BUFFALO COAL CORP.

Incorporated in Canada and the Republic of South Africa
(Registration number: 2011/011661/10)
Share code TSX Venture Exchange: BUF
Share code JSE Limited: BUC
ISIN: CA1194421014

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited and prepared by management)

For the three and nine months ended September 30, 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 and nine months ended September 30, 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	September 30, 2021 R	December 31, 2020 R	September 30, 2021 (Note 1) C$
Assets				
Non-current assets				
Property, plant and equipment	3	**37 697 689**	38 582 602	3 170 104
Right of use assets	4	**840 540**	823 587	70 683
Investment in financial assets	5	**218 986**	211 881	18 415
Other receivables - restricted	5	**58 865 114**	58 505 686	4 950 132
Guarantee receivable - restricted	12	**2 700 000**	-	227 051
Other receivables – deposits	9	**6 615 939**	6 615 939	556 353
Long-term restricted cash		**3 200 000**	3 200 000	269 097
Total non-current assets		**110 138 268**	107 939 695	9 261 835
Current assets				
Trade and other receivables	9	**45 176 556**	12 558 847	3 799 023
Inventories	10	**25 729 843**	63 295 636	2 163 694
Short-term restricted cash		**453 520**	52 480	38 138
Cash and cash equivalents		**6 834 797**	3 998 999	574 756
Total current assets		**78 194 716**	79 905 962	6 575 611
Total assets		**188 332 984**	187 845 657	15 837 446
Deficiency and liabilities				
Capital and reserves				
Share capital		**1 089 305 350**	1 089 305 350	91 602 733
Currency translation reserve		**(219 945 085)**	(219 945 085)	(18 495 797)
Reserves	13	**9 833 275**	9 098 987	826 908
Accumulated loss		**(1 329 593 946)**	(1 250 451 193)	(111 809 273)
Deficiency attributable to owners of the Company		**(450 400 406)**	(371 991 941)	(37 875 429)
Non-controlling interest	17	**3 610 233**	4 339 142	303 595
Total deficiency		**(446 790 173)**	(367 652 799)	(37 571 834)
Non-current liabilities				
RCF convertible loan facility	6	**-**	360 923 753	-
Asset retirement obligation	8	**48 034 658**	50 231 285	4 039 369
Guarantee liability	12	**450 000**	-	37 842
Lease liabilities	4	**236 741**	156 466	19 908
Total non-current liabilities		**48 721 399**	411 311 504	4 097 119
Current liabilities				
Trade and other payables	11	**73 478 415**	67 680 295	6 179 003
Current portion of lease liabilities	4	**426 916**	266 204	35 901
Current tax liabilities		**280 879**	271 765	23 620
Borrowings	7	**46 114 971**	56 114 971	3 877 937
RCF convertible loan facility	6	**389 692 277**	-	32 770 313
RCF conversion option liability	5	**66 929 456**	14 387 028	5 628 285
Current portion of asset retirement obligation	8	**7 678 844**	5 466 689	645 735
Current portion of guarantee liability	12	**1 800 000**	-	151 367
Total current liabilities		**586 401 758**	144 186 952	49 312 161
Total liabilities		**635 123 157**	555 498 456	53 409 280
Total deficiency and liabilities		**188 332 984**	187 845 657	15 837 446

Basis of preparation and going concern	1
Commitments and contingencies	1, 7, 18
Subsequent events	19

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)/Profit and Other Comprehensive (Loss)/Profit (Unaudited)

(Presented in South African Rands)

	Notes	9 months ended		3 months ended		9 months ended
		September 30, 2021 R	**September 30, 2020 R**	**September 30, 2021 R**	**September 30, 2020 R**	**September 30, 2021 (Note 1) C$**
Revenue from contracts with customers		**288 033 764**	267 152 808	**113 755 349**	65 495 055	24 221 565
Cost of sales of goods		**(244 835 761)**	(210 268 885)	**(88 702 882)**	(51 124 974)	(20 588 924)
Gross profit		**43 198 003**	56 883 923	**25 052 467**	14 370 081	3 632 641
Other (expense)/income - net	14	**(62 849 850)**	(67 582 349)	**(25 488 656)**	14 601 845	(5 285 220)
General and administration expenses	15	**(37 638 574)**	(44 384 004)	**(15 081 811)**	(14 663 590)	(3 165 133)
(Loss)/profit before the undernoted		**(57 290 421)**	(55 082 430)	**(15 518 000)**	14 308 336	(4 817 712)
Finance income	16	**166 931**	455 138	**47 458**	127 280	14 038
Finance expense	16	**(22 773 448)**	(27 080 623)	**(7 874 381)**	(9 045 482)	(1 915 083)
(Loss)/profit and total comprehensive (loss)/profit for the period		**(79 896 938)**	(81 707 915)	**(23 344 923)**	5 390 134	(6 718 757)
(Loss)/profit and total comprehensive (loss)/profit attributable to:						
- Owners of the parent		**(79 168 029)**	(81 707 915)	**(22 616 014)**	5 390 134	(6 657 461)
- Non-controlling interest	17	**(728 909)**	-	**(728 909)**	-	(61 296)
		(79 896 938)	(81 707 915)	**(23 344 923)**	5 390 134	(6 718 757)
(Loss)/profit per share – basic and diluted	2.2	**(0.19)**	(0.19)	**(0.06)**	0.01	(0.02)
Headline (loss)/profit per share – basic and diluted	2.2	**(0.19)**	(0.19)	**(0.06)**	0.01	(0.02)
Normalized headline (loss)/profit per share – basic and diluted	2.2	**(0.19)**	(0.19)	**(0.06)**	0.01	(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 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 loss	Currency translation reserve	Total	Non-controlling interest	Total equity
	Note		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)
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)
Net profit for the period		-	-	-	-	79 691 227	-	79 691 227	-	79 691 227
Balance at December 31, 2020	13	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)
Stock options expired/cancelled	13	-	-	(25 276)	-	25 276	-	-	-	-
Stock-based compensation	13	-	-	759 564	-	-	-	759 564	-	759 564
Net loss for the period		-	-	-	-	(79 168 029)	-	(79 168 029)	(728 909)	(79 896 938)
Balance at September 30, 2021	**13**	**421 352 596**	**1 089 305 350**	**759 564**	**9 073 711**	**(1 329 593 946)**	**(219 945 085)**	**(450 400 406)**	**3 610 233**	**(446 790 173)**

