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, 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 and nine months ended September 30, 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	September 30, 2022 R	December 31, 2021 R	September 30, 2022 (Note 1) C$
Assets				
Non-current assets				
Property, plant and equipment	3	**62 672 390**	39 484 920	4 780 611
Right of use assets	4	**2 969 082**	653 360	226 480
Investment in financial assets	5	**241 418**	231 018	18 415
Other receivables – restricted	5	**62 544 764**	60 344 698	4 770 876
Other receivables – deposits	6	**7 165 893**	10 306 756	546 610
Long-term restricted cash		**3 200 000**	3 200 000	244 094
Total non-current assets		**138 793 547**	114 220 752	10 587 086
Current assets				
Trade and other receivables	6	**117 731 493**	28 206 062	8 980 486
Inventories	7	**84 625 617**	24 198 983	6 455 190
Short-term restricted cash		**55 198**	453 755	4 211
Cash and cash equivalents		**36 343 006**	7 295 996	2 772 222
Total current assets		**238 755 314**	60 154 796	18 212 109
Total assets		**377 548 861**	174 375 548	28 799 195
Deficiency and liabilities				
Capital and reserves				
Share capital		**1 089 305 350**	1 089 305 350	83 091 542
Currency translation reserve		**(219 945 085)**	(219 945 085)	(16 777 276)
Option reserves	8	**6 696 117**	6 593 209	510 776
Convertible loan interest reserve	9, 11	**4 507 835**	-	343 855
Accumulated loss		**(1 304 119 408)**	(1 281 268 261)	(99 477 426)
Deficiency attributable to owners of the Company		**(423 555 191)**	(405 314 787)	(32 308 529)
Non-controlling interest	16	**(9 052 196)**	(7 690 177)	(690 496)
Total deficiency		**(432 607 387)**	(413 004 964)	(32 999 025)
Non-current liabilities				
Asset retirement obligations	10	**52 526 165**	50 362 312	4 006 664
Lease liabilities	4	**18 946**	183 909	1 445
Total non-current liabilities		**52 545 111**	50 546 221	4 008 109
Current liabilities				
Trade and other payables	11, 16	**234 348 726**	60 302 878	17 875 976
Current portion of lease liabilities	4	**435 474**	361 619	33 218
Current tax liabilities		**309 650**	296 312	23 620
Borrowings	12	**40 019 471**	46 114 971	3 052 661
Convertible Loan	9	**464 982 887**	417 159 075	35 468 608
Conversion option liability	5	**9 650 752**	4 870 966	736 153
Current portion of asset retirement obligations	10	**7 864 177**	7 728 470	599 875
Total current liabilities		**757 611 137**	536 834 291	57 790 111
Total liabilities		**810 156 248**	587 380 512	61 798 220
Total deficiency and liabilities		**377 548 861**	174 375 548	28 799 195

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

Approved on behalf of the Board:

Signed, "Tushar Agrawal", 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	9 months ended		3 months ended		9 months ended
		September 30, 2022 R	September 30, 2021 R	September 30, 2022 R	September 30, 2021 R	September 30, 2022 (Note 1) C$
Revenue from contracts with customers		**383 257 235**	288 033 764	**195 916 315**	113 755 349	29 234 626
Cost of sales of goods		**(301 584 930)**	(244 835 761)	**(159 416 757)**	(88 702 882)	(23 004 713)
Gross profit		**81 672 305**	43 198 003	**36 499 558**	25 052 467	6 229 913
Other (expenses)/income - net	13	**(32 790 288)**	(62 849 850)	**(13 620 322)**	(25 488 656)	(2 501 223)
General and administration expenses	14	**(50 341 254)**	(37 638 574)	**(20 872 221)**	(15 081 811)	(3 840 000)
(Loss)/profit before the undernoted		**(1 459 237)**	(57 290 421)	**2 007 015**	(15 518 000)	(111 310)
Finance income	15	**614 218**	166 931	**299 099**	47 458	46 852
Finance expense	15	**(23 517 179)**	(22 773 448)	**(9 040 952)**	(7 874 381)	(1 793 876)
Loss and total comprehensive loss for the period		**(24 362 198)**	(79 896 938)	**(6 734 838)**	(23 344 923)	(1 858 334)
Loss and total comprehensive loss attributable to:						
- Owners of the parent		**(23 000 179)**	(79 168 029)	**(6 072 209)**	(22 616 014)	(1 754 439)
- Non-controlling interest	16	**(1 362 019)**	(728 909)	**(662 629)**	(728 909)	(103 894)
		(24 362 198)	(79 896 938)	**(6 734 838)**	(23 344 923)	(1 858 333)
Loss per share						
– basic and diluted	2.2	**(0.06)**	(0.19)	**(0.02)**	(0.06)	(0.00)
Headline loss per share						
– basic and diluted	2.2	**(0.06)**	(0.19)	**(0.02)**	(0.06)	(0.00)
Normalized headline loss per share						
– basic and diluted	2.2	**(0.06)**	(0.19)	**(0.02)**	(0.06)	(0.00)
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									
			Option reserves							
	No. of shares issued	Share capital	Share option reserve (Note 8)	BEE option reserve (Note 8)	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)
Stock options expired	-	-	(25 276)	-	-	25 276	-	-	-	-
Stock-based compensation	-	-	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	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)
Stock options forfeited	-	-	(1 012 768)	-	-	1 012 768	-	-	-	-
Stock-based compensation	-	-	538 873	-	-	-	-	538 873	-	538 873
Waiver of BEE loan	-	-	-	(2 766 171)	-	13 830 856	-	11 064 685	(11 064 685)	-
Net profit/(loss) for the period	-	-	-	-	-	33 482 061	-	33 482 061	(235 725)	33 246 336
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	-	-	(149 032)	-	-	149 032	-	-	-	-
Stock-based compensation	-	-	251 940	-	-	-	-	251 940	-	251 940
RCF interest - equity settled	-	-	-	-	4 507 835	-	-	4 507 835	-	4 507 835
Net loss for the period	-	-	-	-	-	(23 000 179)	-	(23 000 179)	(1 362 019)	(24 362 198)
Balance at September 30, 2022	**421 352 596**	**1 089 305 350**	**388 577**	**6 307 540**	**4 507 835**	**(1 304 119 408)**	**(219 945 085)**	**(423 555 191)**	**(9 052 196)**	**(432 607 387)**

