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 nine months ended
September 30, 2020 and September 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 nine months ended September 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	September 30, 2020 R	December 31, 2019 R	September 30, 2020 (Note 1) C$
Assets				
Non-current assets				
Property, plant and equipment	**3**	**41 243 276**	41 419 841	3 274 175
Right of use assets	**4**	**960 852**	1 669 955	76 279
Investment in financial assets	**5**	**231 968**	198 744	18 415
Other receivables - restricted	**5**	**57 578 742**	57 150 772	4 570 997
Other receivables – deposits and prepayments		**6 615 939**	6 772 703	525 219
Long-term restricted cash		**3 200 000**	3 200 000	254 038
Total non-current assets		**109 830 777**	110 412 015	8 719 123
Current assets				
Trade and other receivables		**27 050 802**	37 533 214	2 147 480
Inventories		**38 521 315**	51 280 103	3 058 087
Short-term restricted cash	**5, 7**	**52 164**	-	4 141
Cash and cash equivalents		**5 064 513**	3 518 388	402 056
Total current assets		**70 688 794**	92 331 705	5 611 764
Total assets		**180 519 571**	202 743 720	14 330 887
Equity/(deficiency) and liabilities				
Capital and reserves				
Share capital		**1 089 305 350**	1 089 305 350	86 476 559
Currency translation reserve		**(219 945 085)**	(219 945 085)	(17 460 755)
Reserves		**9 098 987**	9 596 924	722 340
Accumulated retained loss		**(1 330 142 420)**	(1 248 932 442)	(105 595 864)
(Deficiency) attributable to owners of the Company		**(451 683 168)**	(369 975 253)	(35 857 720)
Non-controlling interest		**4 339 142**	4 339 142	344 471
Total (deficiency)		**(447 344 026)**	(365 636 111)	(35 513 249)
Non-current liabilities				
Asset retirement obligation	**8**	**47 921 933**	45 337 773	3 804 373
Lease liabilities	**4**	**284 504**	422 670	19 728
Total non-current liabilities		**48 170 437**	45 760 443	3 824 101
Current liabilities				
Trade and other payables		**70 337 844**	95 045 135	5 583 903
Current portion of lease liabilities	**4**	**236 228**	535 551	18 753
Current tax liabilities		**297 529**	254 915	23 620
Borrowings	**7**	**56 114 971**	64 114 971	4 454 793
RCF loan facilities	**6**	**447 310 693**	355 904 610	35 510 603
Conversion option liability	**5**	**119 255**	1 487 566	9 467
Current portion of asset retirement obligation	**8**	**5 276 640**	5 276 640	418 896
Total current liabilities		**579 693 160**	522 619 388	46 020 035
Total liabilities		**627 863 597**	568 379 831	49 844 136
Total equity (deficiency) and liabilities		**180 519 571**	202 743 720	14 330 887

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)

