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 and prepared by management)

For the three months ended
March 31, 2021 and 2020
(Presented in South African Rands

Notice of non-review

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), Buffalo Coal Corp. ("BC Corp" or the "Company") hereby informs its readers that the Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2021 and 2020 have not been audited or reviewed by its auditor.

Management's responsibility for Interim Financial Reporting

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

In the opinion of management, the Condensed Interim Consolidated 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	March 31, 2021 R	December 31, 2020 R	March 31, 2021 (Note 1) C$
Assets				
Non-current assets				
Property, plant and equipment	3	**37 413 020**	38 582 602	3 177 164
Right of use assets	4	**686 322**	823 587	58 283
Investment in financial assets	5	**216 850**	211 881	18 415
Other receivables - restricted	5	**58 870 121**	58 505 686	4 999 330
Other receivables – deposits	9	**6 615 939**	6 615 939	561 834
Long-term restricted cash		**3 200 000**	3 200 000	271 748
Total non-current assets		**107 002 252**	107 939 695	9 086 774
Current assets				
Trade and other receivables	9	**18 801 888**	12 558 847	1 596 682
Inventories	10	**38 917 760**	63 295 636	3 304 949
Short-term restricted cash		**52 793**	52 480	4 483
Cash and cash equivalents		**6 464 590**	3 998 999	548 982
Total current assets		**64 237 031**	79 905 962	5 455 096
Total assets		**171 239 283**	187 845 657	14 541 870
Deficiency and liabilities				
Capital and reserves				
Share capital		**1 089 305 350**	1 089 305 350	92 505 279
Currency translation reserve		**(219 945 085)**	(219 945 085)	(18 678 033)
Reserves		**9 098 987**	9 098 987	772 698
Accumulated retained loss		**(1 310 537 531)**	(1 250 451 193)	(111 292 614)
Deficiency attributable to owners of the Company		**(432 078 279)**	(371 991 941)	(36 692 670)
Non-controlling interest		**4 339 142**	4 339 142	368 486
Total deficiency		**(427 739 137)**	(367 652 799)	(36 324 184)
Non-current liabilities				
RCF convertible loan facility	6	**370 637 498**	360 923 753	31 475 036
Asset retirement obligation	8	**47 195 502**	50 231 285	4 007 906
Lease liabilities	4	**85 170**	156 466	7 233
Total non-current liabilities		**417 918 170**	411 311 504	35 490 175
Current liabilities				
Trade and other payables	11	**67 845 446**	67 680 295	5 761 525
Current portion of lease liabilities	4	**273 693**	266 204	23 242
Current tax liabilities		**278 139**	271 765	23 620
Borrowings	7	**56 114 971**	56 114 971	4 765 359
RCF conversion option liability	5	**48 869 157**	14 387 028	4 150 035
Current portion of asset retirement obligation	8	**7 678 844**	5 466 689	652 098
Total current liabilities		**181 060 250**	144 186 952	15 375 879
Total liabilities		**598 978 420**	555 498 456	50 866 054
Total deficiency and liabilities		**171 239 283**	187 845 657	14 541 870

Basis of preparation and going concern	1
Commitments and contingencies	1, 7, 16
Subsequent events	17

Approved on behalf of the Board:

Signed, "Craig Wiggill", director *Signed, "Rory Taylor", director*

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

BUFFALO COAL CORP.

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

(Presented in South African Rands)

		3 months ended		
	Notes	March 31, 2021 R	March 31, 2020 R	March 31, 2021 (Note 1) C$
Revenue from contracts with customers		**81 174 326**	127 185 092	6 893 433
Cost of sales of goods		**(85 321 422)**	(109 920 908)	(7 245 610)
Gross (loss)/profit		**(4 147 096)**	17 264 184	(352 177)
Other income/(expenses) - net	12	**(38 203 556)**	(99 308 574)	(3 244 298)
General and administration expenses	13	**(10 316 697)**	(15 322 535)	(876 108)
Loss before the undernoted		**(52 667 349)**	(97 366 925)	(4 472 583)
Finance income	14	**54 961**	136 530	4 667
Finance expense	14	**(7 473 950)**	(8 739 488)	(634 698)
Loss and total comprehensive loss for the period		**(60 086 338)**	(105 969 883)	(5 102 614)
Loss and total comprehensive loss attributable to:				
- Owners of the parent		**(60 086 338)**	(105 969 883)	(5 102 614)
- Non-controlling interest		**-**	-	-
		(60 086 338)	(105 969 883)	(5 102 614)
Loss per share				
– basic and diluted	2.2	**(0.14)**	(0.25)	(0.01)
Headline loss per share				
– basic and diluted	2.2	**(0.14)**	(0.25)	(0.01)
Normalized headline loss per share				
– basic and diluted	2.2	**(0.14)**	(0.25)	(0.01)
Weighted average number of common shares outstanding:				
- Basic		**421 352 596**	421 352 596	421 352 596
- Diluted		**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 Deficiency (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, 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)
Net loss for the period	-	-	-	-	(105 969 883)	-	(105 969 883)	-	(105 969 883)
Balance at March 31, 2020	421 352 596	1 089 305 350	523 213	9 073 711	(1 354 902 325)	(219 945 085)	(475 945 136)	4 339 142	(471 605 994)
Stock options expired/cancelled	-	-	(497 937)	-	497 937	-	-	-	-
Net profit for the period	-	-	-	-	103 953 195	-	103 953 195	-	103 953 195
Balance at December 31, 2020	421 352 596	1 089 305 350	25 276	9 073 711	(1 250 451 193)	(219 945 085)	(371 991 941)	4 339 142	(367 652 799)
Net loss for the period	-	-	-	-	(60 086 338)	-	(60 086 338)	-	(60 086 338)
Balance at March 31, 2021	**421 352 596**	**1 089 305 350**	**25 276**	**9 073 711**	**(1 310 537 531)**	**(219 945 085)**	**(432 078 279)**	**4 339 142**	**(427 739 137)**