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
	Notes	September 30, 2022 R	September 30, 2021 R	September 30, 2022 R	September 30, 2021 R	September 30, 2022 (Note 1) C$
Cash flows from operating activities						
Cash generated from operations		**73 678 005**	24 845 181	**34 752 071**	13 591 132	5 620 113
Interest received		**614 218**	166 929	**299 099**	47 457	46 852
Interest paid		**(5 703 602)**	(3 557 485)	**(2 386 465)**	(1 596 074)	(435 067)
Net cash generated from operating activities		**68 588 621**	21 454 625	**32 664 705**	12 042 515	5 231 898
Cash flows from investing activities						
Purchase of property, plant and equipment	3	**(33 438 248)**	(8 618 827)	**(13 455 222)**	(4 481 790)	(2 550 649)
Net cash utilized in investing activities		**(33 438 248)**	(8 618 827)	**(13 455 222)**	(4 481 790)	(2 550 649)
Cash flows from financing activities						
Repayment of borrowings	12	**(6 103 362)**	(10 000 000)	**(5 103 046)**	(5 000 000)	(465 561)
Net cash utilized in financing activities		**(6 103 362)**	(10 000 000)	**(5 103 046)**	(5 000 000)	(465 561)
Net increase in cash and cash equivalents		**29 047 010**	2 835 798	**14 106 437**	2 560 725	2 215 688
Cash and cash equivalents at the beginning of the period		**7 295 996**	3 998 999	**22 236 569**	4 274 072	556 534
Cash and cash equivalents at the end of the period		**36 343 006**	6 834 797	**36 343 006**	4 274 072	2 772 222

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, 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 November 28, 2022. The Company is a publicly listed company, primarily listed on the TSX Venture Exchange ("TSXV") and trades under the symbol "BUF" and has a secondary listing on the Alternative Exchange ("Altx") operated by the JSE Limited ("JSE").

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 the "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 Q3 2022 mean the three months ended September 30, 2022, Q4 2022 mean the three months ended December 31, 2022, and Q1 2023 mean the three months ended March 31, 2023.

Impact and response to COVID-19

The Company has been impacted by the spread of the Coronavirus disease 2019 and its variants ("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.

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 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, restructure or 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.

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.

On March 30, 2022, negotiations regarding the restructuring of the Investec borrowings were concluded on salient terms as set out in Note 12, Borrowings. Capital repayments of R5 million and R6 million, respectively, were made in the three and nine months ended September 30, 2022. As at the date of the Interim Results, the Company has not repaid the additional agreed-upon amount of R6.5 million as it has not secured the required funding for Balgray.

On June 14, 2022, Belvedere Resources DMCC ("Belvedere") purchased 347,945,097 Common Shares of the Company from Resource Capital Fund V L.P. ("RCF" and together with Belvedere, the "Parties") and also assumed a US$27 million convertible loan (the "Convertible Loan") pursuant to a convertible loan agreement between RCF and the Company. The purchase of the Common Shares and the Convertible Loan are collectively referred to as the "Transaction". The Transaction took place by private agreement between the Parties. Prior to the completion of the Transaction, Belvedere did not own any Common Shares of the Company. The administrative matters required to give effect to the Transaction were completed on August 5, 2022. This is deemed to be the date on which a Change of Control occurred.

On November 23, 2022, the Convertible Loan was amended to remove the right of Belvedere, as lender, to convert amounts owing thereunder into shares in the capital of the Company (Refer to Note 18, Subsequent Events). The scheduled maturity date under the Convertible Loan remains unchanged, being June 30, 2023.

On July 4, 2022, Investec provided a formal notice to the Company advising that Investec would - based on the completion of all administrative matters surrounding the Change of Control – exercise its rights to demand full repayment of all outstanding amounts between the Company and Investec (Refer to Note 12, Borrowings), including the accrued Life of Mine Royalty ("LOMR") payable on sales generated by the Company's Magdalena bituminous mine (Refer to Note 15, Finance income and expense).

On September 30, 2022, the Company's wholly-owned subsidiary, BC Dundee, concluded a tri-partite agreement with Investec and Belvedere, pursuant to which:

- BC Dundee would continue to pay Investec the scheduled monthly capital repayments under the Credit Facility Agreement (the "Agreement"), as agreed to with Investec on March 30, 2022;

- BC Dundee undertakes to pay Investec the remaining amounts outstanding under the Agreement between BCD and Investec, in full on November 30, 2022 (or such later date as may be agreed by Investec in writing); and
- Belvedere undertakes to directly or indirectly advance funds to BC Dundee, if the latter cannot fully meet the monthly capital repayment obligations to Investec, as outlined in the Agreement.