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, 2021 R	September 30, 2020 R	September 30, 2021 R	September 30, 2020 R	September 30, 2021 (Note 1) C$
Cash flows from operating activities					
Cash generated from operations	**24 845 181**	22 935 965	**13 591 132**	(711 681)	2 089 301
Interest received	**166 929**	455 138	**47 457**	127 280	14 038
Interest paid	**(3 557 485)**	(5 138 520)	**(1 596 074)**	(1 507 891)	(299 159)
Net cash generated from/(used in) operating activities	**21 454 625**	18 252 583	**12 042 515**	(2 092 292)	1 804 180
Cash flows from investing activities					
Purchase of property, plant and equipment	**(8 618 827)**	(8 706 458)	**(4 481 790)**	(7 385 117)	(724 781)
Net cash utilized in investing activities	**(8 618 827)**	(8 706 458)	**(4 841 790)**	(7 385 117)	(724 781)
Cash flows from financing activities					
Decrease in short-term restricted cash	**-**	-	**-**	9 000 000	-
Repayment of borrowings	**(10 000 000)**	(8 000 000)	**(5 000 000)**	(3 000 000)	(840 928)
Net cash utilized in financing activities	**(10 000 000)**	(8 000 000)	**(5 000 000)**	6 000 000	(840 928)
Net increase/(decrease) in cash and cash equivalents	**2 835 798**	1 546 125	**2 560 725**	(3 477 409)	238 471
Cash and cash equivalents at the beginning of the period	**3 998 999**	3 518 388	**4 274 072**	8 541 922	336 285
Cash and cash equivalents at the end of the period	**6 834 797**	5 064 513	**6 834 797**	5 064 513	574 756

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. and its subsidiaries (the "Company" or "Group") for the three and nine months ended September 30, 2021 and 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 November 17, 2021.

The Company owns a 100% interest in Buffalo Coal Dundee Proprietary Limited ("BC Dundee"), a South African company with an interest in two coal mines and two coal mining projects in South Africa. The two coal mines are the Aviemore anthracite mine ("Aviemore"), an underground mining operation, and the Magdalena bituminous mine ("Magdalena"), an underground mining operation, currently on Care and Maintenance with occasional small-scale mining. The two coal mining projects are the Balgray anthracite project ("Balgray") and the Aviemore North Adit anthracite project ("North Adit"). BC Dundee holds a 70% interest in Zinoju Coal Proprietary Limited ("Zinoju") (collectively "BC Dundee Group") which holds all the mineral rights relating to the mining properties. The remaining 30% interest in Zinoju is held by South African Black Economic Empowerment ("BEE") partners. BEE is a statutory initiative on behalf of the South African government, enacted to increase access by historically disadvantaged South Africans ("HDSA") to the South African economy by increasing HDSA ownership in South African enterprises.

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 audited 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, to "C$" mean Canadian Dollars and to "US$" mean United States Dollars. References to Q3 2021 mean the three months ended September 30, 2021.

Impact of 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 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.

During the remainder of 2020 and Year to date 2021, South Africa has continued to move between the various levels of National Lockdown while mining activities have been allowed to continue at 100% of operational capacity. As at the end of September 2021, South Africa has downgraded to National Lockdown Level 1.

The various levels of 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 an accompanying large-scale loss of income and/or employment occurring across all industries.

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, a general reluctance of some individuals to be vaccinated 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 Bank Limited ("Investec") and R5.0 million to STA Coal Mining Company (Pty) Ltd ("STA"), a long outstanding creditor. 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 and STA, 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. During the nine months ended September 30, 2021, the Company made loan capital repayments of R10.0 million to Investec (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 September 30, 2021. As at September 30, 2021, the Investec loan balance amounted to R46.1 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 R11.4 million on September 30, 2021 (December 31, 2020: R12.6 million). The Group made capital payments of R1.25 million to STA during the three months ended September 30, 2021. 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 R408.1 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 the opportunity to obtain financing in order to obtain the means to repay this amount in full.