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)

	3 months ended		
	March 31, 2021 R	**March 31, 2020 R**	**March 31, 2021 (Note 1) C$**
Cash flows from operating activities			
Cash generated from operations	**5 495 462**	9 052 805	466 683
Interest received	**54 961**	136 530	4 667
Interest paid	**(1 101 257)**	(2 078 438)	(93 520)
Net cash generated from operating activities	**4 449 166**	7 110 897	377 830
Cash flows from investing activities			
Purchase of property, plant and equipment	**(1 983 575)**	(698 962)	(168 448)
Net cash utilized in investing activities	**(1 983 575)**	(698 962)	(168 448)
Net increase in cash and cash equivalents	**2 465 591**	6 411 935	209 382
Cash and cash equivalents at the beginning of the period	**3 998 999**	3 518 388	339 600
Cash and cash equivalents at the end of the period	**6 464 590**	9 930 323	548 982

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 BC Corp. and its subsidiaries (the "Group") for the three months ended March 31, 2021 and March 31, 2020 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 on May 19, 2021.

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 Group's consolidated annual financial statements for the year ended December 31, 2020 (the "consolidated annual financial statements") and should be read in conjunction with the Group's consolidated annual financial statements, which have been prepared in accordance with IFRS. The Group has considered the required new or revised accounting standards, interpretations or amendments 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, 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 Q1 2021 mean the three months ended March 31, 2021.

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, which was a 5-tier system, Level 5 being imposed as the most severe lockdown measure. Under the Level 5 Tier the majority of mines were required to limit activities to care and maintenance activities 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, the Group proactively implemented multiple additional measures to reduce the potential spread of infection amongst its workforce and their families.

Limited mining activities were allowed to resume 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, whereafter the South African Government downgraded the entire country to National Lockdown Level 4 in terms of South Africa's National Disaster

Regulations.

On May 4, 2020, the Company increased the utilization of its workforce in line with regulatory approvals to 50% of operational capacity. 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. On September 21, 2020, South Africa was placed 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 occurring across all industries.

Due to the emergence of a second wave of COVID-19 infections in South Africa, more restrictive National Lockdown measures came into effect on December 28, 2020, and South Africa moved to National Lockdown Level 3 whereunder mining activities were still allowed at 100% operational capacity. On February 28, 2021, South Africa was downgraded to National Lockdown Level 1 due to a decrease in the daily number of COVID-19 infections and decrease in the number of active infections.

Whilst the wellbeing of BC Corp's employees and their families remain the Group's biggest concern, management continues to closely monitor the 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.

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 its medium to longer term projects.

As many countries have experienced a second and third wave of COVID-19 infections, uncertainties relating to the geographical 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 those 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. The effectiveness of vaccines and completion of required vaccination programs required on a global scale adds to this uncertainty.

Decreased global economic activity, mainly as a result of international governmental interventions to mitigate the impact of COVID-19, had a negative impact on the demand for coal and coal prices during 2020 and continued market uncertainty may have an impact on the forecast profitability and cash flows of the Group.

During the year ended December 31, 2020 the Group made loan capital payments of R8.0 million to Investec and R5.0 million to STA. As a result of the National Lockdown imposed by the South African government on March 23, 2020 and the outcome thereof on the Company's operations and cash flows, the Company approached both Investec Bank Limited

("Investec") and STA Coal Mining Company (Pty) Ltd ("STA"), a long outstanding creditor, requesting postponement of further loan payments until more clarity on the impact of COVID-19 on the Group's operations could be gained.

Following further negotiations during the first quarter of 2021, the Company agreed to make instalment payments to Investec of R5 million in June 2021, R5 million in September 2021 and R10 million on December 15, 2021 with the remaining balance of R36.1 million to be paid on or before the final maturity date of December 31, 2021 (the "Final Maturity Date"). Pursuant to the terms of this agreement, the Company has undertaken to make payment of as much as is reasonably possible of the outstanding balance to Investec on or before the Final Maturity Date. Prior to December 31, 2021, the Group and Investec shall negotiate in good faith to agree on the restructuring of the outstanding balance as at December 31, 2021. The reserve bank account and cash sweeping mechanism will continue to be in place. (Refer to Note 7, Borrowings).