On November 18, 2022, the settlement date of November 30, 2022 under the tri-partite agreement was extended to January 6, 2023.

The amount owing to Investec at September 30, 2022 was R40.0 million (December 31, 2021: R46.1 million). The Company has continued to pay interest on the outstanding debt in addition to the scheduled capital repayments. The loan bears interest at the South African prime rate plus 0.5% payable monthly.

The amount payable to STA Coal Mining Company (Pty) Ltd ("STA") was R10.6 million on September 30, 2022 (December 31, 2021: R11.4 million). The Group has continued to make monthly interest payments in months where it did not make capital payments.

On November 4, 2022, the Company announced that it will be offering rights (the "Rights Offering") to holders of its Common Shares of record at the close of business on November 18, 2022 (the "Record Date") (Refer to Note 18, Subsequent Events). The Rights Offering is expected to be funded on December 22, 2022 and close on December 30, 2022. Should the Rights Offering be successful, the proceeds raised will be primarily utilized to settle the Investec debt.

At November 29, 2022, BC Corp has 421,352,596 common shares outstanding; of which, 347,945,097 common shares (82.6%) are held by Belvedere and 41,713,907 common shares (9.9%) are held by STA.

As at September 30, 2022, the Group had a shareholders' deficiency of R432.6 million (December 31, 2021: R413.0 million), and a working capital deficiency of R518.9 million (December 31, 2021: R476.7 million). The Group recorded a net loss of R24.4 million for the nine months ended September 30, 2022 (September 30, 2021: Net loss of R79.9 million) and a net loss of R6.7 million for the three months ended September 30, 2022 (September 30, 2021: Net loss of R23.3 million).

Productivity levels have continued to be negatively impacted due to controls and mitigation procedures implemented to manage and contain risks related to COVID-19. While the impact of COVID-19 on the operations and financial position of the Company is expected to be less significant in FY 2022, the rotational electricity load shedding ("load shedding") implemented by South Africa's public electricity provider, Eskom has increased substantially during the current financial year and has negatively impacted the Group's operations.

Aviemore East 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 Q2 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 during Q3 2022 and a second full section will be added by Q1 2024. 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, totalling R17.0 million to fund the capital requirements for the first full section (Refer to Note 11, Trade and other payables).

The extension of mining operations into 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 balance required for the development of Balgray, the bulk of which is required to be made in the first half of calendar 2023.

Subject to its ability to meet current production and sales forecasts and with the financial support of Belvedere, 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 restructuring its financial position and securing the requisite funding for Balgray and the further expansion of Magdalena's mining operations. The Group remains dependent upon the continued support of its stakeholders in order to achieve and sustain profitable levels of operation. The tri-partite agreement reached between the Group, Investec and Belvedere is expected to enable the repayment of the Investec Loan from the proceeds of the Rights Offering.

Whilst Belvedere's support enables the preparation of the Interim Results of the Company on a Going Concern basis, negotiations are underway with Belvedere to structure this financial support to ensure that uninterrupted operations of the Company continue into the foreseeable future. Among other things, the financial support will primarily cater to the settlement of the Investec borrowings and the funding of the mining projects of the Company, to the extent that they are not supported by internal cash generation.

As at the date of the Interim Results, there is no assurance that the Group will be able to meet its covenants in the future, that the Rights Offering will be successful, that its stakeholders will continue to provide support and that the requisite funding will be obtained for Balgray or for the second Magdalena expansion. These matters constitute material uncertainties.

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, 2022 and the condensed consolidated statement of loss and other comprehensive loss for the nine months ended September 30, 2022 were translated into C$ using a convenience translation at the rate of C$1: R13.1097, which is the exchange rate published on Oanda.com as of September 30, 2022. Such presentation is not in accordance with IFRS and should not be construed as a representation that the Rand amounts shown could be readily converted, realized or settled in C$ 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 or after 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 or after 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 or after January 1, 2022.

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

(Presented in South African Rands)

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.

2.2 Loss per share, headline loss per share and normalized headline loss per share

	Notes	9 months ended		3 months ended		9 months ended
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	September 30, 2022 (Note 1)
		R	R	R	R	C$
Loss attributable to equity holders of the Company		**(24 362 198)**	(79 896 938)	**(6 734 838)**	(23 344 923)	(1 858 334)
Loss per share – basic and diluted		**(0.06)**	(0.19)	**(0.02)**	(0.06)	(0.00)
Headline loss for the period		**(24 362 198)**	(79 896 938)	**(6 734 838)**	(23 344 923)	(1 858 334)
Headline loss per share – basic and diluted		**(0.06)**	(0.19)	**(0.02)**	(0.06)	(0.00)
Adjustments:						
Voluntary severance packages (“VSPs”)		**-**	372 604	**-**	-	-
Enforced early retirement payments		**-**	945 426	**-**	-	-
Taxation thereon		**-**	(369 048)	**-**	-	-
Normalized headline loss for the period		**(24 362 198)**	(78 947 957)	**(6 734 838)**	(23 344 923)	(1 858 334)
Normalized headline loss per share – basic and diluted		**(0.06)**	(0.19)	**(0.02)**	(0.06)	(0.00)
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 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 and nine months ended September 30, 2022 and 2021, there were no adjustments made to the Company’s loss per share to derive the headline loss per share.