As at September 30, 2021, the Group had a shareholders' deficiency of R446.8 million (December 31, 2020: R367.7 million), and a working capital deficiency of R508.2 million (December 31, 2020: R64.3 million). The Group recorded a net loss of R79.9 million for the nine months ended September 30, 2021 (September 30, 2020: Net loss of R81.7 million) and a net loss of R23.3 million for the three months ended September 30, 2021 (September 30, 2020: Net profit of R5.4 million).

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

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.

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 C$ amounts shown in the Interim Results represent supplementary information provided solely for the convenience of the reader. The condensed consolidated statement of financial position as of September 30, 2021 and the condensed consolidated statement of loss and other comprehensive loss for the nine months ended September 30, 2021 were translated into C$ using a convenience translation at the rate of C$1: R11.89163, which is the exchange rate published on Oanda.com as of September 30, 2021. Such presentation is not in accordance with IFRS and should not be construed as a representation that the Rand amounts shown could be readily converted, realized or settled in C$ 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 Company's consolidated annual financial statements.

There were no new standards, amendments and interpretations which were issued and effective for the first time for the nine months ended September 30, 2021.

The following standards, amendments and interpretations are issued but not yet effective for the nine months ended September 30, 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 the 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 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 fulfil 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.

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 Levies, 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.

(Presented in South African Rands)

2.2 Headline (loss)/profit per share and normalized headline (loss)/profit per share

	Notes	9 months ended		3 months ended		9 months ended
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021 (Note 1)
		R	R	R	R	C$
(Loss)/profit attributable to equity holders of the Company		**(79 896 938)**	(81 707 915)	**(23 344 923)**	5 390 134	(6 718 757)
Headline (loss)/profit for the period		**(79 896 938)**	(81 707 915)	**(23 344 923)**	5 390 134	(6 718 757)
Headline (loss)/profit per share – basic and diluted		**(0.19)**	(0.19)	**(0.06)**	0.01	(0.02)
Adjustments:						
Voluntary severance packages (“VSP’s”)		**372 604**	-	**-**	-	31 333
Enforced early retirement payments		**945 426**	-	**-**	-	79 503
Taxation thereon		**(369 048)**	-	**-**	-	(31 034)
Normalized headline (loss)/profit for the period		**(78 947 956)**	(81 707 915)	**(23 344 923)**	5 390 134	(6 638 955)
Normalized headline (loss)/profit per share – basic and diluted		**(0.19)**	(0.19)	**(0.06)**	0.01	(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 (loss)/profit per share is a basis for measuring (loss)/profit 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)/profit per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on (losses)/profits 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”).

For the nine months ended September 30, 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 nine months ended September 30, 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.

The denominators used in the calculations of weighted average number of common shares outstanding are the same for both basic and diluted headline (loss)/profit per share. Although 9 250 000 stock options were granted on May 25, 2021 (Refer to Note 13) to directors, officers, and key employees/consultants of the Company (amounting to 2.20% of the Company’s outstanding shares) representing contingently issuable shares that could potentially dilute basic headline profit per share in the future, these stock options have been excluded from the calculation of diluted headline loss per share because they are anti-dilutive for the three and nine months ended September 30, 2021.

There were no adjustments to the Company’s headline loss per share for the three months ended September 30, 2021 and the headline profit per share for the three months ended September 30, 2020 and the headline loss per share for the nine months ended September 30, 2020.

(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, 2021						
Opening net book value	**997 418**	**33 814 701**	**463 816**	**3 306 667**	**-**	**38 582 602**
Additions	**-**	**8 238 513**	**380 313**	**-**	**-**	**8 618 826**
Depreciation	**(195 038)**	**(8 135 943)**	**(197 220)**	**(975 538)**	**-**	**(9 503 739)**
Net book value at the end of September 30, 2021	**802 380**	**33 917 271**	**646 909**	**2 331 129**	**-**	**37 697 689**
Year to date September 30, 2021						
Cost	**7 757 895**	**408 600 119**	**8 662 265**	**37 627 997**	**14 009 756**	**476 658 032**
Accumulated depreciation and impairment	**(6 955 515)**	**(374 682 848)**	**(8 015 356)**	**(35 296 868)**	**(14 009 756)**	**(438 960 343)**
Net book value at the end of September 30, 2021	**802 380**	**33 917 271**	**646 909**	**2 331 129**	**-**	**37 697 689**

	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 R9.3 million for the nine months ended September 30, 2021 and R3.2 million for the three months ended September 30, 2021 (nine months ended September 30, 2020: R8.3 million; three months ended September 30, 2020: R3.0 million) was recognized in “Cost of Sales of Goods”.

(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, equipment and buildings as follows:

	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	Land R	Land R	Equipment & Buildings R	Equipment & Buildings R	Total R	Total R
Opening balance	**823 587**	1 372 645	**-**	297 310	**823 587**	1 669 955
Recognized at January 1, 2021	**-**	-	**578 492**	-	**578 492**	-
Depreciation	**(411 792)**	(549 058)	**(149 747)**	(299 994)	**(561 539)**	(849 052)
Reassessment of lease liability	**-**	-	**-**	2 684	**-**	2 684
Closing balance	**411 795**	823 587	**428 745**	-	**850 540**	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% and as at January 1, 2021 of 8.0%.

