BUFFALO COAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and twelve months ended December 31, 2021

(Presented in South African Rands)

Contents

BASIS OF PREPARATION

This Management's Discussion and Analysis ("MD&A") of the consolidated financial position and results of operations reviews the activities, audited consolidated results of operations and financial position of Buffalo Coal Corp. and its subsidiaries ("we", "our", "us", "BC Corp", the "Company" or the "Group") for the three and twelve months ended December 31, 2021, together with certain trends and factors that are expected to have an impact in the future.

This MD&A is intended to supplement and complement the audited annual consolidated financial statements for the year ended December 31, 2021, and the notes thereto (collectively the "Financial Statements") which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Information in this MD&A is current as at April 7, 2022, unless otherwise indicated.

Certain non-IFRS measures are discussed in this MD&A and are clearly disclosed as such. Additional information and press releases have been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and are available online under the Buffalo Coal Corp. profile at www.sedar.com and on the Group's website at www.buffalocoal.co.za.

References to "FY" mean the year ended December 31 of the then-mentioned respective year. References to Q4, Q3, Q2 and Q1 mean the three months ended December 31, September 30, June 30, and March 31, of the then-mentioned respective financial year.

Unless otherwise noted, all amounts are recorded in South African Rands ("R" or "Rands" or "ZAR"). References to "C$" mean Canadian Dollars and to "US$" mean United States Dollars. Amounts stated in C$ or US$ are translated at the date of transaction, unless otherwise stated.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information under Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's expected production from, and further potential of, the Company's properties; financial and operational planning and strategic goals; the Company's ability to meet the requirements set in the newly issued environmental approvals for its Balgray project; capital requirements along with the Company's ability to raise the requisite funding for the Balgray project; the timing and amount of advances and repayments under existing loan facilities; the future price of minerals, particularly Anthracite and Bituminous coal and overall market conditions for resource issuers; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; labour relations and future collective agreements; and environmental risks. In general, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the opinions, estimates and assumptions of management as of the date such statements are made and the Company can give no assurance that such opinions, estimates and assumptions are correct.

Estimates regarding the anticipated timing, amount and cost of exploration, development and production activities are based on assumptions underlying mineral reserve and mineral resource estimates and the realization of such estimates. Capital and operating cost estimates are based on extensive research of the Company, purchase orders placed by the Company to date, recent mining costs and other factors.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include risks relating to: the impact of Coronavirus disease 2019 ("COVID-19") on the operations; the impact of national electricity shortages and related blackouts at both regional and operational sites on coal production; the requirement for additional capital; production estimates; the price of coal; labour and employment; cost estimates; mineral legislation; title to mineral holdings; power supply; the depletion of mineral reserves; litigation; operations in South Africa; local or international measures designed to contain the spread of diseases; infrastructure; environmental and other hazards; dependence on key personnel; dependence on outside parties; exploration and development; foreign mining tax regimes; insurance and uninsured events; competition; the Company's securities experiencing price volatility; owning foreign assets; currency fluctuation, as well as the risk that the Company's directors and officers may have conflicts of interests. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated by such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

OVERVIEW OF THE COMPANY

BC Corp is a coal mining and supply company operating in South Africa. The Company is primarily listed on the TSX Venture Exchange ("TSXV") and has a secondary listing on the Alternative Exchange ("AltX") operated by the JSE Limited. BC Corp trades under the symbol "BUF" on the TSXV and "BUC" on the AltX. As at April 7, 2022, BC Corp had 421,352,596 common shares outstanding, of which 347,945,097 common shares (82.6%) were held by Resource Capital Fund V LP. ("RCF") and 41,713,907 common shares (9.9%) were held by STA Coal Mining Company (Pty) Ltd ("STA").

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 ("KZN"). 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 that recommenced small-scale mining activities during 2020 after it was placed on care and maintenance on October 31, 2018.

The Company's total anthracite resources are referred to as the Aviemore Mine and include the anthracite resources currently mined at Aviemore East, along with the anthracite resources to be mined at the Company's 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"). Aviemore East is located eight kilometers from the town of Dundee in KZN. In both the Balgray and North Adit projects, the Company will continue to mine the Aviemore resources, albeit from different access points. The Aviemore Mine encompasses approximately 5,513 hectares.

Magdalena is located twenty-two kilometers from the town of Dundee in KZN and encompasses approximately 1,844 hectares. The Group suspended its mining operations at Magdalena in Q4 2018. The current Magdalena team started to mine at Magdalena on a small scale in Q2 2020, using conventional drill and blast mining methods (which were different to the previously utilised continuous mining method). These mining activities were suspended at the end of Q3 2020 due to a lack of a reliable and economically attractive market for the Group's bituminous coal at the time. Small scale mining activities, targeting monthly production of 8,000 tonnes per month ("tpm"), resumed in February 2021 following renewed interest in the Group's bituminous coal.

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 (Refer to the "Off-balance Sheet Arrangements" section of this MD&A). The Group has initiated a process to review the current Company and shareholding structure and restructuring thereof (refer to the "BEE restructuring" section of this MD&A).

The Company has two processing plants. One is located on the Magdalena property and the second is located in the town of Dundee and is known as the Coalfields site ("Coalfields"). The Company's rail siding and BC Dundee's head office are also located at Coalfields.

The Company will disseminate a National Instrument 43-101 compliant report dated April 4, 2022 (the "NI 43-101 report") on SEDAR along with this MD&A. Mr. IA MacFarlane BSc.Eng. (Mining), MBL, Retired Fellow FSAIMM (Member No: 19289), a qualified person as defined in National Instrument 43-101, read and approved the scientific and technical information in the NI 43-101 report. As noted in the NI 43-101 report, the Aviemore Mine (Aviemore East, Balgray and North Adit) had a potential life-of-mine ("LOM") run-of-mine ("ROM") resource of 13.87 million tonnes of *in situ* coal with an estimated saleable volume of 7.79 million tonnes, as at January 1, 2022.

The Aviemore East mine is approaching the end of its life. The Company assesses the remaining life of the current Aviemore East mining operation on a quarterly basis updating estimated remaining mining reserves available with actual tonnes mined to date, together with an updated review of the short- to medium-term extension of the current Aviemore East operation from the Balgray adit and the longer-term extension from the North Adit. The total remaining mining LOM proven reserves within the current Aviemore East defined mining reserve boundary, as accessed via the current Aviemore East adit, are estimated at 437 thousand ROM tonnes as at 1 January 2022 and indicate that without the extensions into Balgray and/or Aviemore North, Aviemore East's estimated LOM will end in Q1 2023.

The Balgray project provides access to a resource that is contiguous to the current Aviemore East mine. Access will be via a previously abandoned Balgray adit. The Balgray project is planned to be the short- to medium-term replacement for the Aviemore East reserve and has an estimated measured and indicated mineable reserve of 3.23 million ROM tonnes with an estimated saleable volume of 2.08 million tonnes, which will allow the current anthracite production levels to continue to operate economically for a further 7 years from FY 2023.

The Group has secured all of the required environmental authorizations to allow for underground mining through the Balgray adit. On July 22, 2021, the Department of Mineral Resources and Energy ("DMRE") granted an Environmental Authorisation ("EA") for the Balgray project and on February 13, 2022, the Department of Water and Sanitation ("DWS") granted an official Water Use License. Parties wishing to raise objections against the DWS's decision had until March 21, 2022 to lodge such objections. The Group has no knowledge of any appeals against the DWS's decision as at the date of this MD&A.

The North Adit has an estimated potential ROM tonnage of 10.2 million tonnes. On September 22, 2020, Zinoju was granted a 30-year mining right by the DMRE covering an area of 1,728 hectares, to mine coal primarily from Aviemore resources, accessed through the North Adit. The opening of this adit would require a significant capital injection and hence does not fall into the short to medium term planning of operations.

As noted in the same NI 43-101 report, Magdalena had an estimated measured and indicated mineable coal reserve of 5.37 million ROM tonnes with an estimated saleable tonnage of 3.27 million tonnes as at January 1, 2022.

On December 18, 2020, Mr. Robert Francis, Independent Non-Executive Director, and Audit Committee Chairman resigned from his position, with the effective date of December 31, 2020. On January 20, 2021, the board of directors (The "Board") of the Corporation appointed Mr. Rory Taylor as Independent Non-Executive Director and Audit Committee Chairman, with effect from January 22, 2021.

IMPACT OF AND RESPONSE TO COVID-19

South Africa reported its first positive case of Coronavirus disease 2019 ("COVID-19") on March 5, 2020. The Company has been impacted by the spread of 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.

In compliance with the directive issued, care-and-maintenance protocols were developed and implemented at the Group's operations in Dundee. Due to the high prevalence of immuno-compromised workers in the South African mining industry, the Group proactively implemented multiple additional measures to reduce the potential spread of infection amongst its workforce and their families.

Limited mining activities were allowed to resume on April 14, 2020 after the Company was granted approval to utilize 30% of its workforce. The National Lockdown was further extended for 14 days to April 30, 2020, whereafter the South African Government downgraded the entire country to National Lockdown Level 4 in terms of South Africa's National Disaster Regulations.

On May 4, 2020, the Company increased the utilization of its workforce in line with regulatory approvals to 50% of operational capacity. On June 1, 2020, South Africa was further downgraded to National Lockdown Level 3 and mining activities were allowed to increase to 100% of operational capacity. On September 21, 2020, South Africa was placed on National Lockdown Level 1. The National State of Disaster has been lifted as from April 5, 2022 with transitional measures that will remain 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 as well as the community within the region of our operations, with an accompanying large-scale loss of income and/or employment occurring across all industries.