(Presented in South African Rands)

There were no further adjustments made to the Company's headline loss per share for the three and nine months ended September 30, 2022 to derive the Company's normalized headline loss per share. For the nine months ended September 30, 2021, the Company's 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 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 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 loss and headline loss per share because they are anti-dilutive for the nine and three months ended September 30, 2022.

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, 2022						
Opening net book value	737 419	33 920 579	825 944	4 000 978	-	39 484 920
Additions	-	20 192 200	1 895 194	11 350 854	-	33 438 248
Depreciation	(168 535)	(9 098 599)	(233 689)	(749 955)	-	(10 250 778)
Net book value at the end of September 30, 2022	568 884	45 014 180	2 487 449	14 601 877	-	62 672 390
Year to date September 30, 2022						
Cost	7 757 895	431 684 774	10 798 514	50 973 879	14 009 756	515 224 819
Accumulated depreciation and impairment	(7 189 011)	(386 670 594)	(8 311 066)	(36 372 002)	(14 009 756)	(452 552 429)
Net book value at the end of September 30, 2022	568 884	45 014 180	2 487 449	14 601 877	-	62 672 390

(Presented in South African Rands)

	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 R10.1 million for the nine months ended September 30, 2022 and R2.9 million for the three months ended September 30, 2022 (nine months ended September 30, 2021: R9.3 million; three months ended September 30, 2021: R3.2 million) was recognized in "Cost of Sales of Goods".

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:

	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 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	**-**	-	**2 661 722**	578 492	**2 661 722**	578 492
Depreciation	**(329 424)**	(549 057)	**(282 833)**	(199 662)	**(612 257)**	(748 719)
Reassessment of lease liability	**266 257**	-	**-**	-	**266 257**	-
Closing balance	**211 363**	274 530	**2 757 719**	378 830	**2 969 082**	653 360

The R2.7 million right of use assets recognized during the nine months ended September 30, 2022, relates to a 24-month hire to purchase agreement for equipment. The full value of the equipment to be received under the agreement is R3.1 million. Once the full value has been received, the associated lease liability will be recognised and payments under the lease will become due and payable.

(Presented in South African Rands)

Lease liabilities

The Company recognizes liabilities in relation to leases which have 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%

	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 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	**19 956**	33 796	**19 327**	39 434	**39 283**	73 230
Payments made	**(225 000)**	(300 000)	**(171 648)**	(228 864)	**(396 648)**	(528 864)
Closing balance	**217 679**	156 466	**236 741**	389 062	**454 420**	545 528
Current lease liabilities	**217 679**	156 466	**217 795**	205 153	**435 474**	361 619
Non-current lease liabilities	**-**	-	**18 946**	183 909	**18 946**	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 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.

(Presented in South African Rands)

5 FINANCIAL INSTRUMENTS AT FAIR VALUE

The following table presents the Group's financial assets and liabilities measured at fair value at September 30, 2022 and December 31, 2021:

	Level 1 R	Level 2 R	Level 3 R
September 30, 2022			
Investment in financial assets	**241 418**	**-**	**-**
Other receivables - restricted	**-**	**62 544 764**	**-**
Conversion option liability	**-**	**(9 650 752)**	**-**
December 31, 2021			
Investment in financial assets	231 018	-	-
Other receivables - restricted	-	60 344 698	-
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 R72.6 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:

	September 30, 2022 R	December 31, 2021 R
Opening balance	**60 344 698**	58 505 686
Premiums invested	**1 350 000**	900 000
Commission paid/accrued	**(900 000)**	(1 036 265)
Commission receivable	**139 274**	-
Fair value adjustment	**1 889 339**	1 975 277
Closing balance	**62 544 764**	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 was required to 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 was settled. This requirement was suspended at the end of September 30, 2022.

The monthly premiums are included in the insurance investment fund held with Centriq as per the table above (premiums invested for the nine months ended September 30, 2022: R1 350 000; year ended December 31, 2021: R900 000). The amount remaining to be funded on the outstanding financial guarantee on Balgray as at September 30, 2022 is R450 000 (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.

Conversion option liability

The 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 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.

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

	September 30, 2022	December 31, 2021	Initial assumptions
Volatility (based on historical share price)	**98.0%**	106.0%	51.0%- 107.0%
Life (in years) to maturity date	**0.75**	0.50	3.9-5.0
Risk-free interest rate	**3.72%**	0.95%	0.5%-1.5%
Share price (C$)	**0.02**	0.02	0.035-0.095
Potential shares	**790 995 224**	731 057 527	720 351 931
Value of convertible feature (C$)	**736 153**	388 280	18 191 938
Value of convertible feature (R)	**9 650 752**	4 870 966	182 348 706

(Presented in South African Rands)

Movement in the conversion option liability was as follows during the nine months ended September 30, 2022 and year ended December 31, 2021:

	September 30, 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)	**(20 934 790)**	(12 851 012)
Foreign currency translation adjustment	**4 166 446**	3 334 950
Closing balance	**9 650 752**	4 870 966

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

As described in Note 1, Basis of preparation, Belvedere agreed to assume the Convertible Loan in terms of a private agreement between Belvedere and RCF. On November 23, 2022, the Convertible Loan was amended to remove the right of Belvedere, as lender, to convert amounts owing thereunder into shares in the capital of the Company (See Note 18).