	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	Land R	Land R	Equipment & Buildings R	Equipment & Buildings R	Total R	Total R
Opening balance	**422 670**	660 910	**-**	297 311	**422 670**	958 221
Recognized at January 1, 2021	**-**	-	**578 492**	-	**578 492**	-
Reassessment of lease liability	**-**	-	**-**	2 684	**-**	2 684
Finance charges	**28 142**	61 760	**31 000**	7 831	**59 142**	69 591
Payments made	**(225 000)**	(300 000)	**(171 647)**	(307 826)	**(396 647)**	(607 826)
Closing balance	**225 812**	422 670	**437 845**	-	**663 657**	422 670
Current lease liabilities	**225 812**	266 204	**201 104**	-	**426 916**	266 204
Non-current lease liabilities	**-**	156 466	**236 741**	-	**236 741**	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 required a minimum monthly payment of R25 000 at inception which has since increased to R29 500 per month 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.

(Presented in South African Rands)

Included in the lease of equipment is a 36-month hire to purchase agreement recognized on January 1, 2021 between BC Dundee and a third party for gas detection equipment. The total monthly payments are R32 872, and the expiry date is November 2023. Also included in the agreement is a maintenance and service portion of R13 800 per month which is expensed directly to "cost of sales of goods".

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 September 30, 2021 and December 31, 2020:

	Level 1 R	Level 2 R	Level 3 R
September 30, 2021			
Investment in financial assets	**218 986**	**-**	**-**
Other receivables - restricted	**-**	**58 865 114**	**-**
RCF conversion option liability	**-**	**(66 929 456)**	**-**
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 (expense)income – net" within profit or loss (Note 14).

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 regulations of 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 R73.0 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. Changes in the fair value of the other receivable - restricted are recorded in "other (expense)/income – net" within profit or loss (Note 14).

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. On this basis, the receivable from Centriq is disclosed as a restricted asset.

RCF conversion option liability

The US$27.0 million RCF convertible loan facility has been recognized in two parts, a liability component (see Note 6) and a conversion option liability component. An embedded derivative exists due to the convertible loan facility being denominated in US$, the conversion feature being exercisable in C$ and the Group's functional currency being Rands.

Movement in the conversion option liability was as follows during the nine months ended September 30, 2021 and year ended December 31, 2020:

	September 30, 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 14)	**51 283 880**	(25 455 376)
Foreign currency translation adjustment	**1 258 548**	284 325
Closing balance	**66 929 456**	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 the recognition of a 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 following assumptions in the Black-Scholes option pricing model:

	September 30, 2021	December 31, 2020	Initial assumptions
Volatility (based on historical share price)	**93.0%**	113.0%	51.0%- 107.0%
Life (in years) to maturity date	**0.75**	1.5	3.9-5.0
Risk-free interest rate	**0.52%**	0.20%	0.5%-1.5%
Share price (C$)	**0.04**	0.01	0.035-0.095
Potential shares	**731 741 450**	733 545 672	720 351 931
Value of convertible feature (C$)	**5 628 285**	1 250 418	18 191 938
Value of convertible feature (R)	**66 929 456**	14 387 028	182 348 706

6 RCF CONVERTIBLE LOAN FACILITY

The movement in the RCF Convertible Loan was as follows:

	September 30, 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 (Note 16)	**16 946 884**	27 551 351
Effect of foreign currency exchange difference	**11 821 640**	14 068 963
Closing balance	**389 692 277**	360 923 753

(Presented in South African Rands)

As at September 30, 2021 and December 31, 2020, BC Corp had fully drawn down on the US$27.0 million RCF convertible loan facility (September 30, 2021: approximately R408.1 million; December 31, 2020: approximately R395.8 million).

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 RCF convertible loan as a non-current liability as at December 31, 2020. As at September 30, 2021, the RCF convertible loan is classified as a current liability.

The liability component will continue to be accreted to its face value of US$27.0 million (approximately R408.1 million at September 30, 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 (R4.3m) has been included in Trade and other payables as at September 30, 2021 (December 31, 2020: C$359 333 (R4.1m)) (Refer to Note 11).

7 BORROWINGS

The movements in the Investec borrowings are as follows:

	September 30, 2021 **R**	**December 31, 2020** **R**
Opening balance	**56 114 971**	64 114 971
Interest accrued	**3 026 177**	5 119 994
Interest paid	**(3 026 177)**	(5 119 994)
Repayments	**(10 000 000)**	(8 000 000)
Closing balance	**46 114 971**	56 114 971

On March 27, 2020 the Company was forced to suspend all mining operations in compliance with the National Lockdown (Refer to 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 and the Company approached Investec requesting postponement of further payments until more information was available as to the impact of COVID-19 on the Group's operations. 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 also 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. The parties also 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 purposes 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 continued to review its ability to make ad-hoc payments and negotiate amended repayment terms until November 30, 2020. This date was subsequently extended to February 28, 2021.