The Group has however implemented various measures to mitigate the impact of COVID-19 on its mining operations and financial position and provide protection for its employees and community, including:

- Development and implementation of risk-based testing and screening procedures;
- Provision of personal protective equipment;
- Sanitizing of all production work areas and equipment after each shift;
- Changes in shift times so that morning and afternoon shifts do not overlap;
- Allowing employees to work remotely, where possible;
- Identification of alternate employees for all senior positions and legal appointments should employees fall ill or be required to self-isolate;

- Identification of potential critical skills shortages and recruitment of employees who have previously been retrenched on a standby basis;
- Various cost reduction measures, including a no-work-no-pay policy for the period April 17, 2020 to June 7, 2020, placing a freeze on salary increases which were due on March 1, 2020 and wage increases which were due on August 1, 2020, reducing production bonuses, limiting overtime and compensating overtime in-lieu of leave and deferral of capital expenditure;
- Negotiating shorter or upfront payment terms from customers; and
- Enforcement of the Group's retirement policy, offering of voluntary severance packages ("VSPs") and dismissal of employees for operational reasons as permitted through Section 189 of the Labour Relations Act 66 of 1995, as amended ("Section 189") (refer to the "Section 189 restructuring" section of this MD&A).

South Africa has continued to move between the various levels of National Lockdown while mining activities have been allowed to continue at 100% of operational capacity.

Due to the National Lockdown, the Government introduced a Temporary Employee Relief Scheme ("TERS") for the benefit of any employees who were not able to work and earn a full salary during these restrictions. The Group, as employer, applied for the TERS benefits on behalf of those affected employees and, in accordance with the terms of TERS, received Unemployment Insurance Fund ("UIF") payments in the amount of R6.2 million during FY 2020, which were paid out to its affected workforce. The Group will continue to engage with its employees and apply for and distribute any TERS benefits, where applicable and in line with the Government's extensions for the duration of the National Lockdown.

As at the date of this document, the Group has recorded a total of 81 COVID-19 infections amongst its employees, of whom 2 have passed away and 78 have recovered.

The Company and its operations will continue to manage and respond to COVID-19 within the framework of the Company's protocols/policies and local and national health authority requirements and recommendations. It will continue to responsibly monitor and manage the impacts of COVID-19 and any additional government interventions on the Company's operations and its employees, financiers, major suppliers and other stakeholders.

OUTLOOK AND STRATEGIC REVIEW

The Company's operations were negatively impacted by the National Lockdown imposed by the South African government in March 2020 as well as the negative impact of COVID-19 on local and international coal markets. Although the Company has been able to utilize its full workforce since June 1, 2020, productivity levels have continued to be negatively impacted due to controls and mitigation procedures implemented to manage and contain risks related to COVID-19.

As the Company begins FY 2022, the impact of COVID-19 on operations and financial position is expected to be less significant and there exist further opportunities to extend the lives of the Company's properties and operate economically. These opportunities and their respective timeframes are described below:

Aviemore East (short-term)

Previously, the coal resources accessible from the current Aviemore East operation were expected to be exhausted by the end of Q4 2022. Based on the most recent review of the remaining reserves at Aviemore East, the remaining primary LOM proven reserves as at January 1, 2022 are estimated at 360.5 thousand tonnes ("kt"). Partial pillar extraction is planned once the primary coal reserves have been depleted utilizing the "L-ing" extraction methodology which was identified during a geotechnical investigation by a Rock Mechanics Consultant engaged by Buffalo Coal for this purpose.

An additional ROM reserve of 76.5 kt has thus been added to Aviemore East's proven coal reserve base utilizing the partial pillar extraction method. This additional proven coal reserve should extend Aviemore East's estimated LOM to Q1 2023.

Management monitors the remaining life of the current Aviemore East reserves on an ongoing basis and continues to explore ways to increase the current mining extraction rate at Aviemore and further methods to increase the remaining Aviemore reserves. In the absence of any further shutdowns related to COVID-19 or any other matters, it is unlikely that this timeframe will be extended.

Magdalena (short- to medium-term)

During Q4 2021 a ramp-up strategy was developed for Magdalena whereby production would be increased in a phased approach increasing to one full section (20,000 ROM tpm) during Q2 2022 as part of the phase 1 ramp-up and then to two full sections (36,000-43,000 ROM tpm) as of Q1 2024 as part of the phase 2 ramp-up. The Company is actively engaging third parties to secure the funding required to implement this ramp-up strategy and is looking to secure approximately R17 million for phase 1 and R50 million for phase 2. The average monthly ROM bituminous coal production at Magdalena is expected to increase from the current average of 8,000 ROM tpm to approximately 36,000-43,000 ROM tpm in FY 2024 once two full sections are operational. The remaining primary mining reserves are expected to provide a LOM of approximately 13 years.

Balgray Project (short- to medium-term)

A conceptual study for the Balgray project was completed during Q4 2018. Following the positive outcome of the study, the Company completed a pre-feasibility study in Q3 2019. During Q3 2021 the Company completed a detailed project analysis for the Balgray project, including updated capital cost estimates, production and operating costs.

The Group has secured all of the required environmental authorizations to allow for underground mining through the existing Balgray adit. On July 22, 2021, the DMRE granted an EA for the Balgray project and on February 13, 2022, the DWS granted an official Water Use License.

The Balgray project requires financing of approximately R118 million for the Balgray adit refurbishment and the requisite mining infrastructure. It was initially anticipated that this project would be funded from cash flow generated by the current Aviemore operations, but due to the impact that both COVID-19 and the non-achievement of operating targets has had on the Company's cash flow, the Company now expects to require additional external funding. It is anticipated that construction and commissioning will take 9-11 months. The Balgray project holds significant potential as the capital to coal extraction ratio is much lower than the capital required for the North Adit project (see below). Should the required capital funding be attained, it is projected that the Balgray project would extend the Aviemore Mine LOM by approximately 7 years. This project will be key in the Company's strategy to fund the North Adit project and will also provide the Company with the time to construct the North Adit and related infrastructure.

In order to continue mining beyond FY 2022, the Company has utilized its own cash resources to commence early work construction activities on the Balgray project during Q1 and Q2 2022. Balgray's mining operations are anticipated to commence, subject to the requisite funding being achieved, in Q1 2023.

North Adit project (Long-term)

On September 22, 2020, Zinoju was granted a 30-year mining right by the DMRE. The North Adit provides access to sufficient resources to support a mine life in excess of 13 years. The current Aviemore East adit planned Balgray adit do not provide access to the Northern Aviemore resources from the eastern side of the mine. The construction of a new access point at the North Adit, which is closer to the centre of the resource, will be required. A pre-feasibility study for the North Adit was successfully completed during 2017, with a bankable feasibility study completed in September 2018. External funding will be required to fund the North Adit expansion.

Based on inflationary adjustments since the completion of the pre-feasibility study, the North Adit project requires approximately R435 million in capital and construction and commissioning will take up to 18 months. Due to the significant capital required for this project, management has placed this project into its long-term plan. Should the required capital funding be attained it is projected that the North Adit project would further extend the Aviemore East LOM by approximately 14 years.

BEE RESTRUCTURING

During Q1 2022 the Group initiated a process to review the current existing Company and shareholding structure and restructuring thereof. This restructuring is aimed at amending the Group structure to comply with Broad Based Black Economic Empowerment ("BBBEE") ownership objectives of the Broad-Based Socio-Economic Empowerment Charter for the Mining and Metals Industry published on September 27, 2018 ("the 2018 Mining Charter").

In terms of the 2018 Mining Charter, the guidelines for minimum BEE ownership requirements are as follows:
- 20% interest by a BEE entrepreneur, 5% of which must preferably be owned by women;
- 5% free carried interest to qualifying employees, and
- 5% free carried interest to host communities.

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

On September 21, 2021, a unanimous, binding judgment was handed down by the High Court of South Africa, ruling that certain sections of the 2018 Mining Charter were unconstitutional and should be set aside.

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.

On December 24, 2021, BC Dundee and its BEE shareholder agreed to amend the exercise date of the call option agreement to acquire an 18% interest in Zinoju from December 31, 2021 to April 30, 2022.

MARKET OVERVIEW

For FY 2021 the Company's primary focus was on anthracite operations at the Aviemore East mine. Washed anthracite products were placed in both the export and domestic markets, and also used as feedstock for the on-site calcining operation. Magdalena mine continued to produce only small tonnages of bituminous material with the washed products placed in both domestic and export markets, the latter taking mainly the duff portion.

Markets generally recovered well in FY 2021 (after the COVID-19 impact of FY 2020), with demand again exceeding available supply, resulting in thermal market prices taking a strong upward trajectory from Q2 2021, ending at record free-on-board ("FOB") earnings levels in ZAR terms by late Q3 2021. Prices receded towards year-end but were still at historically high levels.

South Africa's total coal exports of 58.7Mt were however very poor in FY 2021, with the year ending 20Mt below the industry target. The export coal industry's very poor performance was driven primarily by the lack of rail capacity as supplied by Transnet Freight Rail ("TFR"). This continues to be a problem and any significant improvement in TFR's performance is not expected for 2022. The first 10 weeks of the year saw only 11Mt delivered to Richards Bay Coal Terminal ("RBCT"), an annualized rate of 55Mt.

Anthracite demand and prices also followed an upward trend in FY 2021, but not nearly as strongly as the thermal market. Nevertheless, by year-end positive indicators were seen in the number of enquiries for product received and accordingly anticipated price levels for FY 2022 are higher than in the past year.

Events in Q1 2022 (at the time of writing), have since driven thermal pricing to new record levels. Firstly, Indonesia banning exports in January 2022 drove prices back to the previous record levels, followed by the currently on-going Russian invasion of the People's Republic of the Ukraine (the "Ukraine").

Anthracite

For South African anthracite producers, the longer-term potential is significant. Buyers are rediscovering the benefits of diversification of supply sources in an international market which has been dominated by Russian product in recent years. South African anthracite qualities cannot compete directly with the better Russian material in specialised metallurgical processes, but if the Russian products remain restricted or embargoed going forward, then buyers will have to adapt. There is currently substantial international enquiry for high quality coal products and the Company hopes to benefit from the export market but logistical difficulties and TFR's continued poor performance levels are likely to constrain participation.

For FY 2022, the Company has forward commitments in place for the majority of its budgeted production.