6 TRADE AND OTHER RECEIVABLES

	September 30, 2022 R	December 31, 2021 R
Non-current other receivables:		
- Deposits	**7 165 893**	10 306 756
Total non-current other receivables	**7 165 893**	10 306 756
Current trade and other receivables:		
- Trade receivables	**105 850 799**	24 678 128
Less: Provision for impairment of receivables	**(598 660)**	(598 899)
- Trade receivables – net	**105 252 139**	24 079 229
- Value Added Tax	**6 255 919**	-
- Prepayments	**4 400 324**	3 404 055
- Harmonized Sales Tax (Canada)	**342 674**	122 072
- Other receivables	**1 480 438**	842 696
Total current trade and other receivables	**117 731 493**	28 206 062

7 INVENTORIES

	September 30, 2022 R	December 31, 2021 R
Consumables	**3 228 276**	1 402 430
Work in progress	**8 701 909**	3 109 589
Finished goods	**72 695 432**	19 686 964
Total	**84 625 617**	24 198 983

(Presented in South African Rands)

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	251 940	-	251 940
Options forfeited/cancelled	(1 100 000)	0.02	(149 032)	-	(149 032)
Closing balance at September 30, 2022	**2 650 000**	**0.02**	**388 577**	**6 307 540**	**6 696 117**

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 13, 2022.

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 of the Company as per the plan. The Group has deemed that a Change of Control happened on August 5, 2022, following completion of the administrative matters required to give effect to Belvedere's acquisition of a majority stake in the Company from RCF (see Note 1, Basis of preparation).

Stock option grants

No stock options were granted during the nine months ended September 30, 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 were due to vest and become exercisable in equal tranches of 1/3 each on May 24, 2022, May 24, 2023 and May 24, 2024. All of these options vested and became exercisable after June 30, 2022 due to a Change of Control having occurred on August 5, 2022.

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 September 30, 2022	**2.7**
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 1 100 000 options were forfeited and cancelled during the nine months ended September 30, 2022. The remaining 1 750 000 performance-based options vested and became exercisable due to a Change of Control having occurred on August 5, 2022.

(Presented in South African Rands)

Stock options outstanding as at September 30, 2022 and December 31, 2021 have the following exercise prices:

Grant date	Exercise price (C$)	September 30, 2022	December 31, 2021
		Options outstanding	
May 25, 2021 – performance-based [1]	0.02	**1 750 000**	2 850 000
May 25, 2021 – general options	0.02	**900 000**	900 000
Total		**2 650 000**	3 750 000

[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 1 100 000 stock options were forfeited during the nine months ended September 30, 2022.

The outstanding stock options as at September 30, 2022, represent 0.6% of the Company's outstanding shares.

During the nine months ended September 30, 2022, an amount of R0.3 million and during the three months ended September 30, 2022 an amount of R0.1 million (nine months ended September 30, 2021: R0.8 million and three months ended September 30, 2021: R0.5 million) 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).

9 CONVERTIBLE LOAN

The movement in the Convertible Loan was as follows:

	September 30, 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)	**17 139 579**	23 185 096
Effect of foreign currency exchange difference	**52 406 503**	33 050 226
Closing balance	**464 982 887**	417 159 075
Current portion	**464 982 887**	417 159 075
Non-current portion	**-**	-

As at September 30, 2022 and December 31, 2021, BC Corp had fully drawn down on the US$27.0 million Convertible Loan (September 30, 2022: approximately R486.3 million; December 31, 2021: approximately R430.1 million).

The 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 Convertible Loan to June 30, 2022. As at December 31, 2021, the Convertible Loan was classified as a current liability.

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

(Presented in South African Rands)

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 included on "other (expenses)/income – net" (See Note 13).

As described in Note 1, Basis of preparation, pursuant to the terms of the Transaction, Belvedere assumed the Convertible Loan facility, subject to Belvedere obtaining a required consent from Investec Bank Ltd ("Investec"). On September 7, 2022, Belvedere obtained written consent ("the Consent") from Investec Bank Ltd ("Investec") to assign the Convertible Loan in Belvedere's favour.

On November 23, 2022, the Convertible Loan was amended to remove the right of Belvedere, as lender, to convert amounts owing thereunder into shares in the capital of the Company (See Note 18). The scheduled maturity date under the Convertible Loan remains unchanged, being June 30, 2023.

The liability component will continue to be accreted to its face value of US$27.0 million (approximately R486.3 million at September 30, 2022) (December 31, 2021: US$27.0 million (approximately R430.1 million)), using a revised effective interest rate of 6.02%.

Interest accrued on the Convertible Loan amounting to C$359 333 (R4.5m) has been included in equity under the heading "RCF interest reserve" as at September 30, 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

	September 30, 2022 R	December 31, 2021 R
Opening balance	**58 090 782**	55 697 974
Change in estimate	**2 299 560**	2 392 808
- Allocation of provision	**1 654 133**	1 139 466
- Unwinding of discount	**645 427**	1 253 342
Closing balance	**60 390 342**	58 090 782
Less: current portion	**(7 864 177)**	(7 728 470)
Non-current portion	**52 526 165**	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.

(Presented in South African Rands)

The changes in estimate during the nine months ended September 30, 2022 and the year ended December 31, 2021, 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 allocation of the provision during the nine months ended September 30, 2022 of R1.7 million (year ended December 31, 2021: R1.1 million) is recognized in "general and administration expenses" (Refer to Note 14).

The unwinding of the discount during the nine months ended September 30, 2022 of R0.6 million (year ended December 31, 2021: R1.3 million), is expensed in "finance income and expenses" (Refer to Note 15).