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. During May and June 2021, the Company made loan capital repayments of R3.8 million to Investec and instructed Investec to sweep R1.2 million from the reserve bank account. During September 2021, the Company repaid a further R5.0 million bringing the total loan capital repaid to Investec during 2021 to R10.0 million.

The amount owing at September 30, 2021 was R46.1 million (December 31, 2021: R56.1 million). The Company has continued to pay interest on the outstanding debt and will, if necessary, approach Investec to negotiate amended repayment terms. The loan bears interest at the South African prime rate plus 0.5% payable monthly.

The Group continues to be in breach of certain covenants and repayment terms with respect to its borrowings from Investec at September 30, 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.

(Presented in South African Rands)

8 ASSET RETIREMENT OBLIGATION

	September 30, 2021 R	December 31, 2020 R
Opening balance	**55 697 974**	50 614 413
Change in estimate	**15 528**	5 083 561
- (Reversal)/allocation of provision	**(1 243 206)**	3 289 121
- Unwinding of discount	**1 258 734**	1 794 440
Closing balance	**55 713 502**	55 697 974
Less: current portion	**(7 678 844)**	(5 466 689)
Non-current portion	**48 034 658**	50 231 285

The changes in estimate during the nine months ended September 30, 2021 and the year ended December 31, 2020, relate to changes in the discount and inflation rates used and a nine and twelve month reduction in the amortization period, over those respective periods.

The reversal of the provision during the nine months ended September 30, 2021 of R1.2 million (year ended December 31, 2020: allocation of R3.3 million) is recognized in "general and administration expenses" (Refer to Note 15).

The unwinding of the discount recognized during the nine months ended September 30, 2021 of R1.3 million (year ended December 31, 2020: R1.8 million), is expensed in "finance income and expense" (Refer to Note 16).

The provision is calculated using the following rates:

	September 30, 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 are dependent on the life-of-mine and mining right expiry dates (Magdalena – 4 years; Aviemore – 6 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 6 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, 2020 and September 30, 2021, management reduced the risk-free rate used so that the discount rates would not be lower than those used on December 31, 2020.

The Group's undiscounted rehabilitation liability, if immediate closure was required, amounts to R64 979 000 on September 30, 2021 (December 31, 2020: R64 979 000).

(Presented in South African Rands)

9 TRADE AND OTHER RECEIVABLES

	September 30, 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	**39 856 919**	8 648 939
Less: Provision for impairment of receivables	**(251 922)**	(251 922)
- Trade receivables – net	**39 604 997**	8 397 017
- VAT	**96 839**	43 471
- Prepayments	**4 022 546**	2 897 607
- Harmonized Sales Tax (Canada)	**12 367**	84 537
- Other receivables	**1 439 807**	1 136 215
Total current trade and other receivables	**45 176 556**	12 558 847

10 INVENTORIES

	September 30, 2021 R	December 31, 2020 R
Consumables	**2 017 103**	1 891 362
Work in progress	**1 263 317**	8 396 817
Finished goods	**22 449 423**	53 007 457
Total	**25 729 843**	63 295 636

11 TRADE AND OTHER PAYABLES

	September 30, 2021 R	December 31, 2020 R
Trade payables	**22 109 725**	12 920 163
Trade payables – STA	**11 378 655**	12 628 655
Audit fees	**1 888 379**	1 640 000
Deferred revenue	**-**	11 460 141
Investec royalty	**7 093 615**	6 413 319
Sundry payables and accruals	**8 844 218**	7 232 635
Accrual Carbon Tax	**339 009**	711 147
Accrual DMRE fines	**-**	1 550 000
Accrual DMRE royalties	**492 220**	-
Accrual RCF interest (Note 6)	**4 273 057**	4 134 408
Receiver of Revenue – VAT	**5 203 748**	1 698 559
Accrual Leave pay/bonus	**11 855 789**	7 291 268
Total	**73 478 415**	67 680 295

Included in trade and other payables as of September 30, 2021 is R11.4 million (December 31, 2020: R12.6 million) owing to STA. Interest accrues monthly on the deferred amount at the South African prime rate.

(Presented in South African Rands)

The Investec royalty of R7.1 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 16).

The previously 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 fine was settled in June 2021.

12 BALGRAY GUARANTEE

	September 30, 2021 R	December 31, 2020 R
Guarantee receivable – restricted	**2 700 000**	-

	September 30, 2021 R	December 31, 2020 R
Guarantee liability		
Current portion	**1 800 000**	-
Non-current portion	**450 000**	-
Closing balance	**2 250 000**	-

In terms of South African legislation, applicants for mining rights need to provide the DMRE with financial guarantees prior to the granting of environmental authorisations. During May 2021 the Company received formal notification from the DMRE requesting the Company to provide a financial guarantee of R3 211 439 for the Balgray project. The Company entered into an arrangement whereby Centriq provided the DMRE with the required financial guarantee. The Company will make 18 monthly payments of R150 000 to Centriq, from July 1, 2021 until such time that the initial outstanding required guarantee liability of R2.7 million is settled.