The Group continued to be in breach of certain covenants and agreed repayment terms with respect to its borrowings from Investec at March 31, 2021. As at March 31, 2021, the Investec loan balance amounted to R56.1 million (December 31, 2020: R56.1 million).

The Group did not commit to any formal repayment terms with STA and STA was advised that further capital repayments would only be made if the ratio of debt owing to Investec and STA was 80:20.

The amount payable to STA was R12.6 million on March 31, 2021 (December 31, 2020: R12.6 million). The Group has continued to make monthly interest payments in months where it was not able to make capital payments.

The Resource Capital Fund Convertible Loan ("RCF convertible loan facility") of US$27 million (approximately R400.3 million) was to become due and payable on December 31, 2020. (Refer to Note 6, RCF convertible loan facility). On November 24, 2020, BC Corp and RCF agreed to extend the final maturity date of the RCF convertible loan facility to June 30, 2022 to allow the Company to obtain financing in order to settle this amount as it currently does not have the means to repay this amount in full.

As at March 31, 2021, the Group had a shareholders' deficiency of R427.7 million (December 31, 2020: R367.7 million), and a working capital deficiency of R116.8 million (December 31, 2020: R64.3 million). The Group recorded a net loss of R60.1 million for the three months ended March 31, 2021 (March 31, 2020: Net loss of R106.0 million)

The Group remains dependent upon the continued financial support of Investec, RCF 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 operational 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.

The Group's ability to ultimately continue operations over the medium to longer term is also dependent on obtaining the requisite environmental approvals and securing funding for its Balgray project.

Should the going concern assumption not be appropriate for the preparation of these Interim Results, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the condensed interim consolidated 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 March 31, 2021 and the financial results for the three months ended March 31, 2021 were translated into Canadian Dollars using a convenience translation at the rate of C$1: R11.77560, which is the exchange rate published on Oanda.com as of March 31, 2021. 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 Results have been prepared using the same accounting policies and methods as were used for the Company's consolidated annual financial statements. The Interim Results should be read in conjunction with the consolidated annual financial statements.

There were no new standards, amendments and interpretations which were issued and effective for the first time for the three months ended March 31, 2021.

The following standards, amendments and interpretations are issued but not yet effective for the three months ended March 31, 2021:

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. These standards will be adopted from the effective date. Early adoption will not be applied. The revised standards are not expected to have a material impact on the Company or Group.

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; however early adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

(Presented in South African Rands)

IFRS 3 – Business Combinations ("IFRS 3") was amended. The amendments introduce new exceptions to the recognition and measurement principles in IFRS 3 to ensure that the update in references to the revised conceptual framework does not change which assets and liabilities qualify for recognition in a business combination. An acquirer should apply the definition of a liability in IAS 37 – rather than the definition in the Conceptual Framework – to determine whether a present obligation exists at the acquisition date as a result of past events. For a levy in the scope of IFRIC 21, the acquirer should apply the criteria in IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. In addition, the amendments clarify that the acquirer should not recognize a contingent asset at the acquisition date. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

The Group does not anticipate the adoption of these standards, amendments and interpretations will have a material impact on the Interim Results.

2.2 Headline loss per share and normalized headline loss per share

		3 months ended		
	Notes	**March 31, 2021**	**March 31, 2020**	**March 31, 2021 (Note 1)**
		R	**R**	**C$**
Loss attributable to equity holders of the Company		**(60 086 338)**	(105 969 883)	(5 102 614)
Headline loss for the period		**(60 086 338)**	(105 969 883)	(5 102 614)
Headline loss per share – basic and diluted		**(0.14)**	(0.25)	(0.01)
Adjustments:				
Voluntary severance packages ("VSP's")		**372 604**	-	31 642
Enforced early retirement payments		**945 426**	-	80 287
Taxation thereon		**(369 048)**	-	(31 340)
Normalized headline loss for the period		**(59 137 356)**	(105 969 883)	(5 022 025)
Normalized headline loss per share – basic and diluted		**(0.14)**	(0.25)	(0.01)
Weighted average number of common shares outstanding:				
- Basic		**421 352 596**	421 352 596	421 352 596
- Diluted		**421 352 596**	421 352 596	421 352 596

Headline loss per share is a basis for measuring loss per share which accounts for all the profits and losses from operational, trading, and interest activities that have been continued 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 loss per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on losses 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 loss per share for the three months ended March 31, 2021 and March 31, 2020.

(Presented in South African Rands)

For the three months ended March 31, 2021, the Company's normalized headline loss per share has been further adjusted for VSP's and enforced early retirement payments made. Due to the irregular occurrence of these payments, the normalized headline loss per share measure for the three months ended March 31, 2021 has been calculated by using headline loss excluding these costs in order to better present loss attributable to the ongoing activities of the Company.