Bituminous

Domestic demand for bituminous peas was well above a level into which the company was able to supply in FY 2021 and remains so in FY 2022 and pricing has also continued the upward trend seen in late FY 2021. Additional bituminous peas product expected during FY 2022 will be placed with ease. The bituminous duff product was and is being sold for export, and it is anticipated that this sales route will continue. The Company is unfortunately not able to take full advantage of the favorable FOB prices being traded in Q1 2022 as both port and rail capacity are in limited supply. Nevertheless, the record prices seen in the export market are having an influence and the price trend for all bituminous products is positive.

LIQUIDITY AND CAPITAL RESOURCES

The Group's ability to continue as a going concern and ultimately continue operations into the future, is dependent on its ability to realize short-term opportunities, renegotiate an extension to and ultimately settle its outstanding debt obligations and secure the funding required (internally or externally) for its medium to longer term projects.

As many countries have experienced various waves of COVID-19 infections, uncertainties relating to the geographical spread, the severity of the disease, the duration of the outbreak, and the length of current and future travel and quarantine restrictions imposed by governments of affected countries, the Group cannot at this point in time quantify those uncertainties or accurately predict the continued impact COVID-19 may have on its ability to operate and/or the ability of third parties to meet their obligations with the Group. The effectiveness of vaccines, a general reluctance of individuals to be vaccinated and mutations of the COVID-19 virus adds to this uncertainty.

Following increases in bituminous coal prices and a renewed interest in the Group's bituminous coal products, the Group is pursuing initiatives to gradually increase production at Magdalena during FY 2022 with a further ramp-up in FY 2024 to mitigate the risks related to the Group's current reliance on revenue streams generated from its anthracite products (see "Outlook and Strategic Review").

In the absence of obtaining additional or outside financing, the Group remains dependent upon the continued financial support of Investec, RCF, STA and other stakeholders, and achieving and sustaining profitable levels of operation. Subject to its ability to meet planned production and sales forecasts at Aviemore and planned production increases at Magdalena, the Group expects to be able to generate positive operational cash flows in the foreseeable future. The Group's ability to ultimately continue operations over the medium to longer term is also dependent on obtaining the requisite funding for its Balgray project with a combination of free cash flows generated from operations and external financing.

Investec Loan

Following negotiations during Q1 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 made the June 2021 and September 2021 payments totaling 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 should be renegotiated to January 31, 2022. On January 18, 2022 Investec agreed to defer that date to February 28, 2022. Investec and the Group further provided undertakings that they would negotiate, in good faith, on the restructuring of the outstanding capital amount on or before February 28, 2022.

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 the Balgray project, an amount of R6.5 million to be repaid at the earliest of 30 June 2022 or the date on which the 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 to be extended to December 31, 2022;
- The Group would be allowed to spend R6.5 million on the development of the Balgray project in the absence of any third-party funding until June 30, 2022; and

- The reserve bank account and cash sweeping mechanism will continue.

The amount owing to Investec at December 31, 2021 was R46.1 million (December 31, 2020: R56.1 million). The Company has continued to pay interest on the outstanding debt and will, if necessary, approach Investec to negotiate amended repayment terms. The loan bears interest at the South African prime rate plus 0.5% payable monthly. The first capital instalment of R250,000 was paid on March 31, 2022.

RCF Convertible Loan

As of December 31, 2021, the Resource Capital Fund Convertible Loan ("RCF loan") remained at US$27 million (approximately R430.1 million). The increase in the ZAR value of the RCF loan balance to R417.2 million on December 31, 2021 (December 31, 2020: R360.9 million) was mainly driven by the depreciation of the ZAR against the US$ which resulted in a higher closing balance on conversion at the end of 2021. (Refer to Note 21 of the Financial Statements). Pursuant to the agreement, the RCF loan of US$27 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, RCF agreed to extend the scheduled maturity date of the convertible loan to June 30, 2023 (Refer to the "Subsequent Events" section of this MD&A).

There is no assurance that the Group will be able to meet its covenants in the future, or that Investec will provide future waivers or that RCF will provide further extensions, if required. These matters constitute material uncertainties which cast significant doubt as to whether the Group can continue as a going concern.

Management and the Board continue to review and consider all further strategic alternatives and opportunities that are presented to the Company however it is uncertain whether the Company will be able to obtain financing to settle its debt obligations.

Should the going concern assumption not be appropriate for the preparation of these annual consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the consolidated statement of financial position classifications. Such adjustments could be material.

The Company is not subject to any externally imposed capital requirements with the exceptions as discussed in Notes 21 and 25 of the Financial Statements, and the capital requirements of the TSXV which requires adequate working capital or financial resources of the greater of (i) C$100 000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of twelve months.

As at the reporting date, the Company may not be compliant with the policies of the TSXV. The impact of any violation is not known and is ultimately dependent on the discretion of the TSXV.

OPERATIONAL REVIEW

Consolidated operational results for FY 2021, FY 2020, Q4 2021, Q4 2020 and Q3 2021

Operational results	FY 2021	FY 2020	% Change	Q4 2021	Q4 2020	% Change	Q3 2021	% Change
ROM (t)	**457 643**	421 663	9%	**112 142**	70 819	58%	127 853	(12%)
- Aviemore (t)	**367 673**	355 174	4%	**89 647**	69 231	29%	101 199	(11%)
- Anthracite (t) (bought-in)	**1 202**	19 738	(94%)	**-**	1 588	(100%)	574	(100%)
- Magdalena (t)	**88 768**	31 786	179%	**22 495**	-	100%	26 080	(14%)
- Bituminous (t) (bought-in)	**-**	14 965	(100%)	**-**	-	N/A	-	N/A
Toll washing arrangements with third parties plant feed (t)	**1 656**	38 262	(96%)	**-**	13 614	(100%)	-	N/A
Saleable production (t) (excluding calcine)	**309 954**	273 398	13%	**71 161**	52 228	36%	85 727	(17%)
- Anthracite (t)	**254 366**	232 319	9%	**55 350**	39 037	42%	67 667	(18%)
- Anthracite (t) (bought-in)	**1 988**	14 286	(86%)	**919**	888	3%	376	144%
- Bituminous (t)	**53 600**	21 000	155%	**14 892**	8 249	81%	17 684	(16%)
- Bituminous (t) (bought-in)	**-**	5 793	(100%)	**-**	4 054	(100%)	-	N/A
Yield on plant feed (excluding calcine) (%)	**65.7%**	66.0%	(0%)	**65.5%**	72.0%	(9%)	64.8%	1%
- Anthracite (%)	**67.7%**	66.1%	2%	**67.3%**	60.8%	11%	65.7%	2%
- Anthracite (t) (bought-in)	**64.5%**	72.4%	(11%)	**58.0%**	60.3%	(4%)	65.5%	(11%)
- Bituminous (t)	**59.6%**	56.7%	5%	**60.0%**	78.1%	(23%)	66.5%	(10%)
- Bituminous (%) (bought-in)	**N/A**	67.3%	N/A	**N/A**	67.3%	N/A	N/A	N/A
Sales (t)	**446 603**	385 831	16%	**75 650**	50 711	49%	145 025	(48%)
- Anthracite (t)	**226 253**	211 653	7%	**52 887**	26 930	96%	63 503	(17%)
- Bituminous (t)	**51 330**	18 143	183%	**14 226**	9 797	45%	17 777	(20%)
- Calcine (t)	**38 416**	32 854	17%	**8 537**	6 696	27%	12 225	(30%)
- Anthracite high-ash sales (t)	**130 604**	123 181	6%	**-**	7 288	(100%)	51 520	(100%)
Sales (t) (excluding high-ash sales)	**315 999**	262 650	20%	**75 650**	43 423	74%	93 505	(19%)
Saleable inventory tonnes (t)	**18 313**	53 889	(66%)	**18 313**	53 889	(66%)	27 530	(33%)
- Anthracite (t)	**8 620**	40 876	(79%)	**8 620**	40 876	(79%)	18 291	(53%)
- Bituminous (t)	**5 682**	9 482	(40%)	**5 682**	9 482	(40%)	5 078	12%
- Calcine (t)	**4 011**	3 531	14%	**4 011**	3 531	14%	4 161	(4%)

The operational results for Q4 2021 and FY 2021 compared to Q4 2020 and FY 2020 as well as Q4 2021 compared to Q3 2021 are discussed in more detail below:

ROM Production

As discussed under the "Impact of and response to COVID-19" section of this MD&A, the Company's operations were negatively impacted by the National Lockdown imposed by the South African government at various levels during FY 2020. Even though the Company has been able to utilize its full workforce since June 1, 2020, productivity levels continue to be negatively impacted due to controls and mitigation procedures implemented to manage and contain risks related to COVID-19.

Significant downtimes in FY 2021 production included the extended FY 2020 festive break where activities resumed on January 11, 2021, underground belt and associated infrastructure breakdown in Q1 2021, and two days of an unprotected strike action at Aviemore that occurred in April 2021 (see *"Labour relations (including Section 189 restructuring)"* section of this MD&A). Various measures, including working on Saturdays and changes to production bonuses have been implemented to improve mine availability and restore production levels. The Company's production continued to be hampered by rotational electricity load shedding implemented by Eskom, South Africa's public electricity provider ("Eskom"), during FY 2020 and FY 2021 with FY 2021 being the most significantly impacted year on record.

Total ROM production (including buy-in tonnes) for Q4 2021 and FY 2021 increased by 58% and 9% compared to Q4 2020 and FY 2020 and decreased by 12% compared to Q3 2021.

The Company continues to mine the current Aviemore East reserves, by incorporating pillar extraction (L-ing). Aviemore produced 367,673 ROM tonnes at an average of 30,639 ROM tpm for FY 2021. This was an improvement of 3.5% over the 355,174 ROM tonnes produced during FY 2020. During Q4 2021 it produced 89,647 ROM tonnes, a decrease of 11% compared to Q3 2021. Although various measures were implemented during FY 2021 to improve mine equipment availabilities, the benefits thereof were offset by difficult mining conditions, particularly during Q4 2021.