		9 months ended		3 months ended		9 months ended
	Notes	September 30, 2020 R	September 30, 2019 R	September 30, 2020 R	September 30, 2019 R	September 30, 2020 (Note 1) C$
Revenue		**267 152 808**	298 490 523	**65 495 055**	99 711 070	21 208 429
Cost of sales	**3**	**(210 268 885)**	(211 361 507)	**(51 124 974)**	(74 958 511)	(16 692 592)
Gross profit		**56 883 923**	87 129 016	**14 370 081**	24 752 559	4 515 837
Other income/(expenses) - net	**9**	**(67 582 349)**	(2 381 917)	**14 601 845**	(23 606 472)	(5 365 152)
General and administration expenses	**10**	**(44 384 004)**	(52 170 271)	**(14 663 590)**	(13 795 925)	(3 523 508)
(Loss)/profit before the undernoted		**(55 082 430)**	32 576 828	**14 308 336**	(12 649 838)	(4 372 823)
Finance income	**11**	**455 138**	1 025 724	**127 280**	408 277	36 132
Finance expense	**11**	**(27 080 623)**	(29 979 612)	**(9 045 482)**	(9 412 040)	(2 149 846)
(Loss)/profit before income tax		**(81 707 915)**	3 622 940	**5 390 134**	(21 653 601)	(6 486 537)
Income tax expense		**-**	-	**-**	-	-
(Loss)/profit and total comprehensive (loss)/profit for the period		**(81 707 915)**	3 622 940	**5 390 134**	(21 653 601)	(6 486 537)
(Loss)/profit and total comprehensive (loss)/profit attributable to:						
- Owners of the parent		**(81 707 915)**	3 622 940	**5 390 134**	(21 653 601)	(6 486 537)
- Non-controlling interest		**-**	-	**-**	-	-
		(81 707 915)	3 622 940	**5 390 134**	(21 653 601)	(6 486 537)
(Loss)/profit per share – basic and diluted	**2.2**	**(0.19)**	0.01	**0.01**	(0.05)	(0.02)
Headline (loss)/earnings per share – basic and diluted	**2.2**	**(0.19)**	0.01	**0.01**	(0.05)	(0.02)
Normalized headline (loss)/earnings per share – basic and diluted	**2.2**	**(0.19)**	0.01	**0.01**	(0.05)	(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)
Stock options expired/cancelled	-	-	(100 911)	-	100 911	-	-	-	-
Net profit for the period	-	-	-	-	3 622 940	-	3 622 940	-	3 622 940
Balance at September 30, 2019	421 352 596	1 089 305 350	523 213	9 073 711	(1 282 148 310)	(219 945 085)	(403 191 121)	4 339 142	(398 851 979)
Stock options expired/cancelled	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	33 215 868	-	33 215 868	-	33 215 868
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	**-**	**-**	**-**	**-**	**(81 707 915)**	**-**	**(81 707 915)**	**-**	**(81 707 915)**
Balance at September 30, 2020	**421 352 596**	**1 089 305 350**	**25 276**	**9 073 711**	**(1 330 142 420)**	**(219 945 085)**	**(451 683 168)**	**4 339 142**	**(447 344 026)**

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)

	9 months ended		3 months ended		9 months ended
	September 30, 2020 R	September 30, 2019 R	September 30, 2020 R	September 30, 2019 R	September 30, 2020 (Note 1) C$
Cash flows from operating activities					
Cash generated from/(utilized in) operations	**22 935 965**	41 510 034	**(711 681)**	31 925 198	1 820 815
Interest received	**455 138**	1 025 725	**127 280**	408 278	36 132
Interest paid	**(5 138 520)**	(8 778 524)	**(1 507 891)**	(3 825 718)	(407 931)
Net cash generated from/(utilized in) operating activities	**18 252 583**	33 757 235	**(2 092 292)**	28 507 758	1 449 016
Cash flows from investing activities					
Purchase of property, plant and equipment	**(8 706 458)**	(7 947 569)	**(7 385 117)**	(3 536 902)	(691 179)
Proceeds from disposal of property, plant and equipment	**-**	2 456 591	**-**	2 456 591	-
Movement in restricted cash	**-**	8 000 000	**-**	8 000 000	-
Net cash (utilized in)/generated from investing activities	**(8 706 458)**	2 509 022	**(7 385 117)**	6 919 689	(691 179)
Cash flows from financing activities					
Decrease in short-term restricted cash	**-**	-	**9 000 000**	-	-
Repayment of borrowings	**(8 000 000)**	(25 508 327)	**(3 000 000)**	(25 508 327)	(635 095)
Net cash (utilized in)/generated from financing activities	**(8 000 000)**	(25 508 327)	**6 000 000**	(25 508 327)	(635 095)
Net increase/(decrease) in cash and cash equivalents	**1 546 125**	10 757 930	**(3 477 409)**	9 919 120	122 742
Cash and cash equivalents at the beginning of the period	**3 518 388**	5 231 958	**8 541 922**	6 070 768	279 314
Cash and cash equivalents at the end of the period	**5 064 513**	15 989 888	**5 064 513**	15 989 888	402 056

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 nine months ended September 30, 2020 and September 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 November 18, 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 Q3 2020 mean the nine months ended September 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 further downgraded to National Lockdown level 3 and mining activities were allowed to increase to 100% of operational capacity. As from September 21, 2020 South Africa has been on National Lockdown Level 1.

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 the community within the region of our operations, with a large-scale loss of income and/or employment opportunity occurring across all industries.

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 20 COVID-19 infections amongst its employees, of whom all 20 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 continues 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 R6.2 million as at September 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, renegotiate an extension to and ultimately settling its outstanding debt obligations and secure the funding required for medium to longer term projects.