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 March 31, 2021						
Opening net book value	**997 418**	**33 814 701**	**463 816**	**3 306 667**	**-**	**38 582 602**
Additions	**-**	**1 751 863**	**231 712**	**-**	**-**	**1 983 575**
Depreciation	**(65 116)**	**(2 686 902)**	**(75 960)**	**(325 179)**	**-**	**(3 153 157)**
Net book value at the end of March 31, 2021	**932 302**	**32 879 662**	**619 568**	**2 981 488**	**-**	**37 413 020**
Year to date March 31, 2021						
Cost	**7 757 895**	**402 113 468**	**8 513 664**	**37 627 997**	**14 009 756**	**470 022 780**
Accumulated depreciation and impairment	**(6 825 593)**	**(369 233 806)**	**(7 894 096)**	**(34 646 509)**	**(14 009 756)**	**(432 609 760)**
Net book value at the end of March 31, 2021	**932 302**	**32 879 662**	**619 568**	**2 981 488**	**-**	**37 413 020**

	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, 2020						
Opening net book value	1 258 660	34 661 731	776 213	4 723 237	-	41 419 841
Additions	-	9 275 144	23 000	-	-	9 298 144
Depreciation	(261 242)	(10 122 174)	(335 397)	(1 416 570)	-	(12 135 383)
Net book value at the end of the year	997 418	33 814 701	463 816	3 306 667	-	38 582 602
Year ended December 31, 2020						
Cost	7 757 895	400 361 605	8 281 952	37 627 997	14 009 756	468 039 205
Accumulated depreciation and impairment	(6 760 477)	(366 546 904)	(7 818 136)	(34 321 330)	(14 009 756)	(429 456 603)
Net book value at the end of the year	997 418	33 814 701	463 816	3 306 667	-	38 582 602

All property, plant and equipment is located in South Africa. Depreciation expense of R3.0 million for the three months ended March 31, 2021 (three months ended March 31, 2020: R2.8 million) was recognized in "Cost of Sales".

(Presented in South African Rands)

4 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of use assets

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

	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	Land	Land	Buildings	Buildings	Total	Total
	R	R	R	R	R	R
Opening balance	**823 587**	1 372 645	**-**	297 310	**823 587**	1 669 955
Depreciation	**(137 265)**	(549 058)	**-**	(299 994)	**(137 265)**	(849 052)
Reassessment of lease liability	**-**	-	**-**	2 684	**-**	2 684
Closing balance	**686 322**	823 587	**-**	-	**686 322**	823 587

Lease liabilities

On adoption of IFRS 16, the Company 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%.

	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	Land	Land	Buildings	Buildings	Total	Total
	R	R	R	R	R	R
Opening balance	**422 670**	660 910	**-**	297 311	**422 670**	958 221
Reassessment of lease liability	**-**	-	**-**	2 684	**-**	2 684
Finance charges	**11 193**	61 760	**-**	7 831	**11 193**	69 591
Payments made	**(75 000)**	(300 000)	**-**	(307 826)	**(75 000)**	(607 826)
Closing balance	**358 863**	422 670	**-**	-	**358 863**	422 670
Current lease liabilities	**273 693**	266 204	**-**	-	**273 693**	266 204
Non-current lease liabilities	**85 170**	156 466	**-**	-	**85 170**	156 466

Included in the lease of land is a servitude agreement between Zinoju 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 R29 500 per month (R29 500 as at December 31, 2020) 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 in June 2023.

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 and the lease liability was subsequently written off to zero.

Buildings which were leased related to the Company's corporate office in Centurion, South Africa. The Company did not renew the lease agreement when it 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 March 31, 2021 and December 31, 2020:

	Level 1 R	Level 2 R	Level 3 R
March 31, 2021			
Investment in financial assets	**216 850**	**-**	**-**
Other receivables - restricted	**-**	**58 870 121**	**-**
RCF conversion option liability	**-**	**(48 869 157)**	**-**
December 31, 2020			
Investment in financial assets	211 881	-	-
Other receivables - restricted	-	58 505 686	-
RCF conversion option liability	-	(14 387 028)	-

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

Funded guarantees provided to the Department of Mineral Resources and Energy ("DMRE") relating to the asset retirement obligations (see Note 8) as per the National Environmental Management Act ("NEMA") are 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 R69.8 million (Value Added Tax ("VAT") inclusive) and the value of the investment would be funded over the Life of Mine through the growth in the investment.

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.

RCF conversion option liability

The RCF convertible loan facility has been recognized in two parts, a liability component (see Note 6) and a conversion option liability component. An embedded derivative exists due to the convertible loan facility being denominated in US$, the conversion feature being exercisable in C$ and the functional currency being Rands.