The monthly premiums will be included in the insurance investment fund held with Centriq (Refer to Note 5 – "Other receivables – restricted"). It is contemplated that any shortfalls between the DMRE required guarantee amount of R3.2 million and the R2.7 million value which will be included in the investment, would be funded over the Life of Mine through the growth in the investment.

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. On this basis, the guarantee receivable from Centriq is disclosed as a restricted asset.

(Presented in South African Rands)

13 RESERVES

	Number of stock options Granted	Weighted average exercise price C$	Value of Stock options R	BEE option reserves R	Total R
Closing balance at December 31, 2020	450 000	0.05	25 276	9 073 711	9 098 987
Options granted	9 250 000	0.02	759 564	-	759 564
Options expired/cancelled	(450 000)	0.05	(25 276)	-	(25 276)
Closing balance at September 30, 2021	**9 250 000**	**0.04**	**759 564**	**9 073 711**	**9 833 275**

Employee stock option plan

The Company's approved Amended and restated stock option plan ("the plan"), dated December 18, 2015 and administered by the Board of Directors of the Company was ratified by the shareholders at the annual general meeting of the Company on June 14, 2021.

The plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. In accordance with the terms of the plan, directors, officers, employees and consultants of the Company may be granted options to purchase Common Shares at an exercise price determined by the Board of Directors, but which shall not be lower than the discounted market price of the underlying Common Shares at the time of grant. Each stock option converts into one Common Share of the Company on exercise.

No amounts are paid or payable by the recipient on receipt of the option. The options do not carry rights to dividends or voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

All outstanding options shall be immediately exercisable in the event of a Change of Control as per the plan.

Stock option grants

On May 25, 2021, 9 250 000 stock options were granted to directors, officers, and key employees/consultants of the Company, which represents 2.20% of the Company's outstanding shares.

No stock options were granted during the year ended December 31, 2020.

Vesting conditions:

Performance based options

Of the 9 250 000 options granted, 8 350 000 options have vesting conditions linked to the achievement of pre-determined performance measures. These options will vest and will become exercisable based on the outcome of predetermined objectives set over the specified periods ranging between October 31, 2021 to January 1, 2023. Determination of the successful achievement of these pre-determined objectives are at the sole discretion of the Board.

(Presented in South African Rands)

General options

Of the 9 250 000 options granted, 900 000 options will vest and become exercisable in equal tranches of 1/3 on May 24, 2022, May 24, 2023 and May 24, 2024.

Stock options outstanding as at September 30, 2021 and December 31, 2020 have the following exercise prices:

Grant date	Exercise price (C$)	September 30, 2021	December 31, 2020
		Options outstanding	
August 26, 2016 [1]	0.05	**-**	450 000
May 25, 2021 – performance based	0.02	**8 350 000**	-
May 25, 2021 – general options	0.02	**900 000**	-
Total		**9 250 000**	450 000

[1] These 450 000 stock options expired on August 26, 2021.

The outstanding stock options as at September 30, 2021, represent 2.20% of the Company's outstanding shares.

During the nine months ended September 30, 2021, an amount of R0.8 million (nine months ended September 30, 2020: RNil) is recorded in "general and administration expenses" as a stock-based compensation expense related to the fair value of the options granted, using the Black-Scholes option pricing model (Refer to Note 15).

The weighted average remaining contractual life on stock options outstanding as at September 30, 2021 is 3.60 years (December 31, 2020: 0.65 years). As at September 30, 2021, no stock options are exercisable. As at December 31, 2020, all of the total stock options outstanding, were exercisable.

Details of stock options granted during the nine months ended September 30, 2021 are provided in the table below:

Valuation details	
Grant date	**May 25, 2021**
Fair value (R) as at September 30, 2021	**759 564**
Option exercise price (C$)	**0.02**
Share price on grant date (C$)	**0.02**
Expiry date	**May 24, 2025**
Remaining contractual life (in years) as at September 30, 2021	**3.6**
Valuation assumptions as at May 25, 2021 (Black-Scholes option model):	
Expected volatility (based on historical share price)	**127.0%**
Expected life of grant (in years)	**4.0**
Annual risk-free interest rate	**0.87%**
Expected dividend yield	**0%**
Grant date fair value (C$)	**148 000**
Grant date fair value (R)	**1 703 292**

(Presented in South African Rands)

14 OTHER (EXPENSE)/INCOME – NET

	9 months ended		3 months ended	
	September 30, 2021 R	**September 30, 2020 R**	**September 30, 2021 R**	**September 30, 2020 R**
Unrealized foreign exchange (loss)/gain - net	**(13 370 046)**	(71 988 808)	**(23 042 471)**	13 102 359
Realized foreign exchange gain/(loss) - net	**1 307**	(51 467)	**(1 228)**	43 848
Scrap sales proceeds	**116 259**	200 734	**79 347**	89 700
Fair value adjustment on other receivables - restricted (Note 5)	**1 395 693**	1 394 654	**530 313**	625 593
Fair value adjustment on conversion option (Note 5)	**(51 283 880)**	1 493 718	**(3 139 979)**	173 389
Other income	**290 817**	1 368 820	**85 362**	566 956
Total	**(62 849 850)**	(67 582 349)	**(25 488 656)**	14 601 845