As noted under the 'Group Overview' section of this MD&A, following renewed interest in the Group's bituminous coal, underground mining re-commenced at Magdalena on a small scale in Q2 2020, targeting monthly production of 8,000 tpm, using conventional drill and blast mining methods (previously used continuous mining method). The Company produced 22,495 ROM tonnes during Q4 2021, a 14% decrease as compared to the 26,080 ROM tonnes produced during Q3 2021. The Company produced 88,768 ROM tonnes from Magdalena during FY 2021 (31,786 ROM tonnes produced during FY 2020).

No anthracite was bought in during Q4 2021. In total, 1,202 anthracite tonnes were bought-in during FY 2021 as compared to 19,738 anthracite tonnes bought-in during FY 2020. In July 2020, the Company exercised its right to cancel its contract with a neighboring coal mine due to a prolonged inability to meet contractual agreed delivery obligations.

There were no bituminous tonnes bought-in for Magdalena for Q4 2021, FY 2021 or Q3 2021 (Q4 2020: Zero and FY 2020: 14,965). In June 2020 an agreement was reached with another nearby coal operator to procure up to 3,000 tonnes of bituminous coal a month for a six-month period. Due to the limited demand for bituminous product at the time, the Company stopped procuring bituminous coal at the end of August 2020.

Saleable Production and Yields achieved

The total overall saleable coal production for Q4 2021 and FY 2021 increased by 36% and 13% compared to Q4 2020 and FY 2020, as a result of the higher overall ROM production levels achieved (58% and 9%) slightly offset by a decrease in overall yields achieved during Q4 2021 (9%) and no change in overall yields achieved during FY 2021.

Total overall saleable coal production (calcine excluded) for Q4 2021 was 17% lower compared to Q3 2021 as a result of the Group's overall lower production levels achieved (12%) partially offset by a 1% improvement in overall yields over the comparative period.

Saleable anthracite tonnes produced by the Aviemore East mine for Q4 2021, and FY 2021 increased by 42% and 9% compared to Q4 2020 and FY 2020 and decreased with 18% compared to Q3 2021.

Saleable bituminous tonnes produced by the Magdalena mine for Q4 2021, and FY 2021 increased by 81% and 155% compared to Q4 2020 and FY 2020 and decreased by 16% in Q4 2021 compared to Q3 2021.

Overall yields achieved for Q4 2021 was 9% lower compared to Q4 2020 and FY 2021 was in line with FY 2020. Overall yields achieved during Q4 2021 improved slightly with 1% compared to Q3 2021.

The Group entered into toll washing arrangements with third parties during FY 2020. A total of 1,656 ROM tonnes were washed in Q1 2021 (Q4 2020: 13,614 ROM tonnes, FY 2020: 38,262 ROM tonnes). These arrangements did not continue in Q2 2021.

Sales

Overall sales tonnes (excluding high-ash sales) for Q4 2021 and FY 2021 were 74% and 20% higher compared to Q4 2020 and FY 2020 and 19% lower in Q4 2021 compared to Q3 2021. The lower sales volumes achieved in Q4 2021 compared to Q3 2021 was mainly due to lower production levels achieved during the quarter and the unavailability of trains, due to poor performance by railways.

Demand for the Company's anthracite products started to show steady increases during FY 2021 for both domestic and export markets.

Anthracite sales tonnes (excluding high-ash) for Q4 2021 and FY 2021 were 96% and 7% higher compared to Q4 2020 and FY 2020. Export demand for anthracite product was limited during FY 2020 following the National Lockdown and the worldwide impact of the pandemic. The Group's efforts to generate sales continue to be severely constrained by the unavailability of trains. During 2020 some of the Group's customers reverted to road transport to mitigate the negative impact of train availability on delivery obligations and this practice has continued during 2021.

Anthracite sales tonnes (excluding high-ash) for Q4 2021 were 17% lower compared to Q3 2021, domestic sales tonnes were 14% lower and export sales tonnes were 18% lower over the comparative periods.

Bituminous sales tonnes for Q4 2021 and FY 2021 were 45% and 183% higher compared to Q4 2020 and FY 2020. Domestic bituminous tonnes sold during FY 2021 increased by 83% compared to FY 2020. There were no bituminous tonnes sold in the export market during FY 2020 (FY 2021: 18,062 Q4 2021: 9,598).

Bituminous sales tonnes for Q4 2021 were 20% lower compared to Q3 2021 mainly due to lower production levels achieved during Q4 2021 (14%) together with decrease in bituminous product sold in the domestic market (50%) slightly offset by higher bituminous product sold in the export market (13%).

Calcine sales volumes for Q4 2021 were 30% lower than Q3 2021 and 27% higher than Q4 2020. Calcine sales volumes for FY 2021 reflected a 17% increase from FY 2020.

Calcine sales tonnes for Q4 2021 and FY 2021 were 27% and 17% higher compared to Q4 2020 and FY 2020 and 30% lower in Q4 2021 compared to Q3 2021. The calcine operation was stopped on October 7, 2021 due to failed bearings at the back rider ring roller. A physical inspection of the Kiln revealed loose concrete around the front rider ring. Production resumed on November 12, 2021 following completion of the repairs. Significant downtimes of the caline operations, related to breakdowns, were also experienced during FY 2020 from March, 24 2020 to May 19, 2020 and September 25, 2020 to November 16, 2020.

The Company does not currently have a reliable market for its high-ash (a by-product primarily delivered into the export market), and sales fluctuate from quarter to quarter, based on market demand for these products. No high-ash sales were recorded in Q4 2021 (Q4 2020: 7,288 high-ash sales tonnes). During Q3 2021, 51,520 high-ash tonnes were sold (Q3 2020: nil high-ash sales tonnes). In total, 130 604 high-ash tonnes were sold during FY 2021, which was an increase of 6% over the 123,181 high-ash sales tonnes achieved during FY 2020.

Logistics

Coal is transported by rail (TFR) and truck to domestic customers, while export coal is transported to the RBCT and the Navitrade Terminal by rail. The Company utilizes the RBCT and Navitrade Terminals through contracts structured with customers and RBCT shareholders with export allocations at the terminals.

Environmental Management

The Company endeavors to conduct its business in a manner that demonstrates an understanding that the environment is borrowed from future generations and as such, must be conserved. Compliance with legal and other requirements, environmental management plans and requirements of water use licenses as well as managing all environmental aspects and impacts is one of the key guiding principles of the Company. The Company has its own in-house environmental management department focusing on the elements of ISO 14001, 9001 and ensuring continual improvement in compliance.

DMRE Royalty

All the Company's operations based in South Africa are subject to South African law, including the Mineral and Petroleum Resources Royalty Act, 28 of 2008 ("Royalty Act"). In terms of the Royalty Act, all companies extracting minerals in South Africa are required to pay royalties to the DMRE at a rate of between 0.5% and 7% based on gross sales, less allowable deductions, depending on the refined condition of the mineral resources.

Coal is classified as an unrefined mineral and the percentage royalty payable is therefore calculated according to the following formula:

% royalty payable = 0.5 + [Earnings before interest and tax/(Gross sales x 9)] x 100

The Company accrued R2.0 million for mining royalties during FY 2021 and recorded a reversal of R2.8 million during FY 2020 due to a R4.8 million provision made during FY 2019 by the Company for a potential royalty tax liability based on a review of intercompany related transactions between the Companies' subsidiary companies. The Company reversed the royalty provision during FY 2020 after engaging with professional consultants to perform a detailed benchmarking exercise. The outcome of this exercise concluded that no additional royalties were due by the Company, and accordingly the provision raised in FY 2019 was reversed in FY 2020. As at December 31, 2021, a refund owing of R0.05 million was included in trade receivables which relates to historical royalties paid in excess (December 31, 2020: refund of R0.08 million).

Other Royalties

Other royalties include a Life of Mine Royalty ("LOMR") that became due and payable to Investec on bituminous coal sales with effect from July 1, 2017, calculated at a rate of 3.54% on all bituminous coal sold which was mined from the Magdalena reserve. The LOMR accrued for amounted to R0.9 million in Q4 2021 (Q4 2020: R0.6 million) and R1.6 million in FY 2021 (FY 2020: R0.6 million). As at December 31, 2021, the LOMR due and payable to Investec was R8.0 million (December 31, 2020: R6.4 million).

The Company is also obliged to pay R2.50/tonne royalty on future production from Aviemore, subject to a minimum monthly amount of R25,000 per month and annual Consumer Price Index ("CPI") adjustments, pursuant to a settlement arrangement with a neighbouring landowner. As at December 31, 2021, following the required CPI adjustments, the royalty amount is R3.10 / tonne (December 31, 2020: R2.95 / tonne), equating to a minimum monthly amount of R31,000 (December 31, 2020: R29 500). A servitude amount is also payable to the neighbouring landowner amounted to R0.2 million in Q4 2021 (Q4 2020: R0.2 million) and R0.8 million in FY 2021 (FY 2020: R1.0 million) (Refer to "Commitments and Contingencies" section of this MD&A).

Carbon Tax

Carbon tax came into effect in South Africa on June 1, 2019. Carbon tax is levied on the sum of greenhouse gas emissions from coal combustion, fuel combustion, industrial processes and fugitive sources determined using a reporting methodology approved by the Department of Environmental Affairs, or the prescribed formulas in terms of the Carbon Tax Act, 2019. The Group uses the prescribed formulas method for calculating the carbon tax liability. The first phase has a carbon tax rate of R120 per ton of carbon dioxide equivalent emissions. This rate will increase annually by inflation plus 2 % until FY 2022, and annually by inflation thereafter. The carbon tax expense for FY 2021 was R0.4 million (FY 2020: a recovery of R0.06 million for an over estimation made during FY 2019).

Social Development

A key component of the Company's strategy involves social development and the enrichment of the local community, which is carried out through the Company's social and labour plans.

The development of people, both employees and local community members, is a fundamental principle in the business strategy. The Company provides opportunities and resources for employees to be fully developed in job disciplines that form part of the occupational structures of the Company. Due to the impact of COVID-19 related restrictions imposed on companies during FY 2020, the Company could not advance local economic development projects during FY 2020 and its human resource development projects were also fairly limited.