(Presented in South African Rands)

Movement in the conversion option liability was as follows during the three months ended March 31, 2021 and year ended December 31, 2020:

	March 31, 2021 R	December 31, 2020 R
Opening balance	**14 387 028**	1 487 566
Loss on extension of loan maturity date	**-**	38 070 513
Fair value adjustment (Note 12)	**34 248 510**	(25 455 376)
Foreign currency translation adjustment	**233 619**	284 325
Closing balance	**48 869 157**	14 387 028

On November 24, 2020 BC Corp and RCF agreed to extend the final maturity date of the RCF convertible loan facility to June 30, 2022, which also had the effect of extending the conversion option liability component to the revised maturity date. This resulted in an R38.1 million loss on extension of the conversion option calculated on the amendment date, November 24, 2020.

The fair value of the conversion option liability was re-measured using the Black-Scholes option pricing model:

	March 31, 2021	December 31, 2020	Initial assumptions
Volatility (based on historical share price)	**119.0%**	113.0%	51.0%- 107.0%
Life (in years) to maturity date	**1.25**	1.5	3.9-5.0
Risk-free interest rate	**0.23%**	0.20%	0.5%-1.5%
Share price (C$)	**0.02**	0.01	0.035-0.095
Potential shares	**724 909 126**	733 545 672	720 351 931
Value of convertible feature (C$)	**4 150 035**	1 250 418	18 191 938
Value of convertible feature (R)	**48 869 157**	14 387 028	182 348 706

6 RCF CONVERTIBLE LOAN FACILITY

The movement in the RCF Convertible Loan was as follows:

	March 31, 2021 R	December 31, 2020 R
Opening balance	**360 923 753**	355 904 610
Gain on extension of loan maturity date	**-**	(36 601 171)
Accretion expense	**5 647 586**	27 551 351
Effect of foreign currency exchange difference	**4 066 159**	14 068 963
Closing balance	**370 637 498**	360 923 753

The RCF Convertible Loan became due and payable on December 31, 2020, after negotiations to extend the maturity date during 2019. In addition, RCF decreased the interest rate from 1.29% to 0% effective January 1, 2020. On November 24, 2020, BC Corp and RCF agreed to further extend the final maturity date of the RCF Convertible Loan to June 30, 2022.

This maturity date extension resulted in the classification of the loan as non-current as at December 31, 2020 and March 31, 2021.

(Presented in South African Rands)

The liability component will continue to be accreted to its face value of US$27.0 million (approximately R400.3 million at March 31, 2021) (December 31, 2020: US$27.0 million (approximately R395.8 million)), using a revised effective interest rate of 6.19%.

Interest accrued on the RCF convertible loan facility amounting to C$359 333 (R4.2m) has been included in Trade and other payables as at March 31, 2021 (December 31, 2020: C$359 333 (R4.1m)) (Refer to Notes 11 and 15).

As at March 31, 2021 and December 31, 2020, BC Corp was fully drawn on the US$27.0 million RCF convertible loan facility (approximately: March 31, 2021: R400.3 million; December 31, 2020: R395.8 million).

7 BORROWINGS

The movement in the Investec borrowings is as follows:

	March 31, 2021 R	December 31, 2020 R
Opening balance	**56 114 971**	64 114 971
Interest accrued	**1 026 032**	5 119 994
Interest paid	**(1 026 032)**	(5 119 994)
Repayments	**-**	(8 000 000)
Closing balance	**56 114 971**	56 114 971

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, 2020 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 previously agreed 2020 payment commitments with Investec. On May 13, 2020, the Group received formal notification from Investec advising that the Group continued to be in default of its principal payment obligations, and that they continued to reserve their right to take action.

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 would be calculated at a competitive interest rate linked to the South African reserve bank prime interest rate (the "prime rate"). 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 would 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.

(Presented in South African Rands)

The parties agreed to negotiate in good faith on the restructuring of the remaining balance owing and payable to Investec by August 31, 2020.

The Company utilized 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. This date was subsequently extended to February 28, 2021.

The Group continues to be in breach of certain covenants and repayment terms with respect to its borrowings from Investec at March 31, 2021. 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 current portions at both March 31, 2021 and December 31, 2020 were R56.1 million. The Company has continued to pay interest on the outstanding debt and to engage with Investec to negotiate amended repayment terms. The loan bears interest at the prime rate plus 0.5% payable monthly.

Following further negotiations during the first quarter of 2021, Investec agreed to instalment payments of R5 million in June 2021, R5 million in September 2021 and R10 million on December 15, 2021 with the remaining balance of R36.1 million to be paid on or before the final maturity date of December 31, 2021 (the "Final Maturity Date"). Pursuant to the terms of this agreement, the Company has undertaken to make payment of as much as is reasonably possible of the outstanding balance to Investec on or before the Final Maturity Date. Prior to December 31, 2021, the Group and Investec shall negotiate in good faith to agree on the restructuring of the outstanding balance as at December 31, 2021. The reserve bank account and cash sweeping mechanism will continue to be in place.

Management continues to review the impact of the National Lockdown on the Company's cash flows and will, if necessary, approach Investec for further discussions on the instalment payments due.