15 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, 2021 R	**September 30, 2020 R**	**September 30, 2021 R**	**September 30, 2020 R**
Audit and tax related fees	**1 920 782**	2 277 886	**527 905**	638 517
Bad debts (reversal)	**(325 696)**	(308 341)	**(325 696)**	(262 826)
Consulting fees	**5 071 755**	5 117 717	**2 210 819**	2 065 769
Directors' fees	**2 177 882**	2 329 783	**735 819**	793 102
Project development	**1 797 896**	79 993	**1 648 906**	79 993
Fund administration fees	**900 000**	966 684	**300 000**	966 684
Insurance	**4 505 256**	6 627 504	**2 037 116**	1 209 323
Legal fees	**893 597**	1 214 894	**50 461**	332 833
DMRE penalty reversed (Note 11)	**(1 450 000)**	-	**-**	-
Rehabilitation adjustment (income)/expense (Note 8)	**(1 243 206)**	1 417 768	**-**	-
Salaries and wages	**18 805 739**	20 438 303	**6 001 408**	6 941 848
Stock-based compensation expense (Note 13)	**759 564**	-	**545 937**	-
Shareholder communication and listing fees	**481 188**	510 216	**99 255**	134 455
Travel and accommodation	**8 164**	253 531	**8 070**	199 353
Telephone, internet and computer expenses	**1 351 653**	1 416 101	**481 489**	398 526
Other	**1 984 000**	2 041 965	**760 322**	1 166 013
Total	**37 638 574**	44 384 004	**15 081 811**	14 663 590

(Presented in South African Rands)

16 FINANCE INCOME AND EXPENSE

	9 months ended		3 months ended	
	September 30, 2021 R	**September 30, 2020 R**	**September 30, 2021 R**	**September 30, 2020 R**
Finance income				
Interest on cash and restricted cash	**166 931**	455 138	**47 458**	127 280
Total	**166 931**	455 138	**47 458**	127 280
Finance expense				
Interest on borrowings	**(3 706 473)**	(4 186 108)	**(1 170 977)**	(1 265 682)
Interest on STA accounts payable	**(659 433)**	(943 250)	**(293 721)**	(240 387)
Unwinding of discount on asset retirement obligation (Note 8)	**(1 258 734)**	(1 166 392)	**(419 578)**	(388 796)
RCF convertible loan facility accretion expense (Note 6)	**(16 946 884)**	(20 719 056)	**(5 820 177)**	(7 134 154)
Finance charges on lease liabilities (Note 4)	**(59 142)**	(56 653)	**(38 552)**	(14 637)
Other	**(142 782)**	(9 164)	**(131 374)**	(1 826)
Total	**(22 773 448)**	(27 080 623)	**(7 874 381)**	(9 045 482)

Interest on borrowings included royalties payable to Investec of R0.7 million for the nine months ended September 30, 2021 and R0.2 million for the three months ended September 30, 2021 (nine and three months ended September 30, 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 September 30, 2021, R7.1 million in royalties payable to Investec is included in Trade and other payables (December 31, 2020: R6.4 million) (Refer to Note 11).

17 RELATED PARTIES

The Company's related parties include its controlling shareholders, subsidiaries, key management personnel and BEE partners. 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 and nine months ended September 30, 2021 and September 30, 2020, the Company did not enter into any other transactions with related parties (except for its subsidiaries) and the transactions listed below, in the ordinary course of business.

(Presented in South African Rands)

The following balances were outstanding as at September 30, 2021 and December 31, 2020:

Related party payables	September 30, 2021 R	December 31, 2020 R
RCF		
Included in trade payables [1]		
Opening balance	**1 081 353**	1 738 606
Repayments	**(142 651)**	(801 850)
Effect of foreign currency exchange difference	**25 014**	144 597
Closing balance	**963 716**	1 081 353
Accrued interest [2]		
Opening balance	**4 134 408**	3 878 063
Effect of foreign currency exchange difference	**138 649**	256 345
Closing balance	**4 273 057**	4 134 408
Total closing balance	**5 236 773**	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 nine months ended September 30, 2021 or the year ended December 31, 2020. During the nine months ended September 30, 2021, the Company paid US$10 000 (R142 651) (year ended December 31, 2020: US$50 000 (R801 850)) on the outstanding 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).

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 (including officers) during the three and nine months ended September 30, 2021 and 2020 was as follows:

	9 months ended		**3 months ended**	
	September 30, 2021 R	**September 30, 2020 R**	**September 30, 2021 R**	**September 30, 2020 R**
Salaries	**5 682 416**	5 452 993	**1 895 293**	1 955 558
Directors' fees	**2 147 693**	2 317 484	**725 819**	793 101
Share-based payments	**586 044**	-	**421 219**	-
Total	**8 416 153**	7 770 477	**3 042 331**	2 748 659

Directors' fees and a portion of the salaries paid to management are denominated in C$ and translated to Rands 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 decrease 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 R0.4 million as of September 30, 2021 (December 31, 2020: R0.6 million). These amounts are to be settled in the normal course of business.

