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 months ended
March 31, 2022 and 2021

(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, 2022 and 2021 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, 2022 R	December 31, 2021 R	March 31, 2022 (Note 1) C$
Assets				
Non-current assets				
Property, plant and equipment	3	**40 148 128**	39 484 920	3 450 194
Right of use assets	4	**756 012**	653 360	64 969
Investment in financial assets	5	**214 288**	231 018	18 415
Other receivables – restricted	5	**61 281 767**	60 344 698	5 266 347
Other receivables – deposits	6	**10 306 756**	10 306 756	885 728
Long-term restricted cash		**3 200 000**	3 200 000	274 997
Total non-current assets		**115 906 951**	114 220 752	9 960 650
Current assets				
Trade and other receivables	6	**37 731 762**	28 206 062	3 242 539
Inventories	7	**26 304 131**	24 198 983	2 260 488
Short-term restricted cash		**678 997**	453 755	58 351
Cash and cash equivalents		**9 273 485**	7 295 996	796 932
Total current assets		**73 988 375**	60 154 796	6 358 310
Total assets		**189 895 326**	174 375 548	16 318 960
Deficiency and liabilities				
Capital and reserves				
Share capital		**1 089 305 350**	1 089 305 350	93 611 202
Currency translation reserve		**(219 945 085)**	(219 945 085)	(18 901 334)
Option reserves	8	**6 642 117**	6 593 209	570 801
RCF Interest reserve	9	**4 507 835**	-	387 388
Accumulated loss		**(1 311 621 980)**	(1 281 268 261)	(112 716 338)
Deficiency attributable to owners of the Company		**(431 111 763)**	(405 314 787)	(37 048 281)
Non-controlling interest	16	**(7 898 063)**	(7 690 177)	(678 733)
Total deficiency		**(439 009 826)**	(413 004 964)	(37 727 014)
Non-current liabilities				
RCF convertible loan facility	9	**364 524 083**	-	31 325 962
Asset retirement obligations	10	**49 770 544**	50 362 312	4 277 111
Lease liabilities	4	**204 025**	183 909	17 533
Total non-current liabilities		**414 498 652**	50 546 221	35 620 606
Current liabilities				
Trade and other payables	11	**68 727 151**	60 302 878	5 906 179
Current portion of lease liabilities	4	**491 005**	361 619	42 195
Current tax liabilities		**274 853**	296 312	23 620
Borrowings	12	**45 864 655**	46 114 971	3 941 453
RCF convertible loan facility	9	**-**	417 159 075	-
RCF conversion option liability	5	**91 315 765**	4 870 966	7 847 367
Current portion of asset retirement obligations	10	**7 733 071**	7 728 470	664 554
Total current liabilities		**214 406 500**	536 834 291	18 425 368
Total liabilities		**628 905 152**	587 380 512	54 045 974
Total deficiency and liabilities		**189 895 326**	174 375 548	16 318 960

Basis of preparation and going concern 1
Commitments and contingencies 1, 12,17
Subsequent events 18

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)

	Notes	3 months ended March 31, 2022 R	March 31, 2021 R	March 31, 2022 (Note 1) C$
Revenue from contracts with customers		**91 006 740**	81 174 326	7 820 810
Cost of sales of goods		**(73 967 643)**	(85 321 422)	(6 356 528)
Gross profit		**17 039 097**	(4 147 096)	1 464 282
Other (expenses)/income - net	13	**(28 249 932)**	(38 203 556)	(2 427 703)
General and administration expenses	14	**(12 934 852)**	(10 316 697)	(1 111 577)
Loss before the undernoted		**(24 145 687)**	(52 667 349)	(2 074 998)
Finance income	15	**91 092**	54 961	7 828
Finance expense	15	**(6 555 237)**	(7 473 950)	(563 335)
Loss and total comprehensive loss for the period		**(30 609 832)**	(60 086 338)	(2 630 505)
Loss and total comprehensive loss attributable to:				
- Owners of the parent		**(30 401 946)**	(60 086 338)	(2 612 640)
- Non-controlling interest	16	**(207 886)**	-	(17 865)
		(30 609 832)	(60 086 338)	(2 630 505)
Loss per share				
– basic and diluted	2.2	**(0.07)**	(0.14)	(0.01)
Headline loss per share				
– basic and diluted	2.2	**(0.07)**	(0.14)	(0.01)
Normalized headline loss per share				
– basic and diluted	2.2	**(0.07)**	(0.14)	(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									
			Option reserves							
	No. of shares issued	Share capital	Share option reserve (Note 8)	BEE option reserve (Note 8)	RCF interest reserve (Note 9)	Accumulated Retained loss	Currency translation reserve	Total	Non-controlling interest	Total equity
		R	R	R	R	R	R	R	R	R
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	(4 327 739 137)
Stock options expired	-	-	(25 276)	-	-	25 276	-	-	-	-
Stock options forfeited	-	-	(1 012 768)	-	-	1 012 768	-	-	-	-
Stock-based compensation	-	-	1 298 437	-	-	-	-	1 298 437	-	1 298 437
Waiver of BEE loan	-	-	-	(2 766 171)	-	13 830 856	-	11 064 685	(11 064 685)	-
Net profit/(loss) for the period	-	-	-	-	-	14 400 370	-	14 400 370	(964 634)	13 435 736
Balance at December 31, 2021	421 352 596	1 089 305 350	285 669	6 307 540	-	(1 281 268 261)	(219 945 085)	(405 314 787)	(7 690 177)	(413 004 964)
Stock options forfeited	-	-	(48 227)	-	-	48 227	-	-	-	-
Stock-based compensation	-	-	97 135	-	-	-	-	97 135	-	97 135
RCF interest - equity settled	-	-	-	-	4 507 835	-	-	4 507 835	-	4 507 835
Net loss for the period	-	-	-	-	-	(30 401 946)	-	(30 401 946)	(207 886)	(30 609 832)
Balance at March 31, 2022	**421 352 596**	**1 089 305 350**	**334 577**	**6 307 540**	**4 507 835**	**(1 311 621 980)**	**(219 945 085)**	**(431 111 763)**	**(7 898 063)**	**(439 009 826)**