8 ASSET RETIREMENT OBLIGATION

	March 31, 2021 R	**December 31, 2020 R**
Opening balance	**55 697 974**	50 614 413
Change in estimate	**(823 628)**	5 083 561
- (Reversal)/allocation of provision	**(1 243 206)**	3 289 121
- Unwinding of discount	**419 578**	1 794 440
Closing balance	**54 874 346**	55 697 974
Less: current portion	**(7 678 844)**	(5 466 689)
Non-current portion	**47 195 502**	50 231 285

The changes in estimate during the three months ended March 31, 2021 and the year ended December 31, 2020, relate to changes in the discount and inflation rates used and a three- and twelve-month reduction in the amortization period, over those respective periods.

(Presented in South African Rands)

The reversal of the provision recognized during the three months ended March 31, 2021 of R1.2 million (year ended December 31, 2020: allocation of R3.3 million) is expensed in "general and administration expenses" (Refer to Note 13).

The unwinding of the discount recognized during the three months ended March 31, 2021 of R0.4 million (year ended December 31, 2020: R1.8 million), is expensed in "finance expense" (Refer to Note 14).

The provision is calculated using the following rates:

	March 31, 2021	December 31, 2020
Discount rate (%) – Magdalena	**7.68**	7.68
Discount rate (%) – Aviemore – MR174	**3.53**	3.53
Discount rate (%) – Aviemore – MR301 and Coalfields	**8.25**	8.25
Inflation rate (%) – Magdalena & Aviemore	**4.00**	4.00

The inflation rates used in the calculation are the same for all the rehabilitation guarantees as noted in the table above and are linked to the South African Consumer Price Index. The discount rates used in the calculation of the estimated net present value of the rehabilitation liability is dependent on the life-of-mine and mining right expiry dates (Magdalena – 5 years; Aviemore – 7 years) and were based on recent yields determined on South African Government bonds. Government bonds expiring in 1 to 5.25 years were used for Magdalena (ES26), expiring within 12 months for Aviemore MR174 (R208) and bonds expiring between 7 and 10 years were used for Aviemore MR301 and Coalfields (R2033 & R210).

As the yields on the South African Government bonds increased significantly between December 31, 2019 and March 31, 2021, management reduced the risk-free rate used so that the discount rates would not be lower than those used on December 31, 2019.

The Group's undiscounted rehabilitation liability, if immediate closure was required, amounts to R64 979 000 on March 31, 2021 (December 31, 2020: R64 979 000).

9 TRADE AND OTHER RECEIVABLES

	March 31, 2021 R	December 31, 2020 R
Non-current other receivables:		
- Deposits	**6 615 939**	6 615 939
Total non-current other receivables	**6 615 939**	6 615 939
Current trade and other receivables:		
- Trade receivables	**12 512 307**	8 648 939
Less: Provision for impairment of receivables	**(483 980)**	(251 922)
- Trade receivables – net	**12 028 327**	8 397 017
- VAT	**271 797**	43 471
- Prepayments	**1 950 179**	2 897 607
- Harmonized Sales Tax	**33 271**	84 537
- Other receivables	**4 518 314**	1 136 215
Total current trade and other receivables	**18 801 888**	12 558 847

(Presented in South African Rands)

10 INVENTORIES

	March 31, 2021 R	December 31, 2020 R
Consumables	**2 377 449**	1 891 362
Work in progress	**2 511 726**	8 396 817
Finished goods	**34 028 585**	53 007 457
Total	**38 917 760**	63 295 636

11 TRADE AND OTHER PAYABLES

	March 31, 2021 R	December 31, 2020 R
Trade payables	**19 116 721**	12 920 163
Trade payables – STA	**12 628 655**	12 628 655
Audit fees	**1 165 000**	1 640 000
Deferred revenue	**2 460 231**	11 460 141
Investec royalty	**6 560 487**	6 413 319
Sundry payables and accruals	**8 870 959**	7 232 635
Accrual Carbon Tax	**769 898**	711 147
Accrual DMRE fines	**100 000**	1 550 000
Accrual DMRE royalties	**384 876**	-
Accrual RCF interest (Note 6)	**4 231 366**	4 134 408
Receiver of Revenue – VAT	**3 290 869**	1 698 559
Accrual Leave pay/bonus	**8 266 384**	7 291 268
Total	**67 845 446**	67 680 295

Included in trade payables as of March 31, 2021 is R12.6 million (December 31, 2020: R12.6 million) owing to STA. Interest is accruing monthly on the deferred amount at the prime rate.

Deferred revenue of R2.5 million (December 31, 2020: R11.5 million) relates to upfront payments made by customers for tonnes delivered after year-end.

The Investec royalty of R6.6 million (December 31, 2020: R6.4 million) is payable on the final maturity date of the Investec Loan Facility (Refer to Note 7 and Note 14).

The previous operational adit at Magdalena does not have an amended Environmental Management Program ("EMP") or an amended Integrated Water Use License Application. As a result, the mine had to apply for a Section 24G retrospective Environmental Impact Analysis ("EIA"). During the financial year ended December 31, 2019, an assessment of penalties payable amounting to R1,550,000 in connection with the Water Use License was issued. On March 24, 2021, the Group received notice that the DMRE had reduced, on appeal, the previously imposed administrative fine from R1,550,000 to R100,000. The R100,000 will be repaid in two equal instalments of R50,000 each on or before June 30, 2021 and on or before September 30, 2021, respectively.