During the nine months ended September 30, 2021, 6 850 000 of the stock options granted on May 25, 2021 (Refer to Note 13), were to directors and other key members of management personnel (including officers). The share-based payment relates to the recognition of the fair value of these stock options, using the Black-Scholes option pricing model, which is included in the table above.

No stock options were granted to directors and other key members of management personnel (officers) during the year ended December 31, 2020.

Waiver in respect of share purchase price for BEE partner

During calendar year 2008, a written sale of shares agreement was concluded between BC Dundee and a BEE shareholder, in terms of which BC Dundee sold 132 ordinary shares in Zinoju constituting 12% of the issued share capital of the Company, to the BEE shareholder for a purchase price of R7.2 million.

As the BEE partner was not required to pay any consideration, the issue of the shares to the BEE shareholder was financed by means of a shareholder's loan to be paid from dividends declared by Zinoju otherwise payable to the BEE shareholder. 80% of the dividends paid to the BEE shareholder are required to be utilized to repay the note receivable. The remaining 20% of the dividend may be utilized for operational purposes. The loan is unsecured, bears no interest and has no fixed terms of repayment.

On July 2, 2021, BC Dundee waived the outstanding R4.5 million of the shareholder's loan and agreed to release the BEE shareholder fully and finally from any and all obligations to discharge this outstanding amount.

For accounting purposes, the initial 12% was treated as a grant of options and not as a share issue. As a result, the Group consolidated 100% of Zinoju, without presenting a non-controlling interest. As the R4.5 million shareholder's loan has been waived, the Group has allocated, as from July 2021, a 12% non-controlling interest for consolidation purposes.

(Presented in South African Rands)

Extension of call option agreement with BEE partner

BC Dundee has an option to reacquire an 18% interest in Zinoju from its BEE shareholder for a consideration of R20 million. This option had an expiry date of June 30, 2021, however, this option was extended to December 31, 2021 (Refer to the "Group restructuring" section).

18 COMMITMENTS AND CONTINGENCIES

Management Agreements – Change in Control Provision

Certain management contracts require that payments of approximately R5.0 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, 2021.

Capital Commitments

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

	September 30, 2021 R	December 31, 2020 R
Property, plant and equipment	**2 539 853**	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 September 30, 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 project is situated.

The details of the agreement are 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.

An addendum was signed by the parties to extend the conditional date to September 30, 2022.

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.

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 estimated rehabilitation and closure liability is fully provided for in compliance with the current requirements of GNR 1147, which includes a provision for the potential liability associated with ground water contamination.

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 R10.3 million as at the date of these interim results.

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.

To facilitate the restructuring process and considering the various regulatory approvals required, BC Dundee and its BEE shareholder agreed to amend the exercise date of an option to reacquire an 18% interest in Zinoju from its BEE shareholder to December 31, 2021 and to allow for a set off of the R20 million call option purchase price against the remaining capital balance outstanding by the BEE shareholder on the exercise date.

On September 21, 2021 a unanimous, binding, judgment was handed down by the High Court of South Africa, ruling that certain sections of the 2018 Mining Charter were unconstitutional and should be set aside. The judgment emphasized that the 2018 Mining Charter is a policy, and not a legislative, document.

Notable sections determined to be unconstitutional include:

- Provisions which require compliance with the 30% HDSA ownership requirement, including any free carried interest requirements upon renewals and/or transfers of rights issued under the Mineral and Petroleum Resources Development Act, 2002 (“MPRDA”);
- Provisions which require the implementation of mandated structures, such as community, employee and HDSA entrepreneur schemes;
- Provisions which allow for a beneficiation offset;
- Provision dealing with preferential procurement; and
- Enforcement provisions which allow for suspension and cancellation of rights in the event of non-compliance with the 2018 Mining Charter.

As at the date of the Interim Results, no challenge has been filed to this judgment by the Minister of Mineral Resources.

The Group, with the support of its existing BEE shareholder, are continuing to actively engage with local communities and employees on the redistribution of the 18% interest in Zinoju that can be reacquired from its BEE shareholder by way of vendor financing arrangements.

Environmental Authorization granted

On July 22, 2021, the DMRE granted an official Environmental Authorization to Zinoju for the Balgray project. The Environmental Authorization has been granted in terms of the Environmental Impact Assessment (“EIA”) Regulations (GNR 326), promulgated under the NEMA, 1998. In accordance with Regulation 4(2)(b) of the EIA’s regulations, appeals had to be lodged against the DMRE’s decision in terms of NEMA’s National Appeal Regulations (GNR 993 of December 8, 2014, as amended) before August 24, 2021 by any interested or affected parties. No appeals against the DMRE’s decision had been lodged at the date of these interim results.

19 SUBSEQUENT EVENTS

Calcine Plant

Operation of the calcine plant was stopped on October 7, 2021 in a controlled manner due to parts failure. The Company decided to move some of its maintenance activities planned for December 2021 and Quarter 1 of 2022 forward whilst these repairs were being affected. Production resumed on November 12, 2021 following completion of the repairs and maintenance activities.

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.

18 November 2021

Designated Advisor: Questco Corporate Advisory Proprietary Limited