The Company's human resource development projects that the Company focusses on includes:

- Portable skills training for employees, retrenched employees and the community;
- An Adult Education and Training ("AET") project which aims to improve the literacy rate of employees and members of the community. AET learners are offered the opportunity to become functionally literate and numerate;
- The starting of Grade 13 classes in various fields;
- An internship program for unemployed graduates;
- Bursary programs in all fields. The bursars are given the opportunity to do vacation work (where applicable), to gain experience and do in-service training to meet graduation requirements; and
- Engineering, processing and mining learnership programs.

During FY 2021, the Company spent R9.6 million (FY 2020: R7.8 million) on social and labour development projects ("SLP") and human resource development.

As at December 31, 2021, the Company's outstanding SLP commitments amounted to R19.3 million.

HEALTH AND SAFETY REVIEW

The Company's operations maintain an integrated Health, Safety and Environment ("HSE") management system, established using the OHSAS18001 and ISO14001 frameworks as well as minimum standards, and fully supports the co-existence of occupational health, and the environment within which the Company operates, in order to ensure compliance and strives to achieve zero harm. Operating safely and responsibly is an integral part of our business strategy. We strive to obtain an injury free workplace and to create a company culture that protects employees and visitors from harm. The Company undertakes training and development initiatives and related ventures on a regular basis in order to improve individual outlook on health, safety and the environment.

The Company employed 449 employees and engaged 117 contractors as at April 7, 2022.

Labour relations (including Section 189 restructuring)

The Group has been experiencing difficult operating conditions over the last 18 months due to the world-wide impact of COVID-19 and failure to reach production targets which is having a negative impact on the Group's profitability.

In an attempt to improve the Group's profitability, a review of the Group's organisational structure was undertaken in Q1 2021 to identify potential cost savings through reductions and/or restructuring of employee costs.

As part of avoidance measures to possible forced retrenchments, in February 2021, the Company:

- enforced its retirement policy on certain of its permanent employees over the retirement age of 65 years, reducing the workforce by 10 employees; and
- issued a formal offering of VSPs to all its permanent employees under the retirement age of 65.

Although numerous VSP applications were received, most of the applications were submitted by employees in the mining and processing plant departments whose skills and expertise contribute directly to support production of the Company's products. As a result, only three VSP applications were accepted.

As the above actions did not result in sufficient cost reductions the Group had to propose a further restructuring, including dismissals in terms of Section 189 of the Labour Relations Act.

The Section 189 process commenced on March 5, 2021 and consultations with the recognized labour unions and employee representatives were concluded on April 21, 2021. The services of 7 employees were terminated on May 9, 2021.

On April 8, 2021 approximately 130 employees at the Company's Aviemore mine refused to vacate their workstations and commenced an unprotected strike action. Underground employees refused to return to the surface whilst surface employees refused to vacate the Company's premises unless their demands for immediate salary increases were met. All employees who participated in the unprotected strike action vacated the Company's premises during the early hours of April 10, 2021. The Company reached an agreement with the recognized trade unions on April 13, 2021 whereby salary increases of 6% were awarded to skilled / wage staff and 3% to salaried employees. These increases were backdated to March 1, 2021.

In Q3 2021, BC Corp settled wage negotiations with the unions for the 2021/2022 year at 6%. Salary negotiations for 2022/2023 were also settled at 6% in March 2022.

Occupational Health

The health and wellness of our employees plays a pivotal role in the Company's health and safety performance as well as productivity. The main aim is to ensure that the mining industry milestones for occupational health are achieved. The Company continues to strive towards improving the health of its employees as well as interested and affected parties.

The Company has established a medical surveillance link between exposure to occupational health hazards and medical surveillance systems. The medical surveillance is linked to the occupational health programs for noise, airborne pollutants and thermal stress, which are directly linked to minimum standards of fitness to work. Other occupational hygiene factors are duly considered.

The Company operates its own occupational health facilities, which are staffed with highly qualified and experienced professionals who render a high-level service to direct as well as indirect clients, whilst ensuring legal compliance as well as compliance with in-house standards. On average, compliance is above 80% on ventilation, occupational hygiene and occupational medicine systems.

Occupational Safety

As at December 31, 2021, the Group had achieved more than 13,424 fatality free production shifts. Coalfields achieved 8,627, Aviemore achieved 3,551 and Magdalena achieved 1,246 fatality free production shifts. The Company achieved a Lost time injury free rate of 0.31 (per 200,000 hours) for the year against the target rate of 0.2. The Company recorded four lost time injuries for the year, one lost time injury was recorded at Coalfields on January 28, 2021, the remaining three lost time injuries were recorded at Aviemore on March 29, 2021, July 29, 2021, and September 7, 2021.

FINANCIAL REVIEW

Consolidated financial results for FY 2021, FY 2020, Q4 2021, Q4 2020 AND Q3 2021 (in ZAR' million unless otherwise stated)

Financial results	**FY 2021**	**FY 2020**	**% Change**	**Q4 2021**	**Q4 2020**	**% Change**	**Q3 2021**	**% Change**
Revenue	**374.0**	321.3	16%	**85.9**	54.2	59%	113.8	(24%)
Cost of sale of goods ("Cost of sales")	**(315.7)**	(244.3)	29%	**(70.9)**	(34.0)	109%	(88.7)	(20%)
Gross profit	**58.3**	77.0	(24%)	**15.0**	20.2	(26%)	25.1	(40%)
Other (expenses)/income - net	**(21.0)**	14.9	(240%)	**41.9**	82.5	(49%)	(25.5)	(264%)
General & administration expenses	**(53.3)**	(58.1)	(8%)	**(15.6)**	(13.7)	14%	(15.1)	4%
Operating (loss)/profit	**(16.0)**	33.8	(147%)	**41.3**	89.0	(54%)	(15.5)	366%
Finance (expenses)/income - net	**(30.7)**	(35.9)	(14%)	**(8.1)**	(9.3)	(13%)	(7.8)	3%
(Loss)/profit for the period	**(46.7)**	(2.1)	2 124%	**33.2**	79.7	(58%)	(23.3)	242%
Adjusted EBITDA (*)	**22.8**	33.4	(32%)	**4.7**	10.0	(53%)	14.2	67%
Average selling price per ton sold (R) (excluding high-ash sales) (*)	**1 125**	1 110	1%	**1 138**	1 143	(0%)	1 134	0%
Cash cost of sales per ton sold (R) (excluding high-ash export costs) (*)	**955**	847	13%	**890**	706	26%	911	(2%)
CAD: ZAR (average)	**11.79**	12.27	(4%)	**12.24**	11.98	2%	11.61	5%
USD: ZAR (average)	**14.79**	16.47	(10%)	**15.43**	15.62	(1%)	14.62	6%

(*) See *Non-IFRS Performance Measures* section of this MD&A.

An analysis of the financial results for Q4 2021 and FY 2021 compared to Q4 2020 and FY 2020, respectively, as well as Q4 2021 compared to Q3 2021 are discussed below:

Revenue

R'000	FY 2021	FY 2020	% Change	Q4 2021	Q4 2020	% Change	Q3 2021	% Change
Anthracite	**238 167**	213 985	11%	**57 280**	29 409	95%	66 612	(14%)
- Domestic	**92 391**	63 220	46%	**22 188**	11 880	87%	25 923	(14%)
- Export	**145 776**	150 765	(3%)	**35 092**	17 529	100%	40 689	(14%)
Bituminous	**44 617**	15 644	185%	**13 117**	7 422	77%	15 672	(16%)
- Domestic	**29 432**	15 644	88%	**4 759**	7 422	(36%)	8 844	(46%)
- Export	**15 185**	-	100%	**8 358**	-	100%	6 828	22%
Calcine	**72 629**	61 786	18%	**15 668**	12 781	23%	23 728	(34%)
Revenue (excluding high-ash sales)	**355 413**	291 415	22%	**86 065**	49 612	73%	106 012	(19%)
Export (high-ash)	**17 065**	22 103	(23%)	**-**	437	(100%)	7 034	(100%)
Toll washing arrangements	**219**	6 649	(97%)	**-**	3 824	(100%)	-	-
Sundry sales (slurry/discard)	**1 263**	1 153	10%	**(139)**	294	(147%)	709	(120%)
Total revenue	**373 960**	321 320	16%	**85 926**	54 167	59%	113 755	(24%)

Revenue from coal products (excluding high-ash) for Q4 2021 was 73% higher compared to Q4 2020, due to a 74% increase in sales volumes (excluding high-ash).

Revenue from coal products (excluding high-ash) for FY 2021 was 22% higher compared to FY 2020, due to a 20% increase in sales volumes (excluding high-ash) and a 1% increase in average selling prices over the comparative periods.

Revenue from coal products (excluding high-ash) for Q4 2021 was 19% lower compared to Q3 2021, due to a 19% decrease in sales volumes (excluding high-ash) partially offset by a 1% increase in average selling prices over the comparative periods.

Anthracite coal revenue for Q4 2021 was 95% higher compared to Q4 2020, primarily as a result of an increase in anthracite coal tonnes sold (94% increase in the domestic and 98% in the export markets) but at lower average selling prices (4%) in the domestic market and at slightly higher average selling prices (1%) in the export market quarter-over-quarter.

Anthracite coal revenue for FY 2021 was 11% higher compared to FY 2020, primarily as a result of an increase in total anthracite coal tonnes sold (7%) and a 4% improvement in average selling prices achieved.

Anthracite coal revenue for Q4 2021 was 14% lower compared to Q3 2021, due to lower anthracite coal tonnes sold (14% decrease in the domestic and 18% decrease in the export markets) together with a 1% decrease in average selling prices achieved in the domestic market slightly offset by a 5% increase in average selling prices achieved in the export market quarter-over-quarter.