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)

	Notes	3 months ended March 31, 2022 R	March 31, 2021 R	March 31, 2022 (Note 1) C$
Cash flows from operating activities				
Cash generated from operations		**7 818 173**	5 495 462	671 870
Interest received		**91 092**	54 961	7 828
Interest paid		**(1 549 117)**	(1 101 257)	(133 126)
Net cash generated from operating activities		**6 360 148**	4 449 166	546 572
Cash flows from investing activities				
Purchase of property, plant and equipment	3	**(4 132 659)**	(1 983 575)	(355 147)
Net cash utilized in investing activities		**(4 132 659)**	(1 983 575)	(355 147)
Cash flows from financing activities				
Repayment of borrowings	12	**(250 000)**	-	(21 484)
Net cash utilized in financing activities		**(250 000)**	-	(21 484)
Net increase in cash and cash equivalents		**1 977 489**	2 465 591	169 941
Cash and cash equivalents at the beginning of the period		**7 295 996**	3 998 999	626 991
Cash and cash equivalents at the end of the period		**9 273 485**	6 464 590	796 932

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 months ended March 31, 2022 and 2021 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 26, 2022.

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 the KwaZulu-Natal province of South Africa. The two coal mines are the Aviemore East anthracite mine ("Aviemore East"), an underground mining operation, and the Magdalena bituminous mine ("Magdalena"), an underground mining operation. The Company has two future coal mining projects, the Balgray anthracite project ("Balgray") which is an extension of the Aviemore East reserve 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, 2021 (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 Q1 2022 mean the three months ended March 31, 2022, Q2 2022 mean the three months ended June 30, 2022 and Q1 2023 mean the three months ended March 31, 2023.

Impact 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 National 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.

Since June 1, 2020, mining activities have been allowed at 100% of operational capacity. The National State of Disaster has been lifted as from April 5, 2022 with certain transitional measures remaining in place.

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 and 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 securing the funding required (internally or externally) for its medium to longer term projects.

As many countries continue to experience various waves of COVID-19 infections 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, new variants of the COVID-19 virus and a general reluctance of individuals to be vaccinated and mutations of the COVID-19 virus add to this uncertainty.

Decreased global economic activity, mainly as a result of international government interventions to mitigate the impact of COVID-19, had a negative impact on the demand for coal and coal prices during 2020 and 2021 and continued market uncertainty may have an impact on the forecast profitability and cash flows of the Group.

Following negotiations during the first quarter of 2021, the Group agreed to make instalment payments to Investec Bank Limited ("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 Group made the June 2021 and September 2021 payments totalling R10 million.

In December 2021, Investec agreed to extend the final maturity date and date by when the restructuring of the outstanding balance of R46,114,971 would be agreed upon and following various extensions granted, negotiations regarding the restructuring of the Investec borrowings were concluded on March 30, 2022, and the following salient terms were agreed to:

- Monthly capital repayments of R250,000 for March 2022 to June 2022;
- Subject to the Group having secured R120 million in funding for the development of Balgray, an amount of R6.5 million to be repaid at the earliest of 30 June 2022 or the date on which Balgray's required funding has been secured;
- Monthly capital repayments of R1,250,000 for July 2022 to August 2022;
- Monthly capital repayments of R2,500,000 for September 2022 to December 2022;
- The final maturity date and date by when the restructuring of the remaining capital balance owing should be agreed upon to be extended to December 31, 2022;

- The Group would be allowed to spend R6.5 million on the development of Balgray in the absence of any third-party funding until June 30, 2022; and
- The reserve bank account and cash sweeping mechanism will continue (Refer to Note 12, Borrowings).

The Group did not commit to any formal repayment terms with STA Coal Mining Company (Pty) Ltd ("STA"), a long outstanding creditor, and STA was advised that further capital repayments would only be made if capital repayments are made to Investec and that Investec and STA would be paid in a 80:20 ratio. During the three months ended March 31, 2022, the Group made loan capital repayments of R0.06 million (year ended December 31, 2021: R1.25 million) to STA.

The amount payable to STA was R11.3 million on March 31, 2022 (December 31, 2021: R11.4 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 R393.0 million) was to become due and payable on December 31, 2020. On November 24, 2020, BC Corp and Resource Capital Funds ("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. On February 18, 2022, BC Corp and RCF agreed to further extend the final maturity date of the RCF Convertible Loan to June 30, 2023. (Refer to Note 9, RCF convertible loan facility).

As at March 31, 2022, the Group had a shareholders' deficiency of R439.0 million (December 31, 2021: R413.0 million), and a working capital deficiency of R140.4 million (December 31, 2021: R476.7 million). The Group recorded a net loss of R30.6 million for the three months ended March 31, 2022 (March 31, 2021: Net loss of R60.1 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.

The Aviemore East mine is approaching the end of its life and the total remaining mining life of mine ("LOM") proven reserves were estimated at 437,000 run-of-mine ("ROM") tonnes as at 1 January 2022. This indicates that Aviemore East's estimated LOM will end in Q1 2023.

To mitigate against the risks related to the Group's current reliance on revenue from its anthracite products and supported by increases in bituminous coal prices and a renewed interest in the Group's bituminous coal products, the Group is pursuing initiatives to increase production at Magdalena in a phased approach, whereby one full section will become operational before the end of Q2 2022 and a second full section will be added by Q1 2024. The Group is currently engaged in securing the funding for the capital required to increase production at Magdalena to one full section before the end of Q2 2022 (Refer to Note 18).

