine plant has been operating without an Air Emissions License ("AEL"), and this has necessitated that a Section 24G application be submitted to the Economic Development, Tourism and Environmental Affairs ("EDTEA"). The Section 24G application relates to the commencement of certain listed activities which have commenced at the Calcine plant at Coalfields, prior to obtaining Environmental Authorization ("EA"). On October 4, 2019, the Group paid a fine of R925,000 for non-compliance. The EA has since been issued and the Group is in the process of submitting an application in terms of S22A of the National Environmental Management Air Quality Act ("NEMAQA") for a postponement license related to the Air Quality Act. Should the application for postponement be successful, the Group will be required to comply with the Air Quality Act by 2025.

Social and Labour plan

As part of BC Corp's approved Social and Labour plan, the Company has committed to finance certain agreed to Local Enterprise Development Projects ("LED Projects"). The outstanding value of these commitments was R13.5 million as at June 30, 2020.

14 SUBSEQUENT EVENTS

Except for the matters discussed above and specifically under Note 1, Basis of preparation - Going Concern, no other matters which management believes are material to the financial affairs of the Company have occurred between the statement of financial position date and the date of approval of these Interim Results.

21 August 2020

Designated Advisor: Questco Corporate Advisory Proprietary Limited