Bituminous coal revenue for Q4 2021 was 77% higher compared to Q4 2020, although bituminous coal tonnes sold in the domestic market was 36% lower, there was an increase of 36% in average selling prices achieved in the domestic market. No bituminous coal tonnes were sold in the export market during Q4 2020. The domestic bituminous revenue achieved in Q4 2020 was mainly from limited underground mining activities that re-commenced during Q2 2020 and buy-in tonnes.

Bituminous coal revenue for FY 2021 was 185% higher compared to FY 2020 due to a 183% increase in overall bituminous coal tonnes sold. Bituminous revenue for FY 2020 was from the sale of product produced by Magdalena along with sale of washed bought-in product. As previously discussed in *'Operational review – sales'* almost the entire saleable production from Magdalena during Q3 2020 remained unsold at September 30, 2020 and a decision was taken to temporarily suspend further production.

Bituminous coal revenue for Q4 2021 was 16% lower compared to Q3 2021, domestic bituminous sales tonnes decreased with 50% quarter-over-quarter, but the impact was offset by an increase of 8% in domestic average selling prices. Export bituminous sales tonnes increased by 13% quarter-over-quarter together with an increase of 8% in export average selling prices.

Calcine revenue for Q4 2021 and FY 2021 was 23% and 18% higher compared to Q4 2020 and FY 2020, mainly due to higher calcine sales volumes achieved in Q4 2021 (24%) and FY 2021 (17%).

Calcine revenue for Q4 2021 was 34% lower compared to Q3 2021 directly attributable to a 32% decrease in sales volumes achieved during Q4 2021 together with a 3% decrease in average selling prices achieved quarter-over-quarter.

Cost of Sales

Cost of sales includes mining and processing costs, salaries and wages, depreciation and amortization, transportation, railage, royalties, carbon taxes, and social and labour plan expenses.

Cost of sales for Q4 2021 and FY 2021 was 108% and 29% higher compared to Q4 2020 and FY 2020, which is mainly as a result of the increased sales tonnes over the comparative periods. Cost of sales for Q4 2021 was 20% lower compared to Q3 2021 mainly as a result of a 19% decrease in sales tonnes (excluding high-ash) over the comparative periods and at a lower unit cost of production (2%).

Cash cost per sales tonne (excluding high-ash) for Q4 2021 and FY 2021 were 26% and 13% higher compared to Q4 2020 and FY 2020 as a direct result of the overall increase in production together with the increase in sales tonnes achieved over the comparative periods.

The Group continues to be cost conscious, limiting expenditures in order to mitigate the negative impact of COVID-19 and ensure the sustainability of the Group.

As noted earlier in this MD&A, for the Company to continue operating a sustainable business it will need to improve production and reduce its operational cost base to remain profitable and competitive. A key short-term objective is to ramp up production at Magdalena, as opportunities to increase production at Aviemore remains limited.

Impairment loss on property, plant and equipment

There was no impairment loss recognized during FY 2021 or FY 2020.

Other (expenses)/income – net

Other expenses and income consist mainly of profit on sale of assets, foreign exchange gains/losses and fair value adjustments on financial assets and other receivables and the conversion option liability on the RCF convertible loan and gains/losses on extension of the maturity date of the RCF convertible loan.

The R41.9 million other income – net for Q4 2021 (Q4 2020: other income – net of R82.5 million) was mainly attributable to a positive fair value adjustment on the restricted financial asset of R0.6 million (Q4 2020: a positive fair value adjustment of R1.0 million), a positive fair value adjustment to the conversion option liability on the RCF convertible loan of R64.1 million (Q4 2020: a positive fair value adjustment of R24.0 million), along with a gain on extension of the maturity date of the RCF Convertible loan of R36.6 million during Q4 2020 (Q4 2021: RNil) and other income of R0.8 million (Q4 2020: other income of R2.0 million) offset by net foreign exchange losses of R23.6 million (Q4 2020: net foreign exchange gains of R57.1 million) and a corresponding loss on extension of the RCF conversion option liability of R38.1 million during Q4 2020 (Q4 2021: RNil).

The R21.0 million other expenses – net for FY 2021 (FY 2020: other income – net of R14.9 million) was mainly attributable to net foreign exchange losses of R37.0 million (FY 2020: net foreign exchange losses of R15.0 million), a positive fair value adjustment on the restricted financial asset of R2.0 million (FY 2020: a positive fair value adjustment of R2.4 million), a positive fair value adjustment to the conversion option liability on the RCF convertible loan of R12.9 million (FY 2020: a positive fair value adjustment of R25.5 million) along with a gain on extension of the maturity date of the RCF Convertible loan of R36.6 million during FY 2020 (FY 2021: RNil) offset by a corresponding loss on extension of the RCF conversion option liability of R38.1 million during FY 2020 (FY 2021: RNil) and other income, dividends received and scrap sales of R1.2 million (Q3 2020: other income, dividends received and scrap sales of R3.6 million).

The R25.5 million other expenses – net for Q3 2021 was mainly attributable to net foreign exchange losses of R23.0 million, a positive fair value adjustment on the restricted financial asset of R0.5 million, a negative fair value adjustment to the conversion option liability on the RCF convertible loan of R3.1 million and other income of R0.2 million.

Net foreign exchange gains/losses were primarily driven by fluctuations in the ZAR relative to the US$ at the end of the respective reporting periods which were used to translate the RCF convertible loan facility of US$27 million into ZAR.

General and administration expenses

These expenses include the general and administration expenses relating to BC Dundee's head office at Coalfields, the Company's corporate and listing related expenses.

General and administration expenses for Q4 2021 were 14% higher compared to Q4 2020. The increase in costs was mainly due to an increase in audit and tax related services of R0.4 million, a bad debt provision of R1.0 million, an increase in consulting fees of R0.6 million, an increase in insurance costs of R0.6 million, an increase in the rehabilitation adjustment expense of R0.5 million and a stock based compensation expense of R0.5 million recognized during Q4 2021 (Q4 2020: no stock based compensation expense), partially offset by the capitalization of R1.8 million project development costs for Balgray.

General and administration expenses for FY 2021 were 8% lower compared to FY 2020. The reduction in costs was mainly due to a reduction in insurance costs of R1.5 million, a reduction of R0.3 million in legal fees, a reversal of a DMRE penalty provision of R1.5 million, a decreased rehabilitation adjustment expense of R1.1 million (FY 2020: rehabilitation adjustment expense of R3.2 million), a R1.3 million reduction in salaries and wages, partially offset by a R1.0 million bad debt provision increase, a stock based compensation expense of R1.3 million recognized during FY 2021 (FY 2020: no stock based compensation expense) and an increase of R0.5 million in consulting fees.

General and administration expenses for Q4 2021 were 4% higher compared to Q3 2021. The increase in costs was mainly due to an increase in audit and tax related fees of R0.4 million, a bad debt provision increase of R1.0 million, increase in consulting fees of R0.3 million, an increase in the rehabilitation adjustment expense of R2.4 million, an increase in salaries and wages of R0.3 million, slightly offset by a decrease in the project development costs of R3.4 million which was capitalized to PPE during Q4 2021, and a decrease in insurance costs of R0.5 million.

The decrease in insurance costs during FY 2021 (20%) compared to FY 2020 was driven by a lower level of insurance being secured to cover the Group's assets-all-risk and directors and officer's liability as a result of the global trend amongst insurers to exclude coal production activities from their underwriting guidelines exacerbated by increasing operating and financial risks relating to the COVID-19 pandemic.

Finance Expenses/Income-net

Finance expenses/income-net for Q4 2021 were 13% lower compared to Q4 2020, mainly due to a R0.6 million decrease in the RCF loan accretion expense as a result of decreased exchange rates over the comparative periods and the decreasing outstanding Investec borrowing facilities over the comparative periods, slightly offset for increases in the Investec royalty expense over the comparative periods.

Finance expenses/income-net for FY 2021 were 14% lower compared to FY 2020, mainly due to a R4.4 million decrease in RCF loan accretion expense as a result of decreased exchange rates over the comparative periods and the decreasing outstanding Investec facilities and STA accounts payable balance over the comparative periods.

Finance expenses/income-net for Q4 2021 were 3% higher compared to Q3 2021, mainly due to a R0.6 million increase in the Investec royalty expense and a R0.4 million increase in the RCF loan accretion expense as a result of exchange rate movements over the comparative periods

The Group recorded a net accretion expense of R6.2 million for Q4 2021 and R23.2 million for FY 2021 (Q4 2020: R6.8 million; FY 2020: R27.6 million Q3 2021: R5.8 million) in relation to the RCF Loan.

Income tax

The company recorded no income tax expenses for FY 2021 and FY 2020.

CONSOLIDATED FINANCIAL POSITION

Balance sheet review

Summary balance sheet information

R'000	December 31, 2021	December 31, 2020	ZAR change	% Change
Property, plant and equipment	**39 485**	38 583	902	2%
Right of use assets	**653**	824	(171)	(21%)
Investments & long-term receivables	**10 538**	6 827	3 711	54%
Trade & other receivables	**28 206**	12 559	15 647	125%
Inventories	**24 199**	63 296	(39 097)	(62%)
Cash and cash equivalents	**7 296**	3 999	3 297	82%
Long-term restricted cash	**3 200**	3 200	-	0%
Short-term restricted cash	**454**	52	402	765%
Other receivables - restricted	**60 345**	58 506	1 839	3%
Total assets	**174 376**	187 846	(13 470)	(7%)
RCF Loan facilities (loan and conversion option liability)	**422 030**	375 311	46 719	12%
Borrowings	**46 115**	56 115	(10 000)	(18%)
Trade and other payables	**60 303**	67 680	(7 377)	(11%)
Asset retirement obligation	**58 091**	55 698	2 393	4%
Lease liabilities	**546**	423	123	29%
Current tax liabilities	**296**	272	24	9%
Total liabilities	**587 381**	555 499	31 882	6%
Total deficiency	**(413 005)**	(367 653)	(45 352)	12%

Assets

The 2% increase in property, plant and equipment consisted of R13.8 million in capital additions partially offset by depreciation of R12.9 million for FY 2021.