The provision is calculated using the following rates:

	September 30, 2022	December 31, 2021
Discount rate (%) – Magdalena – SZ25	**9.64**	8.82
Discount rate (%) – Aviemore – MR174	**4.00**	5.10
Discount rate (%) – Aviemore – MR301 and Coalfields – R186	**6.87**	3.00
Inflation rate (%) – Magdalena & Aviemore	**7.60**	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.

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 September 30, 2022 (December 31, 2021: R62 964 154). This liability is assessed on an annual basis.

11 TRADE AND OTHER PAYABLES

	September 30, 2022 R	December 31, 2021 R
Trade payables	**40 708 510**	11 634 358
Trade payables – STA	**10 583 296**	11 378 655
Audit fees	**2 337 379**	1 644 129
Deferred revenue	**15 745 433**	2 632 361
Investec royalty	**9 662 069**	7 975 179
Sundry payables and accruals	**20 535 906**	8 159 502
Provision for transport costs	**35 000 000**	-
Working capital advance (Note 16)	**45 210 000**	-
Accrual - Carbon Tax	**433 788**	456 305
Accrual - Convertible loan interest (Note 9, 16)	**-**	4 507 835
Receiver of Revenue – VAT	**-**	1 465 924
Accrual Leave pay/bonus	**14 829 556**	10 448 630
Total	**189 138 726**	60 302 878

(Presented in South African Rands)

Included in trade and other payables as at September 30, 2022 is R10.5 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 LOMR of R9.7 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). Should the Investec Borrowings be settled under the terms of the tri-partite agreement (Refer to Note 12), the Investec LOMR is understood to be reduced to R2.5 million and the appropriate gain on recovery will be recorded at that time.

Included in the deferred revenue of R15.7 million is an amount of R13.9 million which relates to the prepayment of sales proceeds from an offtake agreement which the Group entered into with a customer on May 4, 2022. This funding was utilized to procure and install the capital infrastructure to increase Magdalena's production in FY 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 (Refer to Note 15, Finance Income and Expense). The remaining R1.8 million relates to upfront payments made by other customers for tonnes delivered after September 30, 2022.

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 accrual for the Convertible Loan Interest as at December 31, 2021 was reclassified to equity under the heading "Interest reserve" due to the obligation from the Company to settle the outstanding amount in shares.

The provision for transport costs relate to the transport of traded coal purchased to the port for export.

The working capital advance from Belvedere is a short-term non-interest-bearing advance to support the operations pursuant to the Tri-partite agreement.

12 BORROWINGS

The movements in the Investec borrowings are as follows:

	September 30, 2022 R	December 31, 2021 R
Opening balance	**46 114 971**	56 114 971
Interest accrued	**2 902 530**	3 911 206
Interest paid	**(2 894 668)**	(3 911 206)
Repayments	**(6 103 362)**	(10 000 000)
Closing balance	**40 019 471**	46 114 971

On March 30, 2022, negotiations regarding the restructuring of the Investec borrowings were concluded, 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 June 30, 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.

Capital repayments of R6.1 million were made in the nine months ending September 30, 2022. As at the date of the Interim Results, the Company has not repaid the additional agreed-upon amount of R6.5 million as it has not secured the required funding for Balgray.

The amount owing to Investec at September 30, 2022 was R40.0 million (December 31, 2021: R46.1 million). The Company has continued to pay interest on the outstanding debt in addition to the scheduled capital repayments. The loan bears interest at the South African prime rate plus 0.5% payable monthly.

On September 30, 2022, the Company's wholly-owned subsidiary, BC Dundee, concluded a tri-partite agreement with Investec and Belvedere, pursuant to which:

- BC Dundee would continue to pay Investec the scheduled monthly capital repayments under the Credit Facility Agreement (the "Agreement"), as agreed to with Investec on March 30, 2022;
- BC Dundee undertakes to pay Investec the remaining amounts outstanding under the Agreement between BCD and Investec, in full on November 30, 2022 (or such later date as may be agreed by Investec in writing); and
- Belvedere undertakes to directly or indirectly advance funds to BC Dundee, if the latter cannot fully meet the monthly capital repayment obligations to Investec, as outlined in the Agreement.

On November 18, 2022, the settlement date of November 30, 2022 under the tri-partite agreement was extended to January 6, 2023.

(Presented in South African Rands)

13 OTHER (EXPENSES)/INCOME – NET

	9 months ended		3 months ended	
	September 30, 2022 R	**September 30, 2021 R**	**September 30, 2022 R**	**September 30, 2021 R**
Unrealized foreign exchange (loss)/gain - net	**(56 789 148)**	(13 370 046)	**(45 662 932)**	(23 042 471)
Realized foreign exchange (loss)/gain - net	**(934)**	1 307	**-**	(1 228)
Scrap sales proceeds	**649 237**	116 259	**299 708**	79 347
Fair value adjustment on other receivables - restricted (Note 5)	**1 889 339**	1 395 693	**741 733**	530 313
Fair value adjustment on conversion option (Note 5)	**20 934 790**	(51 283 880)	**30 901 031**	(3 139 979)
Gain on extension of Convertible loan - maturity date	**21 722 270**	-	**-**	-
Loss on extension of Convertible loan - conversion option (Note 5)	**(21 548 130)**	-	**-**	-
Other income	**352 289**	290 817	**100 137**	85 362
Total	**(32 790 288)**	(62 849 850)	**(13 620 322)**	(25 488 656)

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.