(Presented in South African Rands)

12 OTHER INCOME/(EXPENSE) – NET

	3 months ended	
	March 31, 2021 **R**	**March 31, 2020** **R**
Unrealized foreign exchange loss - net	**(4 461 141)**	(99 681 398)
Realized foreign exchange gain/(loss) - net	**1 099**	(151 763)
Scrap sales proceeds	**24 353**	44 422
Fair value adjustment on other receivables - restricted	**364 435**	(1 148 042)
Fair value adjustment on conversion option (Note 5)	**(34 248 510)**	1 246 787
Other income	**116 208**	381 420
Total	**(38 203 556)**	(99 308 574)

13 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.

	3 months ended	
	March 31, 2021 **R**	**March 31, 2020** **R**
Audit and tax related fees	**634 613**	537 887
Bad debts provision/(reversal)	**232 058**	(777)
Consulting fees	**1 508 851**	1 086 145
Directors' fees	**703 059**	777 583
Fund administration fees	**300 000**	-
Insurance	**952 189**	2 702 765
Legal fees	**72 468**	1 426 760
DMRE penalty reversed (Note 11)	**(1 450 000)**	-
Rehabilitation adjustment (income)/expense (Note 8)	**(1 243 206)**	227 829
Salaries and wages	**7 596 734**	7 464 047
Shareholder communication and listing fees	**103 148**	188 550
Travel and accommodation	**4 241**	37 827
Telephone, internet and computer expenses	**288 109**	316 212
Other	**614 433**	557 707
Total	**10 316 697**	15 322 535

(Presented in South African Rands)

14 FINANCE INCOME AND EXPENSE

	3 months ended	
	March 31, 2021 R	March 31, 2020 R
Finance income		
Interest on cash and restricted cash	**54 961**	136 530
Total	**54 961**	136 530
Finance expense		
Interest on borrowings	**(1 173 200)**	(1 625 831)
Interest on STA accounts payable	**(217 974)**	(400 886)
Unwinding discount on asset retirement obligation (Note 8)	**(419 578)**	(476 379)
RCF convertible loan facility accretion expense (Note 6)	**(5 647 586)**	(6 207 266)
Finance charges on lease liabilities (Note 4)	**(11 193)**	(22 595)
Other	**(4 419)**	(6 531)
Total	**(7 473 950)**	(8 739 488)

Interest on borrowings included royalties payable to Investec of R0.1 million for the three months ended March 31, 2021 (March 31, 2020: RNil); the Life of Mine Royalty ("LOMR") is payable to Investec on all bituminous coal sales.

The LOMR is calculated at a rate of 3.54% on the sales of all bituminous coal mined from the Magdalena reserve. As at March 31, 2021, R6.6 million in royalties payable to Investec is included in Trade and other payables (December 31, 2020: R6.4 million) (Refer to Note 11).

(Presented in South African Rands)

15 RELATED PARTIES

The Company's related parties include its subsidiaries and key management personnel. During the normal course of operations, the Company enters into transactions with its related parties for goods and services. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

During the three months ended March 31, 2021 and March 31, 2020, the Company did not enter into any transactions with related parties (except for its subsidiaries) in the ordinary course of business.

The following balances were outstanding as at March 31, 2021 and December 31, 2020:

Related party payables	March 31, 2021 R	December 31, 2020 R
RCF		
Included in trade payables [1]		
Opening balance	1 081 353	1 738 606
Repayments	-	(801 850)
Effect of foreign currency exchange difference	12 328	144 597
Closing balance	**1 093 681**	1 081 353
Accrued interest [2]		
Opening balance	4 134 408	3 878 063
Effect of foreign currency exchange difference	96 958	256 345
Closing balance	**4 231 366**	4 134 408
Total closing balance	**5 325 047**	5 215 761

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

[1] RCF has previously invoiced the Company for costs incurred relating to the loan facilities. There were no additional costs invoiced to the Company during the three months ended March 31, 2021 or the year ended December 31, 2020. During the year ended December 31, 2020, the Company paid US$50 000 (R801 850) on the outstanding trade payables balance.

[2] Interest which accrued on the RCF convertible loan facility was calculated at a rate of 1.29% since inception and decreased to 0% effective January 1, 2020 as a result of the extension on the loan maturity date to June 30, 2022 (Refer Note 6 – RCF convertible loan facility).

These amounts are unsecured and 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 three months ended March 31, 2021 and March 31, 2020 were as follows:

	3 months ended	
	March 31, 2021 R	March 31, 2020 R
Salaries	**1 866 929**	1 681 085
Directors' fees	**702 870**	714 726
Total	**2 569 799**	2 395 811

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 exchange rates.