Balgray will allow the current anthracite production levels to continue to operate economically for a further 7 years from the 2023 year. The Group is actively pursuing various options to secure the required the funding required for the development of Balgray as those capital expenditures are required to be made in the second half of the 2022 year.

Subject to its ability to meet current production and sales forecasts and obtaining the funding for Magdalena's one full section, the Group should be able to generate positive operational cash flows in the short-term. However, the Group's ability to ultimately continue operations over the medium to longer term is highly dependent on securing the requisite funding for Balgray and the second phase of Magdalena's expansion.

There is no assurance that the Group will be able to meet its covenants in the future, that Investec will provide future waivers or that RCF will provide further extensions (if required), that the requisite funding will be obtained for Balgray or for the second Magdalena expansion. 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 March 31, 2022 and the condensed consolidated statement of loss and other comprehensive loss for the three months ended March 31, 2022 were translated into C$ using a convenience translation at the rate of C$1: R11.63649, which is the exchange rate published on Oanda.com as of March 31, 2022. Such presentation is not in accordance with IFRS and should not be construed as a representation that the Rand amounts shown could be readily converted, realized or settled in C$ 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 consolidated annual financial statements. The Interim Results should be read in conjunction with the consolidated annual financial statements.

The Group has adopted the following standards, amendments and interpretations effective for reporting periods beginning on or after January 1, 2022. The adoption of these standards did not have a material impact on the Group's financial statements.

IAS 37 – 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 – 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 following standards, amendments and interpretations are issued but not yet effective for the three months ended March 31, 2022:

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact on the Company and have been excluded. These standards will be adopted from their effective dates. 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 – 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 – 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 non-current 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 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 12 – In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023.

IFRS 16 – The IASB has extended the rent concessions amendment issued May 2020 by one year. This amendment provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The practical expedient was originally available only for payments due on or before June 30, 2021, however, since the effects of COVID-19 are ongoing and significant, the IASB decided to extend the time period over which the practical expedient is available for use. The amendment is effective for year ends beginning on or after April 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 Loss per share, headline loss per share and normalized headline loss per share

	Notes	3 months ended March 31, 2022	March 31, 2021	March 31, 2022 (Note 1)
		R	R	C$
Loss attributable to equity holders of the Company		**(30 609 832)**	(60 086 338)	(2 630 505)
Loss per share				
– basic and diluted		**(0.07)**	(0.14)	(0.01)
Adjustments:				
Net profit on disposal of property, plant and equipment		**(17 391)**	-	(1 495)
Taxation thereon		**4 870**	-	418
Headline loss for the period		**(30 622 354)**	(60 086 338)	(2 631 582)
Headline loss per share				
– basic and diluted		**(0.07)**	(0.14)	(0.01)
Adjustments:				
Voluntary severance packages (“VSP’s”)		**-**	372 604	-
Enforced early retirement payments		**-**	945 426	-
Taxation thereon		**-**	(369 048)	-
Normalized headline loss for the period		**(30 622 354)**	(59 137 356)	(2 631 582)
Normalized headline loss per share				
– basic and diluted		**(0.07)**	(0.14)	(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 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”).

For the three months ended March 31, 2022, the Company’s headline loss per share has been further adjusted for the profit on disposal of property, plant and equipment, net of taxation thereon. There were no further adjustments made to the Company’s headline loss per share for the three months ended March 31, 2021.

There were no further adjustments made to the Company’s normalized headline loss per share for the three months ended March 31, 2022. 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, net of taxation thereon. 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.

The denominators used in the calculations of weighted average number of common shares outstanding are the same for both basic and diluted headline loss per share. Although 9 250 000 stock options were granted to directors, officers, and key employees/consultants of the Company on May 25, 2021 (Refer to Note 8) representing contingently issuable shares that could potentially dilute any 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 months ended March 31, 2022.

(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 March 31, 2022						
Opening net book value	**737 419**	**33 920 579**	**825 944**	**4 000 978**	**-**	**39 484 920**
Additions	**-**	**3 783 636**	**178 623**	**170 400**	**-**	**4 132 659**
Depreciation	**(63 948)**	**(3 015 762)**	**(64 563)**	**(325 178)**	**-**	**(3 469 451)**
Net book value at the end of March 31, 2022	**673 471**	**34 688 453**	**940 004**	**3 846 200**	**-**	**40 148 128**
Year to date March 31, 2022						
Cost	**7 757 895**	**415 331 209**	**9 081 943**	**39 793 425**	**14 009 756**	**485 974 228**
Accumulated depreciation and impairment	**(7 084 424)**	**(380 642 756)**	**(8 141 939)**	**(35 947 225)**	**(14 009 756)**	**(445 826 100)**
Net book value at the end of March 31, 2022	**673 471**	**34 688 453**	**940 004**	**3 846 200**	**-**	**40 148 128**

	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, 2021						
Opening net book value	997 418	33 814 701	463 816	3 306 667	-	38 582 602
Additions	-	11 185 968	621 368	1 995 028	-	13 802 364
Depreciation	(259 999)	(11 080 090)	(259 240)	(1 300 717)	-	(12 900 046)
Net book value at end of year	737 419	33 920 579	825 944	4 000 978	-	39 484 920
Year ended December 31, 2021						
Cost	7 757 895	411 547 574	8 903 320	39 623 025	14 009 756	481 841 570
Accumulated depreciation and impairment	(7 020 476)	(377 626 995)	(8 077 376)	(35 622 047)	(14 009 756)	(442 356 650)
Net book value at end of year	737 419	33 920 579	825 944	4 000 978	-	39 484 920

All items of property, plant and equipment are located in South Africa. Depreciation expense of R3.4 million for the three months ended March 31, 2022 (three months ended March 31, 2021: R3.0 million) was recognized in “Cost of Sales of Goods”.