The 54% increase in investments and long-term receivables related to additional deposits required by Eskom related to the Balgray project.

The 125% increase in Trade and other receivables compared to December 31, 2020, was mainly due to an increase in sales volumes (excluding high-ash sales) during Q4 2021 (74%) compared to Q4 2020 resulting in an increase of R16.0 million in Trade receivables.

Inventories as at December 31, 2021 were 62% lower compared to December 31, 2020 as the Company's stockpiles were reduced due to an increase of 74% in sales volumes (high-ash excluded) during Q4 2021 compared to Q4 2020 as well as the Company's cash and other working capital and debt repayment management.

Inventory is recognized at the lower of cost or net realizable value ("NRV"). The unit costs of the various stock items fluctuate from period to period depending on the tonnes produced over each respective period which will increase (lower production) or decrease (higher production) unit costs and could result in a stock adjustment at the end of each reporting period.

The R3.2 million call deposit (Long-term restricted cash) has been ceded and pledged in respect of guarantees provided to the DMRE and Eskom.

Liabilities

RCF's loan facilities (convertible loan and conversion option) increased by 12% compared to December 31, 2020 as a result of R23.2 million in accretion expense for FY 2021, a R33.1 million foreign exchange loss on translation of the US$ denominated RCF loan liability on December 31, 2021, a R12.9 million decrease in the fair value adjustment to the conversion option liability on the RCF convertible loan as well as a R3.3 million foreign exchange loss on translation of the conversion option liability on December 31, 2021.

RCF agreed to extend the scheduled maturity date of the convertible loan to June 30, 2023 with effect February 18, 2022.

Investec borrowings decreased by 18% compared to December 31, 2020 as a result of the R10.0 million loan capital repayments made on the loan during FY 2021.

The total trade and other payables balance decreased by 11% compared to December 31, 2020 mainly as a result of a R1.3 million decrease in trade payables, a R1.3 million decrease in the STA debt, a R8.8 million reversal of deferred revenue for inventory delivered after FY 2020 related to customers who made upfront payments at year-end 2020 and a R1.5 million reversal relating to a DMRE fine provision that was reduced to R0.1 million during Q1 2021. This fine was settled during Q2 2021. This decrease is slightly offset by a R1.6 million increase in the Investec Royalty outstanding, a R0.9 million increase in sundry payables and accruals and a R3.2 million increase in leave pay and bonus accruals.

The asset retirement obligation was comparable to December 31, 2020. FY 2021's movements include a provision allocation of R1.1 million, reduced by R1.3 million unwinding of the discount for FY 2021.

Revised Working capital

The Group had a revised working capital deficit of R469.0 million as at December 31, 2021 compared to a working capital deficit of R58.8 million at December 31, 2020 (see "*Non-IFRS Performance Measures"* section of this MD&A), reflecting a 697% increase. The increase in working capital was due to the classification of the RCF Convertible Loan as current liabilities as per the loan maturity date, an increase in trade and other receivables and cash and cash equivalents (refer to *Financial Review* above) offset by a decrease in borrowings and trade and other payables during the year.

BUSINESS OVERVIEW

Summary of quarterly results

The table below sets out selected financial data for the periods indicated as derived from the Company's unaudited interim condensed consolidated financial statements and annual consolidated financial statements which were prepared in accordance with IFRS:

Fiscal quarters ended	Revenue R'000	Profit/ (loss) for the period R'000	Basic & diluted earnings/ (loss) per share R/Share	Adjusted EBITDA (*) R'000	Total Assets R'000	Total liabilities excl. (^) R'000	Asset retirement obligations R'000	Borrowings (Investec) R'000	RCF Loan facilities R'000
December 31, 2021	**85 926**	**33 246**	**0.08**	**4 736**	**174 376**	**66 016**	**58 091**	**46 115**	**417 159**
September 30, 2021	113 755	(23 345)	(0.06)	14 201	188 333	143 602	55 714	46 115	389 692
June 30, 2021	93 104	3 534	0.01	13 391	179 849	134 416	55 294	51 115	363 015
March 31, 2021	81 174	(60 086)	(0.14)	(9 483)	171 239	117 352	54 874	56 115	370 637
December 31, 2020	54 167	79 691	0.19	10 001	187 846	82 762	55 698	56 115	360 924
September 30, 2020	65 495	5 390	0.01	3 287	180 520	71 239	53 199	56 115	447 311
June 30, 2020	74 473	18 872	0.04	14 422	177 076	64 649	52 810	59 115	453 237
March 31, 2020	127 185	(105 970)	(0.25)	5 646	180 479	75 612	51 319	64 634	460 521

(*) See *Non-IFRS Performance Measures* section of this MD&A.
(^) Total liabilities excluding Asset retirement obligation, Investec borrowings and the RCF loan facilities.

CASH FLOW REVIEW

The condensed consolidated statements of cash flows are summarized below:

R'000	FY 2021	FY 2020	% Change	Q4 2021	Q4 2020	% Change	Q3 2021	% Change
Net cash generated from/ (utilized in) operating activities	**27 099**	17 779	52%	**5 645**	(474)	1 291%	12 043	(53%)
Net cash utilized in investing activities	**(13 802)**	(9 298)	48%	**(5 184)**	(592)	776%	(4 482)	16%
Net cash utilized in financing activities	**(10 000)**	(8 000)	25%	**-**	-	N/A	(5 000)	(100%)
Change in cash and cash equivalents	**3 297**	481	586%	**461**	(1 066)	(143%)	2 561	(82%)

Operating activities

The cash generated from operating activities for Q4 2021 was higher compared to Q4 2020 (1 291%) mainly as a result of a 59% increase in total revenues achieved.

The cash generated from operating activities for FY 2021 was higher compared to FY 2020 (52%), although a lower gross profit of R18.7 (24%) was recorded this was offset by a R40.0 million reduction in inventory (62%), a R15.6 million increase in trade and other receivables (125%) and a R7.4 million decrease in trade and other payables (11%).

The cash generated from operating activities for Q4 2021 was 53% lower compared to Q3 2021 mainly as a result of a R10.0 million decrease in gross profits (40%) as a result of lower sales volumes achieved.

Investing activities

Cash utilized in investing activities related to capital spent on property, plant and equipment. Due to the Company's cash flow constraints, cash expenditures on property, plant and equipment were minimised where possible. Although the Group continues to limit capital expenditure to essential items in an attempt to mitigate the negative impacts of COVID-19, certain critical plant and underground items were required to be purchased during FY 2021 to ensure that the operations continued to operate efficiently and safely going forward.

Financing activities

During Q3 2021, R5 million was paid to reduce the Investec debt (Q4 2021: RNil; Q4 2020: RNil). During FY 2021, R10 million was paid to reduce the Investec debt (FY 2020: R8 million).

OTHER CORPORATE ACTIVITIES

Funding for the Balgray Project

The Group is actively pursuing various options to secure the required the funding required for the development of the Balgray project. Engagements are proving to be difficult due to complexities arising from historical debt obligations owing to RCF and Investec, the requirements to ring-fence project cash flows and sharing of securities amongst existing and potential new funders.

OFF-BALANCE SHEET ARRANGEMENTS

The Group has an off-balance sheet shareholder's loan receivable from its BEE shareholder whereby the BEE shareholder acquired a 30% interest in Zinoju Coal (Refer to the "Group overview" section of this MD&A) to comply with South African mining companies' Broad Based Black Economic Empowerment ownership requirements. The Group's current BEE partner acquired a 12% interest in Zinoju Coal during calendar year 2008 for R7.2 million and a further 18% interest in Zinoju from the then exiting BEE shareholder during calendar year 2011 for R20.0 million.

As the BEE shareholder 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 Coal 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.

For accounting purposes, this transaction has been treated as a grant of options and not as a share issue. As a result, the Group consolidated 100% of Zinoju Coal, without presenting a non-controlling interest until such time as the option is exercised effectively repaying the shareholder's loan. On July 2, 2021, BC Dundee waived the 12% shareholders loan and started to allocate a 12% non-controlling interest for consolidation purposes from that date onwards (Refer to "Related parties – Waiver in respect of share purchase price for BEE partner" section of this MD&A).

BC Dundee has an option to reacquire an 18% interest in Zinoju from its BEE shareholder for a consideration of R20 million. This option had an expiry date of June 30, 2021, that was extended to December 31, 2021. On December 24, 2021, this option was further extended to April 30, 2022. (Refer to "Other corporate activities – Group restructuring" section of this MD&A).

FINANCIAL INSTRUMENTS

During FY 2021 and FY 2020, the Group relied primarily on cash generated from the sale of coal products produced at its mining operations. In the normal course of business, the Group is inherently exposed to currency and commodity price risk. The Corporation does not currently hedge its exposure to currency or commodity price risk. For a discussion of the methods used to value financial instruments refer to Note 3 of the Financial Statements.

COMMITMENTS AND CONTINGENCIES

Management Agreements – Change in Control Provision

Certain management contracts require that payments of approximately R5.3 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 December 31, 2021.

Capital Commitments

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

	December 31, 2021 R	December 31, 2020 R
Property, plant and equipment	**4 563 741**	2 519 387

Surface access agreements

Aviemore

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

- R2.50 / tonne servitude payment on Aviemore production, subject to a minimum monthly amount of R25,000 per month and annual CPI adjustments. As at December 31, 2021, following the required CPI adjustments, the royalty amount is R3.10 / tonne (December 31, 2020: R2.95 / tonne), equating to a minimum monthly amount of R31,000 (December 31, 2020: R29,500).
- 17,500 liters of water to be stored to allow the continued use of the borehole on the property.

The Group is in compliance with these terms.

Balgray

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

The details of the agreement are the following:

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

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

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

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

As these conditions have not been met as at the date of the 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 stipulates that the agreement is conditional on the following being achieved on or before September 30, 2021:

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

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

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

As these conditions have not been met as at the date of the 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 21 and 23 of the Financial Statements). 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 December 31, 2021.

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 awaiting review and approval.