As many countries have started to experience a second wave of COVID-19 infections, uncertainties relating to the geological spread, the severity of the disease, the duration of the outbreak, and the length of current and future travel and quarantine restrictions imposed by governments of affected countries, the Group cannot at this point in time quantify uncertainties or accurately predict the continued impact COVID-19 may have on its ability to operate and/or the ability of third parties to meet their obligations with the Group.

Decreased global economic activity, mainly as a result of international government's intervention to mitigate the impacts of COVID-19 has had a negative impact on the demand for coal and coal prices and will continue to impact on the forecast profitability and cash flows of the Group.

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 September 30, 2020 (Refer Note 7, Investec borrowings). As at September 30, 2020, the Investec loan balance amounted to R56.1 million (December 31, 2019: R64.1 million).

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 Coal Mining Company (Pty) Ltd ("STA") a long outstanding creditor, requesting postponement of further payments until more information is available of the impact of COVID-19 on the Group's operations. Subsequent to requesting a postponement of further payments, the Group has not committed to any formal repayment terms to either Investec or STA, but has since made capital payments of R8 million and R3 million to Investec and STA respectively when available cash and cash flow forecasts supported such payments.

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. Due to the continued negative impact of COVID-19 on demand for coal and coal prices the parties agreed to extend this date to November 30, 2020 (Refer Note 7, Investec borrowings).

The amount payable to STA was R12.6 million on September 30, 2020 (December 31, 2019: R17.6 million). The Group continued to make monthly interest payments in months where it was not able to make capital payments.

The Resource Capital Fund Convertible Loan ("RCF loan") of US$27 million (approximately R455.0 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 September 30, 2020, the Group had a shareholders' deficiency of R447.3 million (December 31, 2019: R365.6 million), and a working capital deficiency of R509.0 million (December 31, 2019: R430.3 million). The Group recorded a net loss of R81.7 million for the nine months ended September 30, 2020 (September 30, 2019: net profit of R3.6 million) and a net profit of R5.4 million for the three months ended September 30, 2020 (September 30, 2019: net loss of R21.7 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 September 30, 2020 and the financial results for the nine months ended September 30, 2020 were translated into Canadian Dollars using a convenience translation at the rate of C$1:R12.59654, which is the exchange rate published on Oanda.com as of September 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 nine months ended September 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 standard, amendments and interpretations are issued but not yet effective for the nine months ended September 30, 2020:

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in December 2015 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

R'000	Notes	9 months ended September 30, 2020	9 months ended September 30, 2019 (restated)	3 months ended September 30, 2020	3 months ended September 30, 2019 (restated)	9 months ended September 30, 2020 (Note 2)
		R	R	R	R	C$
(Loss)/profit attributable to equity holders of the Company		**(81 707 915)**	3 622 940	**5 390 134**	(21 653 601)	(6 486 537)
Adjustments:						
Net (profit)/loss on disposal of property, plant and equipment	9	**-**	(514 751)	**-**	(466 751)	-
Taxation thereon		**-**	144 130	**-**	130 690	-
Headline (loss)/earnings for the period		**(81 707 915)**	3 252 319	**5 390 134**	(21 989 662)	(6 486 537)
Headline (loss)/earnings per share – basic and diluted		**(0.19)**	0.01	**0.01**	(0.05)	(0.02)
Normalized headline (loss)/earnings for the period		**(81 707 915)**	3 252 319	**5 390 134**	(21 989 662)	(6 486 537)
Normalized headline (loss)/earnings per share – basic and diluted		**(0.19)**	0.01	**0.01**	(0.05)	(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 nine months ended September 30, 2020 (nine months and three months ended September 30, 2019: restated for profit on sale of property, plant and equipment of R0.5 million).

(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 September 30, 2020						
Opening net book value	**1 258 660**	**34 661 731**	**776 213**	**4 723 237**	**-**	**41 419 841**
Additions	**-**	**8 683 459**	**22 999**	**-**	**-**	**8 706 458**
Depreciation	**(196 048)**	**(7 344 663)**	**(259 089)**	**(1 083 223)**	**-**	**(8 883 023)**
Net book value at the end of September 30, 2020	**1 062 612**	**36 000 527**	**540 123**	**3 640 014**	**-**	**41 243 276**
Year to date September 30, 2020						
Cost	**7 757 895**	**399 769 920**	**8 281 952**	**37 627 997**	**14 009 756**	**467 447 520**
Accumulated depreciation and impairment	**(6 695 283)**	**(363 769 393)**	**(7 741 829)**	**(33 987 983)**	**(14 009 756)**	**(426 204 244)**
Net book value at the end of September 30, 2020	**1 062 612**	**36 000 527**	**540 123**	**3 640 014**	**-**	**41 243 276**

	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 R8.6 million for the nine months ended September 30, 2020 and R10.0 million for the nine months ended September 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%.