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4 RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of use assets

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

	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	Land R	Land R	Buildings & Equipment R	Buildings & Equipment R	Total R	Total R
Opening balance	**274 530**	823 587	**378 830**	-	**653 360**	823 587
Right of use assets recognized	**-**	-	**-**	578 492	**-**	578 492
Depreciation	**(113 689)**	(549 057)	**(49 916)**	(199 662)	**(163 605)**	(748 719)
Reassessment of lease liability	**266 257**	-	**-**	-	**266 257**	-
Closing balance	**427 098**	274 530	**328 914**	378 830	**756 012**	653 360

Lease liabilities

The Company recognizes liabilities in relation to leases which has met the definition of contracts that contained a lease. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate.

The Company's incremental borrowing rates used were as follows:

	Incremental borrowing rate
January 1, 2019 – Land – Aviemore servitude – initial recognition	11.15%
January 1, 2021 – Equipment – 36-month hire-to-purchase – initial recognition	8.0%
January 1, 2022 – Land – Aviemore servitude – reassessment of lease liability	8.0%

	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	Land R	Land R	Buildings & Equipment R	Buildings & Equipment R	Total R	Total R
Opening balance	**156 466**	422 670	**389 062**	-	**545 528**	422 670
Lease liabilities recognized	**-**	-	**-**	578 492	**-**	578 492
Reassessment of lease liability	**266 257**	-	**-**	-	**266 257**	-
Finance charges	**8 010**	33 796	**7 451**	39 434	**15 461**	73 230
Payments made	**(75 000)**	(300 000)	**(57 216)**	(228 864)	**(132 216)**	(528 864)
Closing balance	**355 733**	156 466	**339 297**	389 062	**695 030**	545 528
Current lease liabilities	**281 722**	156 466	**209 283**	205 153	**491 005**	361 619
Non-current lease liabilities	**74 011**	-	**130 014**	183 909	**204 025**	183 909

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

(Presented in South African Rands)

R25 000 at inception which has since increased to R31 000 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.

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 fully written off.

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 safety equipment at a total monthly cost of R32 872, expiring in November 2023.

5 FINANCIAL INSTRUMENTS AT FAIR VALUE

The following table presents the Group's financial assets and liabilities measured at fair value at March 31, 2022 and December 31, 2021:

	Level 1 R	Level 2 R	Level 3 R
March 31, 2022			
Investment in financial assets	**214 288**	**-**	**-**
Other receivables - restricted	**-**	**61 281 767**	**-**
RCF conversion option liability	**-**	**(91 315 765)**	**-**
December 31, 2021			
Investment in financial assets	231 018	-	-
Other receivables - restricted	-	60 344 698	-
RCF conversion option liability	-	(4 870 966)	-

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 (expenses)/income – net" within profit or loss (Note 13).

Other receivables – restricted

Funded guarantees provided to the Department of Mineral Resources and Energy ("DMRE") relating to the asset retirement obligations (Note 10) 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 R70.6 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 (expenses)/income – net" within profit or loss (Note 13).

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.

The movement in the restricted asset is as follows:

	March 31, 2022 R	December 31, 2021 R
Opening balance	**60 344 698**	58 505 686
Premiums invested	**450 000**	900 000
Commission paid/accrued	**(300 000)**	(1 036 265)
Commission payable (included in trade & other payables)	**300 000**	-
Fair value adjustment	**487 069**	1 975 277
Closing balance	**61 281 767**	60 344 698

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 Balgray. 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 of R2.7 million is settled.

The monthly premiums are included in the insurance investment fund held with Centriq as per the table above (premiums invested for the three months ended March 31, 2022: R450 000; year ended December 31, 2021: R900 000). The amount remaining to be funded on the outstanding financial guarantee on Balgray as at March 31, 2022 is R1.35 million (December 31, 2021 is R1.8 million).

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.

RCF conversion option liability

The RCF Convertible Loan has been recognized in two parts, a liability component and a conversion option liability component (see Note 9). 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.

On February 18, 2022, BC Corp and RCF agreed to further extend the final maturity date of the RCF Convertible Loan to June 30, 2023, which also had the effect of extending the conversion option liability component to the revised maturity date. This resulted in the recognition of a R21.5 million loss on extension of the conversion option calculated on the amendment date, February 18, 2022.

(Presented in South African Rands)

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

	March 31, 2022	**December 31, 2021**	**Initial assumptions**
Volatility (based on historical share price)	**113.0%**	106.0%	51.0%- 107.0%
Life (in years) to maturity date	**1.25**	0.50	3.9-5.0
Risk-free interest rate	**2.21%**	0.95%	0.5%-1.5%
Share price (C$)	**0.03**	0.02	0.035-0.095
Potential shares	**719 961 620**	731 057 527	720 351 931
Value of convertible feature (C$)	**7 847 367**	388 280	18 191 938
Value of convertible feature (R)	**91 315 765**	4 870 966	182 348 706

Movement in the conversion option liability was as follows during the three months ended March 31, 2022 and year ended December 31, 2021:

	March 31, 2022 **R**	**December 31, 2021** **R**
Opening balance	**4 870 966**	14 387 028
Loss on extension of loan maturity date	**21 548 130**	-
Fair value adjustment (Note 13)	**67 807 586**	(12 851 012)
Foreign currency translation adjustment	**(2 910 917)**	3 334 950
Closing balance	**91 315 765**	4 870 966

The RCF Conversion Option Liability, which has been bifurcated from the RCF Convertible Loan Facility, is classified as a current liability.