	9 months ended		3 months ended	
	September 30, 2022 R	**September 30, 2021 R**	**September 30, 2022 R**	**September 30, 2021 R**
Audit and tax related fees	**2 113 563**	1 920 782	**594 463**	527 905
Bad debts provision/(reversal)	**640 008**	(325 696)	**16 207**	(325 696)
Consulting fees	**6 053 625**	5 071 755	**1 888 905**	2 210 819
Directors' fees (Notes 16 and 17)	**6 110 173**	2 177 882	**4 535 230**	735 819
Exploration	**158 100**	1 797 896	**(9 600)**	1 648 906
Fund administration fees (Note 5)	**900 000**	900 000	**300 000**	300 000
Insurance	**4 683 449**	4 505 256	**1 524 606**	2 037 116
Legal fees	**2 109 590**	893 597	**1 631 531**	50 461
DMRE penalty reversed (Note 11)	**(68 625)**	(1 450 000)	**(68 625)**	-
Rehabilitation adjustment expense/(income) (Note 8)	**1 654 133**	(1 243 206)	**1 608 759**	-
Salaries and wages	**21 941 932**	18 805 739	**7 517 935**	6 001 408
Stock-based compensation expense (Note 13)	**251 940**	759 564	**62 206**	545 937
Shareholder communication and listing fees	**555 617**	481 188	**138 807**	99 255
Travel and accommodation	**194 611**	8 164	**49 527**	8 070
Telephone, internet and computer expenses	**945 698**	1 351 653	**309 148**	481 489
Other	**2 097 440**	1 984 000	**773 122**	760 322
Total	**50 341 254**	37 638 574	**20 872 221**	15 081 811

(Presented in South African Rands)

15 FINANCE INCOME AND EXPENSE

	9 months ended		3 months ended	
	September 30, 2022 R	**September 30, 2021 R**	**September 30, 2022 R**	**September 30, 2021 R**
Finance income				
Interest on cash and restricted cash	**614 218**	166 931	**299 099**	47 458
Total	**614 218**	166 931	**299 099**	47 458
Finance expense				
Interest on borrowings	**(4 589 104)**	(3 706 473)	**(1 929 084)**	(1 170 977)
Interest on STA accounts payable	**(675 419)**	(659 433)	**(242 570)**	(293 721)
Interest on deferred revenue	**(195 000)**	-	**-**	-
Unwinding of discount on asset retirement obligation (Note 8)	**(645 427)**	(1 258 734)	**(54 227)**	(419 578)
Convertible loan accretion expense (Note 6)	**(17 139 579)**	(16 946 884)	**(6 600 259)**	(5 820 177)
Finance charges on lease liabilities (Note 4)	**(39 283)**	(59 142)	**(10 712)**	(38 552)
Other	**(233 367)**	(142 782)	**(204 100)**	(131 374)
Total	**(23 517 179)**	(22 773 448)	**(9 040 952)**	(7 874 381)

Interest on borrowings included the LOMR payable to Investec of R1.7 million for the nine months ended September 30, 2022 and R0.9 million for the three months ended September 30, 2022 (nine months ended September 30, 2021: R0.7 million; three months ended September 30, 2021: R0.2 million) under which a 3.54% LOMR is payable on all bituminous coal sales with effect from July 1, 2017 and interest accrued on the Investec borrowings for the nine months ended September 30, 2022 of R2.9 million and for the three months ended September 30, 2022 of R1.0 million (nine months ended September 30, 2021: R3.0 million; three months ended September 30, 2021: R1.7 million) (Refer to Note 12).

Interest on deferred revenue relates to the prepayment of sales proceeds from an offtake agreement which the Group entered into with a customer on May 4, 2022 (Refer to Note 17, Commitments and Contingencies – Magdalena funding & Note 11, Trade and Other Payables).

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 and nine months ended September 30, 2022, The Group entered into the following transactions in the ordinary course of business with related parties (excluding its subsidiaries):

(Presented in South African Rands)

	9 months ended		3 months ended	
	September 30, 2022 R	September 30, 2021 R	September 30, 2022 R	September 30, 2021 R
Income for services rendered to:				
Ikwezi Mining FZE				
- Sale of coal	**6 142 709**	-	**6 142 709**	-
Belvedere				
- Sale of coal	**74 931 573**	-	**74 931 573**	-
Purchase of goods from:				
Ikwezi Mining (Pty) Ltd				
- Run-of-mine	**1 443 912**	-	**1 443 912**	-

The following balances were outstanding at September 30, 2022 and December 31, 2021:

	September 30, 2022 R	December 31, 2021 R
Related party receivables:		
Ikwezi Mining FZE	**5 256 189**	-
Belvedere	**74 931 573**	-
Related party payables:		
Ikwezi Mining (Pty) Ltd	**1 660 499**	-
Belvedere [1]	**878 275**	776 758
Belvedere – Working capital advance (Note 11) [2]	**45 210 000**	-
Related party loans:		
Belvedere - Convertible Loan (Note 9)	**464 982 887**	-
RCF - Convertible Loan (Note 9)	**-**	417 159 075
Accrued interest [3]		
Belvedere (previously RCF)	**-**	4 507 835

Belvedere is a related party to the Company as a result of owning a controlling interest in the Company as of August 5, 2022 (Refer to Note 1, Basis of preparation). Prior to August 5, 2022, RCF owned a controlling interest in the Company.

Ikwezi Mining FZE and Ikwezi Mining (Pty) Ltd are related parties to the Company as they are both affiliates of Belvedere.