	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 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	**48 822**	86 787	**7 831**	36 801	**56 653**	123 588
Payments made	**(225 000)**	(300 000)	**(307 826)**	(743 991)	**(532 826)**	(1 043 991)
Closing balance	**484 732**	660 910	**-**	297 311	**484 732**	958 221
Current lease liabilities	**236 228**	238 240	**-**	297 311	**236 228**	535 551
Non-current lease liabilities	**248 504**	422 670	**-**	-	**248 504**	422 670

Right of use assets

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

	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 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	**(411 793)**	(549 057)	**(299 994)**	(707 191)	**(711 787)**	(1 256 248)
Reassessment of lease liability	**-**	-	**2 684**	15 251	**2 684**	15 251
Closing balance	**960 852**	1 372 645	**-**	297 310	**960 852**	1 669 955

Included in the lease of land is a servitude agreement between Zinoju Coal and a neighbouring landowner whereby a servitude is granted over a portion of land used for Aviemore's operations. The servitude requires a minimum monthly payment of R25 000 at inception and has since increased to R28 600 per month (R27 500 as at September 30, 2019) as it is subject to annual South African Consumers Price Index ("CPI") adjustments. 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 September 30, 2020 and December 31, 2019:

	Level 1 R	Level 2 R	Level 3 R
September 30, 2020			
Investment in financial assets	**231 968**	**-**	**-**
Other receivables - restricted	**-**	**57 578 742**	**-**
Conversion option liability	**-**	**119 255**	**-**
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 R455.0 million at September 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:

	September 30, 2020	**December 31, 2019**	**Initial assumptions**
Volatility (based on historical share price)	**113.0%**	118.0%	51.0%- 107.0%
Life (in years) to maturity date	**0.25**	1.0	3.9-5.0
Risk-free interest rate	**0.23%**	1.69%	0.5%-1.5%
Share price (C$)	**0.01**	0.01	0.035-0.095
Potential shares	**769 372 196**	749 372 623	720 351 931
Value of convertible feature (C$)	**9 467**	137 835	18 191 938
Value of convertible feature (R)	**119 255**	1 487 566	182 348 706

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

	September 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	**(1 493 718)**	(38 435 834)
Foreign currency translation adjustment	**125 407**	664 331
Closing balance	**119 255**	1 487 566

6 RCF LOAN FACILITIES

The movement in the RCF Convertible Loan was as follows:

	September 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	**20 719 056**	18 558 139
Effect of foreign currency exchange difference	**70 687 027**	(9 085 928)
Closing balance	**447 310 693**	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 September 30, 2020 and December 31, 2019, BC Corp was fully drawn on the US$27.0 million RCF Convertible Loan (approximately: September 30, 2020: R455.0 million; December 31, 2019: R379.3 million).

7 INVESTEC BORROWINGS

The movement in the Investec borrowings is as follows:

	September 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	**4 047 660**	11 470 150
Interest paid	**(4 047 660)**	(12 174 598)
Repayments	**(8 000 000)**	(40 508 327)
Current portion	**56 114 971**	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, in addition to the R5 million settled at the end of December 31, 2019, the Company 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 production and 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. On June 30, 2020, the Company paid the R5 million required instalment and also transferred the R9 million into the restricted reserve bank account. The Company also provided an undertaking to make payments, as much as reasonably possible, by August 31, 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.

(Presented in South African Rands)

The Company had to utilize R6 million of the funds in the reserve bank account for operational reasons and used the remaining R3 million to pay Investec in September 2020. The parties agreed to the continued use of the reserve bank account mechanism and, subject to the Company's cash position and cash forecasts, make a further payment of R6 million on October 30, 2020. The Company was not able to make this payment and will continue to review its ability to make ad-hoc payments and continue to negotiate amended repayment terms until November 30, 2020, the new cut-off date to which the parties agreed to on October 1, 2020.