6 TRADE AND OTHER RECEIVABLES

	March 31, 2022 **R**	**December 31, 2021** **R**
Non-current other receivables:		
- Deposits	**10 306 756**	10 306 756
Total non-current other receivables	**10 306 756**	10 306 756
Current trade and other receivables:		
- Trade receivables	**34 632 126**	24 678 128
Less: Provision for impairment of receivables	**(598 899)**	(598 899)
- Trade receivables – net	**34 033 227**	24 079 229
- VAT	**(36 825)**	(120 995)
- Prepayments	**1 764 004**	3 404 055
- Harmonized Sales Tax (Canada)	**14 574**	122 072
- Other receivables	**1 956 782**	721 701
Total current trade and other receivables	**37 731 762**	28 206 062

(Presented in South African Rands)

7 INVENTORIES

	March 31, 2022 R	December 31, 2021 R
Consumables	**2 609 542**	1 402 430
Work in progress	**4 285 239**	3 109 589
Finished goods	**19 409 350**	19 686 964
Total	**26 304 131**	24 198 983

8 OPTION RESERVES

	Number of stock options	Weighted average exercise price C$	Value of stock options R	BEE option reserves R	Total R
Closing balance at December 31, 2021	**3 750 000**	**0.04**	**285 669**	**6 307 540**	**6 593 209**
Expense – options granted	-	0.02	97 135	-	97 135
Options forfeited/cancelled	(300 000)	0.02	(48 227)	-	(48 227)
Closing balance at March 31, 2022	**3 450 000**	**0.02**	**334 577**	**6 307 540**	**6 642 117**

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 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, 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

No stock options were granted during the three months ended March 31, 2022.

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.

(Presented in South African Rands)

Vesting conditions:

Performance based options

Of the 9 250 000 options granted, 8 350 000 options had vesting conditions linked to the achievement of pre-determined performance measures. These options would vest and become exercisable based on the outcome of pre-determined 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.

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.

Details of the calculation of stock options granted during the year ended December 31, 2021 are provided in the table below:

Valuation details	
Grant date	**May 25, 2021**
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 December 31, 2021	**3.4**
Remaining contractual life (in years) as at March 31, 2022	**3.2**
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**

Stock options forfeited/cancelled

Performance based options

Of the 8 350 000 options granted on May 25, 2021, 5 500 000 options were forfeited and cancelled on December 31, 2021 due to the non-achievement of the pre-determined performance measures linked to the vesting conditions of these options. A further 300 000 options were forfeited and cancelled on February 1, 2022.

Stock options outstanding as at March 31, 2022 and December 31, 2021 have the following exercise prices:

Grant date	Exercise price (C$)	March 31, 2022 Options outstanding	December 31, 2021 Options outstanding
May 25, 2021 – performance-based [1]	0.02	**2 550 000**	2 850 000
May 25, 2021 – general options	0.02	**900 000**	900 000
Total		**3 450 000**	3 750 000

(Presented in South African Rands)

[1] 8 350 000 stock options were issued on May 25, 2021, however, 5 500 000 of those stock options were forfeited on December 31, 2021 and a further 300 000 stock options were forfeited on February 1, 2022.

The outstanding stock options as at March 31, 2022, represent 0.8% of the Company's outstanding shares.

During the three months ended March 31, 2022, an amount of R0.1 million (three months ended March 31, 2021: RNil) is recorded in "general and administration expenses" as a stock-based compensation expense related to the fair value of the options granted, calculated using the Black-Scholes option pricing model (Refer Note 14).

As at March 31, 2022 and December 31, 2021, no stock options were exercisable.

9 RCF CONVERTIBLE LOAN FACILITY

The movement in the RCF Convertible Loan was as follows:

	March 31, 2022 R	December 31, 2021 R
Opening balance	**417 159 075**	360 923 753
Gain on extension of loan maturity date	**(21 722 270)**	-
Accretion expense (Note 15)	**4 657 125**	23 185 096
Effect of foreign currency exchange difference	**(35 569 847)**	33 050 226
Closing balance	**364 524 083**	417 159 075
Current portion	**-**	417 159 075
Non-current portion	**364 524 083**	-

As at March 31, 2022 and December 31, 2021, BC Corp had fully drawn down on the US$27.0 million RCF convertible loan facility (March 31, 2022: approximately R392.9 million; December 31, 2021: approximately R430.1 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. As at December 31, 2021, the RCF convertible loan is classified as a current liability.

On February 18, 2022, BC Corp and RCF agreed to further extend the final maturity date of the RCF Convertible Loan to June 30, 2023. This maturity date extension resulted in the classification of the RCF convertible loan as a non-current liability at March 31, 2022.

The discounted present value of the cash flows under the revised terms using the revised effective interest rate of 6.02% (November 24, 2020: 6.19%) was not substantially different from the discounted present value of the remaining cash flows of the original liability, on the modified date. The difference between the old and the new discounted present values of the loan on the modification date amounted to a R21.7 million gain. According to IFRS 9, such non-substantial modifications (less than 10% difference in the discounted present value of the future cash flows discounted at the original effective interest rate) are to be immediately recognized in profit or loss and have therefore been reflected as such in these results.

The liability component will continue to be accreted to its face value of US$27.0 million (approximately R392.9 million at March 31, 2022) (December 31, 2021: US$27.0 million (approximately R430.1 million)), using a revised effective interest rate of 6.02%.

(Presented in South African Rands)

Interest accrued on the RCF convertible loan facility amounting to C$359 333 (R4.5m) has been included in equity under the heading "RCF interest reserve" as at March 31, 2022 and included in Trade and other payables as at December 31, 2021 (December 31, 2021: C$359 333 (R4.5m).