[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 and three months ended September 30, 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. Belvedere assumed all liabilities to RCF when it acquired RCF's holding and interests in the Company. Accordingly, the outstanding balance will now be payable to Belvedere.

[2] The working capital advance from Belvedere is a short-term non-interest bearing advance made to support the operations.

[3] Interest which accrued on the Convertible Loan 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 Convertible Loan amounting to C$359 333 (R4.5m) has been included in equity under the heading "Interest reserve" as at September 30, 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 and nine months ended September 30, 2022 and September 30, 2021 was as follows:

	9 months ended		3 months ended	
	September 30, 2022 R	September 30, 2021 R	September 30, 2022 R	September 30, 2021 R
Salaries	**6 445 366**	5 682 416	**2 276 029**	1 895 293
Change in control fees	**4 369 350**	-	**4 369 350**	-
Directors' fees	**2 122 425**	2 147 693	**608 497**	725 819
Share-based payments	**166 937**	586 044	**41 518**	421 219
Total	**13 104 078**	8 416 153	**7 295 394**	3 042 331

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 R0.5 million as of September 30, 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.

During the nine months ended September 30, 2022, 1 100 000 (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. The remaining performance-based options vested and became exercisable after the reporting period due to a Change of Control having occurred on August 5, 2022.

No stock options were granted to directors and officers and other members of key management during the three and nine months ended September 30, 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.

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. On July 28, 2022, this option was further extended to August 31, 2022 and the Company is currently in discussions with the BEE shareholder on the way forward. (Refer to Note 17 the "BEE shareholding restructuring" section).

17 COMMITMENTS AND CONTINGENCIES

Management Agreements – Change of Control Provision

As detailed in Note 1, Basis of preparation, the administrative matters required to give effect to Belvedere's acquisition of a majority stake in the Company were only completed on August 5, 2022 (See Note 18, Subsequent events) and that is therefore deemed to be the date on which a Change of Control occurred.

On August 5, 2022, there were management contracts in place that included Change of Control provisions which may have required, if elections were made, payments of approximately R5.2 million upon the occurrence of the Change of Control event of which R4.4 million was elected by certain management contracts following August 5, 2022, prior to September 30, 2022.

(Presented in South African Rands)

Capital Commitments

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

	September 30, 2022 R	December 31, 2021 R
Property, plant and equipment	**6 884 635**	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 September 30, 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 and was further extended by the parties to September 30, 2022. This agreement was not further extended after September 30, 2022.

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

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 on the Convertible Loan. Since RCF/Belvedere are related parties 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 Convertible Loan. (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 both September 30, 2022 and as at the date of these Interim Results.

Environmental and Regulatory Contingency

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 Provisional Air Quality License ("PAEL") under the Air Quality Act. On September 19, 2022, the Group was awarded the PAEL. The Group now has four years (the license is valid for a period of two years and renewable once for the same duration) to comply with the Air Quality Act's Minimum Emissions Standards.

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 R16.5 million as at September 30, 2022 (December 31, 2021: R19.3 million). No amounts were accrued during the nine months ended September 30, 2022 as these commitments are project specific and discussions with the DMRE are still ongoing.

BEE shareholding restructuring

During Q1 2021, the Group initiated a process to review the existing Company and shareholding structure and restructuring thereof. 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 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. On July 28, 2022, this option was further extended to August 31, 2022 and the Company is currently in discussions with the BEE shareholder on the way forward.

Following the Change of Control on August 5, 2022, it was decided to halt the restructuring process and consider an effective way to reorganize the Buffalo Coal Group within the Belvedere group structure.

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

Change in Executive Officers

On November 21, 2022, Ms. Emma Oosthuizen assumed the position of Chief Financial Officer ("CFO"), as she has resigned from the position of Chief Executive Officer ("CEO"). Ms. Oosthuizen will cease being the CEO effective from November 29, 2022. The Company appointed Mr. Somdeb Banerjee as the Group's CEO effective November 29, 2022. The Group has also appointed Mr. Somdeb Banerjee as the CEO of its operating and revenue generating subsidiaries (BC Dundee and Zinoju), and for the entirety of its coal mining and processing business.

Rights Offering

On November 4, 2022, the Company announced that it will be offering rights (the "Rights Offering") to holders of its Common Shares of record at the close of business on November 18, 2022 (the "Record Date"). Pursuant to the Rights Offering, each holder of Common Shares (a "Shareholder") will receive one transferable right (each, a "Right") for each Common Share held as of the Record Date at a subscription price of C$0.01 or ZAR 0.13396 (the "Subscription Price") per Common Share, subject to certain limitations. The Corporation's majority shareholder, Belvedere, has agreed, subject to certain terms and conditions, to subscribe to all the Common Shares that are not otherwise subscribed for and purchased under the Rights Offering by holders of Rights so that the maximum number of Common Shares that may be issued in connection with the Rights Offering will be issued. This subscription is limited to an amount whereby Belvedere will not hold more than 90% of Common Shares in the Company following the Rights Offering.

Convertible loan – conversion option liability

On November 23, 2022, the Convertible Loan was amended to remove the right of Belvedere, as lender, to convert amounts owing thereunder into shares in the capital of the Company. The removal of the conversion option liability as at September 30, 2022 would have resulted in a gain on its elimination of R9 650 752, before income taxes.

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.

29 November 2022

Designated Advisor: Questco Corporate Advisory Proprietary Limited