The Group continues to be in breach of certain covenants and repayment terms with respect to its borrowings from Investec Bank Limited ("Investec") at September 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 September 30, 2020 and December 31, 2019 was R56.1 million and R64.1 million respectively.

8 ASSET RETIREMENT OBLIGATION

	September 30, 2020 R	December 31, 2019 R
Opening balance	**50 614 413**	49 891 221
Change in estimate	**2 584 160**	723 192
- Allocation/(reversal) of provision	**1 417 768**	(1 020 591)
- Unwinding of discount	**1 166 392**	1 743 783
Closing balance	**53 198 573**	50 614 413
Current portion	**(5 276 640)**	(5 276 640)
Non-current portion	**47 921 933**	45 337 773

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

The allocation of the provision recognized during September 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 nine months ended September 30, 2020 of R1.2 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:

	September 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 obtained as at August 31, 2020 which was 3.1%, adjusted for a premium spread to 4.0%. 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 September 30, 2020 and December 31, 2019.

9 OTHER INCOME/(EXPENSE) – NET

	9 months ended		**3 months ended**	
	September 30, 2020 R	**September 30, 2019 R**	**September 30, 2020 R**	**September 30, 2019 R**
Unrealized foreign exchange (loss)/gain - net	**(71 988 808)**	(24 708 853)	**13 102 359**	(32 148 669)
Realized foreign exchange (loss)/gain - net	**(51 467)**	3 112 059	**43 848**	3 042 724
Net profit/(loss) on disposal of property, plant and equipment	**-**	514 751	**-**	466 751
Scrap sales	**200 734**	168 964	**89 700**	108 229
Dividends received	**-**	311 826	**-**	311 826
Fair value adjustment on other receivables - restricted	**1 394 654**	2 770 316	**625 593**	794 046
Fair value adjustment on conversion option and warrant liability	**1 493 718**	14 490 486	**173 389**	2 767 718
Gain on extension of RCF Convertible loan – maturity date	**-**	10 507 576	**-**	-
Loss on extension of RCF Convertible loan – conversion option	**-**	(11 121 309)	**-**	-
Other income/(expenses)	**1 368 820**	1 572 267	**566 956**	1 050 903
Total	**(67 582 349)**	(2 381 917)	**14 601 845**	(23 606 472)

(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 and 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.

	9 months ended		3 months ended	
	September 30, 2020 R	**September 30, 2019 R**	**September 30, 2020 R**	**September 30, 2019 R**
Audit and tax related fees	**2 277 886**	3 587 551	**638 517**	1 234 889
Bad debts (reversal)	**(308 341)**	5 091 652	**(262 826)**	(575 535)
Consulting fees	**5 117 717**	6 535 384	**2 065 769**	2 657 600
Directors fees	**2 329 783**	2 112 049	**793 102**	705 499
Exploration	**79 993**	-	**79 993**	-
Fund administration fees	**966 684**	1 260 015	**966 684**	1 260 015
Insurance	**6 627 504**	6 706 649	**1 209 323**	2 502 038
Legal fees	**1 214 894**	790 848	**332 833**	(104 775)
License Penalty / (recovery)	**-**	(1 062 228)	**-**	12 772
Rehabilitation adjustment expense/(income)	**1 417 768**	(1 912 968)	**-**	(3 196 446)
Salaries and wages	**20 438 303**	22 918 034	**6 941 848**	7 424 876
Shareholder communication and listing fees	**510 216**	560 154	**134 455**	89 282
Travel and accommodation	**253 531**	764 784	**199 353**	215 218
Telephone, internet and computer expenses	**1 416 101**	1 458 212	**398 526**	325 151
Other	**2 041 965**	3 360 135	**1 166 013**	1 245 341
Total	**44 384 004**	52 170 271	**14 663 590**	13 795 925

(Presented in South African Rands)