10 ASSET RETIREMENT OBLIGATIONS

	March 31, 2022 R	December 31, 2021 R
Opening balance	**58 090 782**	55 697 974
Change in estimate	**(587 167)**	2 392 808
- (Reversal)/allocation of provision	**(920 703)**	1 139 466
- Unwinding of discount	**333 536**	1 253 342
Closing balance	**57 503 615**	58 090 782
Less: current portion	**(7 733 071)**	(7 728 470)
Non-current portion	**49 770 544**	50 362 312

South African mining companies are required by law to undertake rehabilitation work as part of their ongoing operations. The Group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

In line with the requirements of the DMRE, certain assets are ring-fenced for mining rehabilitation purposes. These environmental rehabilitation costs are funded by contributions into a long-term investment (Refer to Note 5). A provision is recognized based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred at the statement of financial position date.

The changes in estimate during the three months ended March 31, 2022 and the year ended December 31, 2021, 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.

The reversal of the provision during March 31, 2022 of R0.9 million (three months ended March 31, 2021: R1.2 million) is recognized in "general and administration expenses" (Refer to Note 14).

The unwinding of the discount during the three months ended March 31, 2022 of R0.3 million (three months ended March 31, 2021: R0.4 million), is expensed in "finance income and expenses" (Refer to Note 15).

The provision is calculated using the following rates:

	March 31, 2022	December 31, 2021
Discount rate (%) – Magdalena – SZ25	**8.60**	8.82
Discount rate (%) – Aviemore – MR174	**5.39**	5.10
Discount rate (%) – Aviemore – MR301 and Coalfields	**8.13**	3.00
Inflation rate (%) – Magdalena & Aviemore	**5.70**	5.50

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 – 3 years; Aviemore – 5 years) and based on recent yields determined on South African Government bonds.

(Presented in South African Rands)

Rates on government bonds expiring in 3 to 3.5 years were used for Magdalena (SZ25), expiring within 12 months for Aviemore MR174 (R2023) and rates on government bonds expiring between 4.73 and 5 years were used for Aviemore MR301 and Coalfields (R186).

The Group's undiscounted rehabilitation liability, if immediate closure was required, amounts to R62 964 154 on March 31, 2022 (December 31, 2021: R62 964 154).

11 TRADE AND OTHER PAYABLES

	March 31, 2022 R	December 31, 2021 R
Trade payables	**22 040 565**	11 634 358
Trade payables – STA	**11 316 155**	11 378 655
Audit fees	**1 422 379**	1 644 129
Deferred revenue	**-**	2 632 361
Investec royalty	**8 396 280**	7 975 179
Sundry payables and accruals	**8 885 533**	8 159 502
Accrual Carbon Tax	**590 678**	456 305
Accrual DMRE royalties	**506 746**	-
Accrual RCF interest (Note 9, 16)	**-**	4 507 835
Receiver of Revenue – VAT	**3 286 290**	1 465 924
Accrual Leave pay/bonus	**12 282 525**	10 448 630
Total	**68 727 151**	60 302 878

Included in trade and other payables as at March 31, 2022 is R11.3 million (December 31, 2021: R11.4 million) owing to STA. Interest accrues monthly on the outstanding amount at the South African prime rate.

The Investec royalty of R8.4 million (December 31, 2021: R8.0 million) is payable on the final maturity date of the Investec Loan Facility (Refer to Note 12 and Note 15).

Deferred revenue of R2.6 million as at December 31, 2021 relates to upfront payments made by customers for tonnes delivered after year-end.

The R4.5 million accrual for RCF Interest as at December 31, 2021 was reclassified to equity under the heading "RCF interest reserve" due to the obligation from the Company to settle the outstanding amount in shares.

(Presented in South African Rands)

12 BORROWINGS

The movements in the Investec borrowings are as follows:

	March 31, 2022 R	December 31, 2021 R
Opening balance	**46 114 971**	56 114 971
Interest accrued	**902 716**	3 911 206
Interest paid	**(903 032)**	(3 911 206)
Repayments	**(250 000)**	(10 000 000)
Closing balance	**45 864 655**	46 114 971

On March 27, 2020 the Company was forced to suspend all mining operations in compliance with the National Lockdown (Refer Note 1 – Nature of operations – Impact 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 June 6, 2020 Investec agreed to a revolving credit facility arrangement whereby the Company would open a reserve bank account 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.

Following negotiations during the first quarter of 2021, the Group 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 Group and Investec further agreed to negotiate, in good faith, on the restructuring of any outstanding balance as at December 31, 2021. The Group made the June 2021 and September 2021 payments totalling R10 million.

In December 2021, Investec agreed to extend the final maturity date by when the restructuring of the outstanding balance of R46,114,971 would be agreed upon and following various extensions granted, negotiations regarding the restructuring of the Investec borrowings were concluded on March 30, 2022, and the following salient terms were agreed to:

- Monthly capital repayments of R250,000 for March 2022 to June 2022;
- Subject to the Group having secured R120 million in funding for the development of Balgray, an amount of R6.5 million to be repaid at the earliest of 30 June 2022 or the date on which Balgray's required funding has been secured;
- Monthly capital repayments of R1,250,000 for July 2022 to August 2022;
- Monthly capital repayments of R2,500,000 for September 2022 to December 2022;
- The final maturity date and date by when the restructuring of the remaining capital balance owing should be agreed upon to be extended to December 31, 2022;
- The Group would be allowed to spend R6.5 million on the development of Balgray in the absence of any third-party funding until June 30, 2022; and
- The reserve bank account and cash sweeping mechanism will continue.