Amounts owing to directors and other members of key management personnel were R0.6 million as of March 31, 2021 (December 31, 2020: R0.6 million). These amounts are to be settled in the normal course of business.

No share options were granted to employees, directors and other key members of management personnel (officers) during the three months ended March 31, 2021 or the year ended December 31, 2020. (Refer to Note 17 – Subsequent events – Share option grants).

16 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 March 31, 2021.

Capital Commitments

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

	March 31, 2021 R	December 31, 2020 R
Property, plant and equipment	**2 087 479**	2 519 387

Surface access agreements

Aviemore

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

- R2.50 / tonne servitude payment on Aviemore production, subject to a minimum monthly amount of R25,000 per month and annual CPI adjustments. As at March 31, 2021, following the required CPI adjustments, the royalty amount

is R2.95 / tonne (December 31, 2020: R2.95 / tonne), equating to a minimum monthly amount of R29,500 (December 31, 2020: R29,500).
- 17,500 litres of water to be stored to allow the continued use of the borehole on the property.

The Group complies with these terms (Refer to Note 4).

Balgray

A Memorandum of Understanding ("MOU") agreement was signed on November 12, 2020 between the Group and a neighbouring landowner for access to the property upon which the Balgray mine is situated.

The details of the agreement are comprised of the following:

- R3.00 / tonne servitude payment on Balgray run-of-mine production, subject to a minimum monthly amount of R30,000 per month and annual CPI adjustments for up to 9.5 years.

The commencement date of the agreement is the date on which all of the following suspensive conditions have been met:

- Securing finance to commence with the Balgray project;
- Approval of the Balgray project and financing secured by the Company's Board;
- Securing all the required Regulatory Approvals; and
- The owner does not dispose the property before the commencement date.

In the event that the above suspensive conditions are not fulfilled by November 30, 2022, the MOU agreement shall become null and void, unless an extension is agreed to by the parties.

As these conditions have not been met as at the date of these Interim Results, no amounts have been accrued.

Land purchase agreement

A conditional land purchase agreement was signed on October 15, 2019 between the Group and a neighbouring landowner to purchase land for a price of R14.9 million (excluding VAT) to secure the Group's access for the development of the North Adit project. An addendum to the agreement was signed on November 16, 2020 which stipulates that the agreement is conditional on the following being achieved on or before September 30, 2021:

- Securing of finance from a recognized financial institution for the implementation of the North Adit project; and
- Approval of the North Adit project and financing secured by the Company's Board.

If the above two conditions are not fulfilled by September 30, 2021, the conditional land purchase agreement shall become null and void, unless an extension is agreed to by the parties.

As these conditions have not been met as at the date of these Interim Results, no amounts have been accrued.

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, Financial Provisioning Regulations ("GNR 1147") were promulgated by the Minister of Environmental Affairs for South Africa as a 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. 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 its liabilities compliant with GNR 1147 and additionally, any mining company that undergoes unscheduled closure after November 20, 2017 will have to update its 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.

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, prior to the 2020 submission, 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 ground water treatment during and 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 closure groundwater liability assessment which was conducted by external consultants confirmed that the Group does not need to provide for any significant groundwater liabilities.

The Group's Calcine plant has been operating without an Air Emissions License, and this has necessitated that a Section 24G application be submitted to the department of 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 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. This application is being held up due to the lack of appointments within the Kwazulu-Natal Provincial EDTEA office.

The Group has made, and expects to make in the future, expenditures to comply with environmental laws and regulations.

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. The Company has deferred some of the planned expenditure for the 2020 financial year in response to the impact that COVID-19 has had on the Company's operations. The outstanding value of these commitments was R12.8 million as at March 31, 2021.

17 SUBSEQUENT EVENTS

Group restructuring

The Group has initiated the process to review the current Company and shareholding structure and restructuring thereof. This restructuring is aimed at amending the Group structure to comply with Broad Based Black Economic Empowerment ("BBBEE") ownership objectives of the Broad-Based Socio-Economic Empowerment Charter for the Mining and Metals Industry published on September 27, 2018 ("the 2018 Mining Charter").

In terms of the 2018 Mining Charter, the guidelines for minimum BEE ownership requirements are as follows:

- 20% interest by a BEE entrepreneur, 5% of which must preferably be owned by women;
- 5% free carried interest to qualifying employees, and
- 5% free carried interest to host communities.

Share option grants

On May 19, 2021, the Company's Board approved the grant of options to purchase 9,250,000 shares of the Company's common stock to members of the board, officers, and other key employees. These share options will be granted in accordance with the Company's Amended and Restated Stock Option Plan dated December 18, 2015.

The approved option grant represents 2.20% of the Company's outstanding shares and would bring the total options issued to 9,700,000 (2.30% of the Company's outstanding shares). All new options granted shall have a four-year term.

The current share options outstanding at March 31, 2021 were 450,000.

Other matters

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 condensed interim consolidated statement of financial position date and the date of approval of these Interim Results.

20 May 2021

Designated Advisor: Questco Corporate Advisory Proprietary Limited