11 FINANCE INCOME AND EXPENSE

	9 months ended		3 months ended	
	September 30, 2020 R	**September 30, 2019 R**	**September 30, 2020 R**	**September 30, 2019 R**
Finance income				
Interest on cash and restricted cash	**455 138**	1 025 724	**127 280**	408 277
Total	**455 138**	1 025 724	**127 280**	408 277
Finance expense				
Interest on borrowings	**(4 186 108)**	(8 501 827)	**(1 265 682)**	(3 020 259)
Interest on RCF loan facilities	**-**	(621 618)	**-**	(170 780)
Interest on STA accounts payable	**(943 250)**	(1 546 742)	**(240 387)**	(522 498)
Interest on South African Revenue Services ("SARS")	**-**	(30 756)	**-**	-
Unwinding discount on asset retirement obligation	**(1 166 392)**	(1 244 878)	**(388 796)**	(518 925)
RCF Loan accretion expense	**(20 719 056)**	(13 372 816)	**(7 134 154)**	(5 057 826)
Investec accretion of warrant asset	**-**	(4 344 520)	**-**	-
Finance charges on lease liabilities	**(56 653)**	(290 124)	**(14 637)**	(120 633)
Other	**(9 164)**	(26 331)	**(1 826)**	(1 119)
Total	**(27 080 623)**	(29 979 612)	**(9 045 482)**	(9 412 040)

Interest on borrowings includes royalties payable to Investec of RNil for the nine months ended September 30, 2020 (September 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 September 30, 2020, R5.9 million in royalties payable to Investec is included in Trade and other payables (December 31, 2019: R5.9 million).

(Presented in South African Rands)

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 September 30, 2020 and December 31, 2019:

Related party payables	September 30, 2020 R	December 31, 2019 R
RCF		
Included in trade payables [1]		
Opening balance	1 738 606	1 781 632
Repayments	(487 064)	-
Effect of foreign currency exchange difference	326 830	(43 026)
Closing balance	**1 578 372**	**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	648 293	65 505
Closing balance	**4 526 356**	**3 878 063**
Total closing balance	**6 104 728**	**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 nine months ended September 30, 2020 or the year ended December 31, 2019. During the nine months ended September 30, 2020, the Company paid US$30 000 (approximately R487 000) on the outstanding trade payables balance.

[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.

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 nine and three months ended September 30, 2020 and September 30, 2019 were as follows:

	9 months ended		3 months ended	
	September 30, 2020 R	September 30, 2019 R	September 30, 2020 R	September 30, 2019 R
Salaries	**5 452 993**	4 375 297	**1 955 558**	1 542 446
Directors' fees	**2 317 484**	2 026 036	**793 101**	695 499
Total	**7 770 477**	6 401 333	**2 748 659**	2 237 945

Directors fees and a portion of the salaries paid to management are denominated in C$ and translated to ZAR at the average exchange rate over the period for which the services were rendered. Directors' fees in C$ remained unchanged in relation to the comparative periods, the increase in directors' fees over the comparative periods is due to the fluctuation in these exchange rates.

Amounts owing to directors and other members of key management personnel were R0.6 million as of September 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 R5.2 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 September 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:

	September 30, 2020 R	December 31, 2019 R
Property, plant and equipment	**2 695 533**	3 778 606

Surface access agreement

An agreement between the Group and a neighbouring landowner is comprised of the following:

- R2.50 /tonne royalty payment on Aviemore production, subject to a minimum monthly amount of R25 000 per month and annual CPI adjustments. As at September 30, 2020, following the required CPI adjustments, the royalty amount is R2.86 /tonne (September 30, 2019: R2.75 /tonne), equating to a minimum monthly amount of R28 600 (September 30, 2019: R27 500).
- 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.

The Magdalena Colliery, currently on Care and Maintenance, lodged and underwent a rectification process with the Department of Mineral Resources and Energy (DMRE) for the unauthorised extension of the Opencast and Thembalisha adit complex. This application was lodged in March 2019 in terms of the regulation Section 24G of NEMA.

On December 10, 2019, the DMRE Directorate Compliance and Enforcement issued the Group with an administrative fine of R1,550,000 payable by January 31, 2020 which was later extended to be paid by the end of April 2020. Due to unforeseen circumstances that include the Covid-19 National Lockdown, the Group has not been in a position to pay the fine. A request for a deferral and reduction of payment was sent to the DMR on April 28, 2020 whom instructed the Company to lodge an Appeal through the Department of Environment, Forestry and Fisheries ("DEFF"). This Appeal process is currently being attended to as advised by the DMRE. The penalty was provided for in the 2019 financial statements and is included in trade and other payables.

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 September 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.

20 November 2020

Designated Advisor: Questco Corporate Advisory Proprietary Limited