(Presented in South African Rands)

The amount owing to Investec at March 31, 2022 was R45.9 million (December 31, 2021: R46.1 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 continued to be in breach of certain covenants and repayment terms with respect to its borrowings from Investec at March 31, 2022. 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.

13 OTHER (EXPENSES)/INCOME – NET

	3 months ended	
	March 31, 2022	**March 31, 2021**
	R	**R**
Unrealized foreign exchange gain/(loss) - net	**38 554 284**	(4 461 141)
Realized foreign exchange gain - net	**931**	1 099
Net profit on disposal of property, plant and equipment	**17 391**	-
Scrap sales proceeds	**174 823**	24 353
Fair value adjustment on other receivables - restricted (Note 5)	**487 069**	364 435
Fair value adjustment on conversion option (Note 5)	**(67 807 586)**	(34 248 510)
Gain on extension of RCF Convertible loan – maturity date	**21 722 270**	-
Loss on extension of RCF Convertible loan – conversion option	**(21 548 130)**	-
Other income	**149 016**	116 208
Total	**(28 249 932)**	(38 203 556)

(Presented in South African Rands)

14 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. The following table provides a summary of the expenses.

	3 months ended	
	March 31, 2022	**March 31, 2021**
	R	**R**
Audit and tax related fees	**458 457**	634 613
Bad debts provision	**623 801**	232 058
Consulting fees	**1 557 023**	1 508 851
Directors' fees	**771 529**	703 059
Project development	**83 850**	-
Fund commissions	**300 000**	300 000
Insurance	**1 588 627**	952 189
Legal fees	**130 147**	72 468
DMRE penalty reversed	**-**	(1 450 000)
Rehabilitation adjustment reversal (Note 10)	**(920 703)**	(1 243 206)
Salaries and wages	**7 019 988**	7 596 734
Stock-based compensation expense (Note 8)	**97 135**	-
Shareholder communication and listing fees	**168 884**	103 148
Travel and accommodation	**25 995**	4 241
Telephone, internet and computer expenses	**359 637**	288 109
Other	**670 482**	614 433
Total	**12 934 852**	10 316 697

(Presented in South African Rands)

15 FINANCE INCOME AND EXPENSE

	3 months ended	
	March 31, 2022 R	March 31, 2021 R
Finance income		
Interest on cash and restricted cash	**91 092**	54 961
Total	**91 092**	54 961
Finance expenses		
Interest on borrowings	**(1 323 817)**	(1 173 200)
Interest on STA accounts payable	**(208 946)**	(217 974)
Unwinding of discount on asset retirement obligation (Note 10)	**(333 536)**	(419 578)
RCF convertible loan facility accretion expense (Note 9)	**(4 657 125)**	(5 647 586)
Finance charges on lease liabilities (Note 4)	**(15 461)**	(11 193)
Other	**(16 352)**	(4 419)
Total	**(6 555 237)**	(7 473 950)

Interest on borrowings included royalties payable to Investec of R0.4 million for the three months ended March 31, 2022 (March 31, 2021: R0.2 million) under which a Life of Mine Royalty ("LOMR") is payable on all bituminous coal sales with effect from July 1, 2017 and interest accrued on the Investec borrowings for the three months ended March 31, 2022 of R0.9 million (March 31, 2021: R1.0 million) (Refer to Note 12).

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, 2022, R8.4 million in royalties payable to Investec is included in Trade and other payables (December 31, 2021: R8.0 million) (Refer to Note 11).

16 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 months ended March 31, 2022 and March 31, 2021, the Company did not enter into any other transactions with related parties (except for its subsidiaries) outside of the transactions listed below, in the ordinary course of business.

(Presented in South African Rands)

The following balances were outstanding at March 31, 2022 and December 31, 2021:

Related party payables	March 31, 2022 R	December 31, 2021 R
RCF		
Included in trade payables [1]		
Opening balance	**776 758**	1 081 353
Repayments	**-**	(372 555)
Effect of foreign currency exchange difference	**(67 189)**	67 960
Closing balance	**709 569**	776 758
Accrued interest [2]		
Opening balance	**4 507 835**	4 134 408
Interest accrued for the period	**-**	-
Effect of foreign currency exchange difference	**-**	373 427
Closing balance	**4 507 835**	4 507 835
Total closing balance	**5 217 404**	5 284 593

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, 2022 or the year ended December 31, 2021. During the year ended December 31, 2021, the Company paid US$25 000 (R372 555) 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 to Note 9). Interest accrued on the RCF convertible loan facility amounting to C$359 333 (R4.5m) has been included in equity under the heading "RCF interest reserve" as at March 31, 2022 and included in Trade and other payables as at December 31, 2021 (December 31, 2021: C$359 333 (R4.5m) (Refer to Note 11).

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 months ended March 31, 2022 and March 31, 2021 was as follows:

	3 months ended	
	March 31, 2022	**March 31, 2021**
	R	**R**
Salaries	**1 959 171**	1 866 929
Directors' fees	**751 614**	702 870
Share-based payments	**63 677**	-
Total	**2 774 462**	2 569 799

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 R0.7 million as of March 31, 2022 (December 31, 2021: R0.3 million). These amounts have been settled in the normal course of business.

During the year ended December 31, 2021, 6 850 000 of the stock options granted on May 25, 2021 (Refer to Note 8), were to directors and other key members of management personnel (including officers). The share-based payment expense included in the table above relates to the recognition of the fair value of these stock options.

On February 1, 2022, 300 000 (December 31, 2021: 4 150 000) of the 6 850 000 stock options granted to directors and other key members of management personnel (including officers) were forfeited and cancelled due to the non-achievement of the pre-determined performance measures linked to the vesting conditions attached to these options.

No stock options were granted to directors and other key members of management personnel (officers) during the three months ended March 31, 2022.

Waiver in respect of share purchase price for BEE partner

During the year ended December 31, 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.

(Presented in South African Rands)

For accounting purposes, the 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.

Extension of call option agreement with BEE partner

During the year ended December 31, 2008, a written sale of shares agreement was concluded between BC Dundee and a BEE shareholder, in terms of which BC Dundee sold 198 ordinary shares in Zinoju constituting 18% of the issued share capital of the Company, to the BEE shareholder for a purchase price of R20 million.

BC Dundee has an option to reacquire the 18% interest in Zinoju from its BEE shareholder for a consideration of R20 million. This option had an original expiry date of June 30, 2021 however, this option was extended to December 31, 2021. On December 24, 2021, this option was extended to April 30, 2022. On April 27, 2022, this option was further extended to August 2, 2022 (Refer to the "Group restructuring" section).

17 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, 2022.

Capital Commitments

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

	March 31, 2022 **R**	**December 31, 2021** **R**
Property, plant and equipment	**4 496 996**	4 563 741

Surface access agreements

Aviemore East

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

- R2.50 / tonne servitude payment on Aviemore East production, subject to a minimum monthly amount of R25,000 per month and annual CPI adjustments. As at March 31, 2022, following the required CPI adjustments, the royalty amount is R3.10 / tonne (December 31, 2021: R3.10 / tonne), equating to a minimum monthly amount of R31,000 (December 31, 2021: R31,000); and
- 17,500 litres of water to be stored to allow the continued use of the borehole on the property.

The Group is in compliance 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 Balgray 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 Balgray;
- Approval of Balgray 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 financial statements, 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 stipulated that the agreement would be 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 were not fulfilled by September 30, 2021, the conditional land purchase agreement would 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 financial statements, no amounts have been accrued.

RCF interest accrual – withholding tax

A contingent withholding tax liability of C$10 780 (R135 235) was estimated at year end December 31, 2021, in relation to non-resident tax payable to the CRA on interest payable to RCF. Since RCF is a related party of the Group and is deemed to not be dealing at arm's length pursuant to paragraph 251 of the income tax act of Canada, non-resident tax would need to be deducted when any interest is settled.

The non-resident tax liability would be deducted from the outstanding C$359 333 (R4.5m) interest which has been accrued on the RCF convertible loan facility. (Refer to Notes 9, 11 and 16). The withholding tax liability, calculated at 3% of the accrued interest, will become payable on settlement of the outstanding interest, the timing of which is uncertain as at March 31, 2022.

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 has submitted 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 currently being reviewed for approval of a provisional license.

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 Company applied 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 assessment from R1,550,000 to R100,000. The fine was settled in June 2021. The fine reduction amount of R1,450,000 is wholly suspended for a period of 5 years from March 24, 2021, on condition that the Group does not commit further transgressions and/or fails to comply with any specific Environmental Management Act during the period of suspension.

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 deferred a portion 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 R18.8 million as at March 31, 2022 (December 31, 2021: R19.3 million). No amounts were accrued during the three months ended March 31, 2022 as these commitments are project specific and discussions with the DMRE are still ongoing.

Group restructuring

During the 1st quarter of 2022 the Group initiated a process to review the existing Company and shareholding structure and restructuring thereof. This restructuring was 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 were 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.

Notable sections determined to be unconstitutional include:
- Provisions which require any free carried interest requirements;
- Provisions related to the implementation of mandated structures, such as community, employee and BEE entrepreneur schemes; and

- Enforcement provisions which allow for suspension and cancellation of rights in the event of non-compliance with the 2018 Mining Charter.

In view of the above, the Group, with the support of its existing BEE shareholder, decided that equity made available to employees and host communities would no longer contain a free carried interest portion. The following three trusts are currently in the process of being registered:

- Siyazuza Buffalo Coal Community Trust representing the host communities in the Endumeni municipal district;
- Uzwano Trust representing host communities in the Danhauser municipal district;
- Buffalo Coal Dundee Employee Empowerment Trust, representing historically disadvantaged employees and employees who qualify in terms of BEE legislation.

On December 24, 2021, BC Dundee and its BEE shareholder agreed to amend the exercise date of the call option agreement from December 31, 2021 to April 30, 2022. On April 27, 2022, this option was further extended to August 2, 2022.

Water Use License granted

On February 13, 2022, the Department of Water and Sanitation ("DWS") granted an official Water Use Licence, valid for 15 years, to Zinoju for Balgray in terms of the National Water Act (No. 36 of 1998). In terms of the National Water Act, appeals may be lodged against the DWS's decision within 30 days from the date of notification of interested and affected parties. No appeals against the DWS's decision have been lodged as at the date of these Interim Results.

Environmental Authorization granted

On July 22, 2021, the DMRE granted an official Environmental Authorization to Zinoju for Balgray. 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 have been lodged at the date of these Interim Results.

18 SUBSEQUENT EVENTS

Magdalena funding

On May 4, 2022, the Group entered into an offtake agreement with a customer whereby the Group secured funding, in the form of a prepayment of sales proceeds, totaling R17 million. This funding will be utilized to procure and install the capital infrastructure to increase Magdalena's production in 2022. To repay the amount advanced and finance cost, the Group is required to deliver a total of 64 000 tonnes of washed bituminous coal products over a period of eight months, commencing in June 2022 with a minimum monthly offtake of 8 000 tonnes per month. An amount of R290 per tonne will be set-off against all offtake tonnes delivered between June 2022 and January 2023. The set-off amount will increase to R300 per tonne on any tonnes delivered from February 2023. Any remaining tonnes not delivered by February 28, 2023 would need to be delivered or paid back in cash by March 5, 2023.

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.

27 May 2022

Designated Advisor: Questco Corporate Advisory Proprietary Limited