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") (Refer to Note 6 of the Financial Statements). 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.

Refer to the "Other uncertainties and risks" section of this MD&A for non-compliance with laws and regulations identified.

Social and Labour plan

As part of BC Corp's approved Social and Labour plan, the Company has committed to finance certain agreed-to Local Enterprise Development Projects. The Company has deferred some of the planned expenditure for the 2020 financial year in response to the impact that COVID-19 has had on the Company's operations. The outstanding value of these commitments was R19.3 million as at December 31, 2021 (December 31, 2020: R12.8 million). No amounts were accrued during the year ended December 31, 2021 as these commitments are project specific and discussions with the DMRE are still ongoing.

RELATED PARTY TRANSACTIONS

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 years ended December 31, 2021 and December 31, 2020, the Company did not enter into any other transactions with related parties (except for its subsidiaries) and the transactions listed below, in the ordinary course of business.

The following balances were outstanding at the end of the reporting period:

Related party payables	December 31, 2021 R	December 31, 2020 R
RCF		
Included in trade payables [1]		
Opening balance	**1 081 353**	1 738 606
Repayments	**(372 555)**	(801 850)
Effect of foreign currency exchange difference	**67 960**	144 597
Closing balance	**776 758**	1 081 353
Accrued interest [2]		
Opening balance	**4 134 408**	3 878 063
Interest accrued for the period	**-**	-
Effect of foreign currency exchange difference	**373 427**	256 345
Closing balance	**4 507 835**	4 134 408
Total closing balance	**5 284 593**	5 215 761

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

[1] RCF has previously invoiced the Company for costs incurred relating to the loan facilities. There were no additional costs invoiced to the Company during the year ended December 31, 2021 or the year ended December 31, 2020. During the year ended December 31, 2021, the Company paid US$25 000 (R372 555) (year ended December 31, 2020: US$50 000 (R801 850)) on the outstanding balance.

[2] Interest which accrued on the RCF convertible loan facility was calculated at a rate of 1.29% since inception and decreased to 0% effective January 1, 2020 as a result of the extension on the loan maturity date to June 30, 2022 (Refer to Notes 21 and 30 of the Financial Statements).

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 years ended December 31, 2021 and December 31, 2020 was as follows:

	December 31, 2021 **R**	**December 31, 2020** **R**
Salaries	**7 717 909**	7 418 322
Directors' fees	**2 912 660**	3 066 407
Share-based payments	**1 001 979**	-
Total	**11 632 548**	10 484 729

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 R0.3 million as of December 31, 2021 (December 31, 2020: R0.6 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 20 of the Financial Statements), were to directors and other key members of management personnel (including officers). The share-based payment included in the table above relates to the recognition of the fair value of these stock options.

On 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 year ended December 31, 2020.

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 further extended to April 30, 2022 (Refer to the "BEE restructuring" section of this MD&A).

SUBSEQUENT EVENTS

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 the Balgray project 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 this MD&A.

Extension of maturity of the RCF Convertible Loan

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 21 of the Financial Statements). As this event occurred after the reporting date, this extension does not result in the reclassification of the loan as non-current as at December 31, 2021.

Investec amendments

On January 18, 2022, Investec agreed to defer the final maturity date of the outstanding capital amount of R46,114,971 on the Investec Loan to February 28, 2022. Investec and the Group further provided undertakings that they would negotiate, in good faith, to agree on the restructuring of the Investec borrowings on or before February 28, 2022. Negotiations regarding the restructuring of the Investec borrowings were concluded on March 30, 2022 and the final maturity date by when the restructuring of the remaining capital balance owing should be agreed was extended to December 31, 2022 (Refer to Note 25 of the Financial Statements regarding the negotiation details of the restructuring and further salient items agreed to). The first capital instalment of R250,000 was paid on March 31, 2022.

Corporate tax rate change

On 23 February 2022, the Minister of Finance announced a reduction in the Corporate Income Tax rate for South African companies from 28% to 27% for years of assessments commencing on or after 1 April 2022.

Other Matters

Except for the matters discussed below or disclosed in the foregoing, there remain no other matters or events that have occurred between the statement of financial position date and the date of approval of the Financial Statements that management believes to be material to the financial affairs of the Company.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of these consolidated financial statements in accordance with IFRS requires management to make use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Areas of judgement that have the most significant effect on the amounts recognized in the financial statements are assessment of the provision for rehabilitation obligations of the Group, estimation of asset lives, determination of ore reserve estimates, capitalization of exploration and evaluation costs.

Key sources of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities are the estimation of close-down and restoration costs and the timing of expenditures, the review of asset carrying values and impairment charges and reversals, the estimation of environmental clean-up costs and the timing of expenditures and the recoverability of potential future income taxes. A number of the key estimates noted above are impacted by movements in the market prices for coal and the ZAR/US$ and ZAR/C$ exchange rate. Financial results as determined by actual events could differ from those estimated. Management estimates are also applied in arriving at the useful lives of items of property, plant and equipment and in determining the fair value of stock options, the conversion option liability and the warrant liability. Note 2 to the Financial Statements describes BC Corp's significant accounting policies.

Provisions

Significant judgment and use of assumptions are required in determining the Group's provisions. Management uses its best estimates based on current knowledge in determining the amount to be recognized as a provision. Key assumptions utilized in the determination of the rehabilitation provision, which is measured at fair value, include the estimated life of mine, estimates of reserves and discount rates. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of the liability that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and consultations with regulatory authorities.

Property, plant and equipment, mineral rights and other intangible assets

The Group makes use of experience and assumptions in determining the useful lives and residual values of property, plant and equipment, mineral rights and other intangible assets (other than goodwill). Management reviews annually whether any indications of impairment exist. Information that the Group considers includes changes in the market, economic and legal environment in which the Group operates as well as internal sources of information. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in coal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, depreciation of the Rand relative to the US Dollar, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics could result in a write-down of the carrying amounts of the Group's assets.

Capitalization of exploration and evaluation costs

Should management determine that exploration and evaluation costs incurred have future economic benefits and are economically recoverable, in making this judgment, management will assess various sources of information including, but not limited to, the geological and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Taxes and recoverability of potential deferred tax assets

The Company is subject to income, value added, withholding and other taxes in various jurisdictions. Significant judgment is required in determining the Group's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Group's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Group's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

In assessing the probability of realizing deferred tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in South Africa and Canada.

Share-based payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could materially affect the fair value estimates.

Compound financial instruments

The Group has entered into agreements in the form of foreign-currency-denominated convertible loans and warrants which are accounted for as compound financial instruments. The fair value of the embedded derivative liabilities (conversion option liability and warrant liability) are determined at the date of the transaction and are fair valued at each reporting date through profit or loss using generally accepted valuation techniques. Assumptions are made and judgments are used in applying valuation techniques.

These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield and risk-free rate of return. Such judgments and assumptions are inherently uncertain. Changes in these assumptions could materially affect the fair value estimates.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Group's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

Incorrect assumptions by management, including economic assumptions such as coal prices, foreign exchange rates and market conditions could have a material effect on the Group's reserves and resources, and as a result, could also have a material effect on the Group's financial position and results of operation.

Going concern assumption

The consolidated financial statements 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. Should the going concern assumption not be appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the statement of financial position classifications. Such adjustments could be material.

NEW ACCOUNTING POLICIES

The following standards, amendments and interpretations are issued and effective for the first time for the December 31, 2021 financial year-end:

The Group has adopted the following standards, amendments and interpretations effective for reporting periods beginning on or after January 1, 2021. The adoption of these standards did not have a material impact on the Group's financial statements.

IFRS 9 Amendments – The IASB completed the phase 2 amendments that arose from the implementation of IBOR reforms. The amendments provide a practical expedient for modification of a financial contract as well as a series of exemptions from regular, strict rules around hedge accounting.

IFRS 16 Amendments – As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. The IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such changes in lease payments in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period in which the event or condition that triggers the reduced payment occurs.

The following standards, amendments and interpretations are issued but not yet effective for the December 31, 2021 financial year-end:

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 to the Company and have been excluded. These standards will be adopted from the effective date. Early adoption will not be applied. The revised standards are not expected to have a material impact on the Company or Group.

IFRS 10 – were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

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

IAS 37 – 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 – 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

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 financial statements.

OTHER UNCERTAINTIES AND RISKS

Investing in the Company involves risks that should be carefully considered. The business of BC Corp is speculative due to the high-risk nature of coal mining and exploration. Investors should be aware that there are various uncertainties and risks, including those discussed below, that could have a material adverse effect on, among other things, the operating results, earnings, properties, business and condition (financial or otherwise) of the Company.

Uncertainties

The uncertainties include but are not limited to:

- the ability of the Corporation to continue as a going concern and ultimately continue operations in 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 to secure the funding required for medium to longer term projects;
- To sustain profitable levels of operation, and positive cash flow as well as the continued support of Investec, RCF and other stakeholders and its ability to meet current production and sales forecasts;
- the ability of the Corporation to meet requirements of government legislation or the DMRE in order to maintain its mining rights;
- the ability to maintain or secure, as the case may be, sufficient BBBEE investment in the Corporation in order to maintain compliance with BEE requirements as required by the Mining Charter and other applicable laws;
- government legislation and implementation thereof regarding mining companies in South Africa, including without limitation, securing authorizations and permits required thereunder within the timeframes required to achieve BC Corp's plans and objectives;
- prices for the Corporation's production of coal;
- foreign exchange and interest rates;
- the supply and cost of re-agents and other substances used by the Corporation in the process to extract coal;
- the consistent and sufficient supply of economical electrical power;
- securities regulation regarding public listed companies in Canada and South Africa; and
- natural disasters, disease at pandemic scale, change in government, war or random occurrences or acts that could result in a material change to economic and market performance, business conditions or operations.

Business Risks

COVID-19

Two years after the emergence of the COVID-19 pandemic, the global economy continues to be negatively impacted and may continue to do so. As discussed earlier in this MD&A, the economic viability of the Group's business plan is impacted by its ability to generate cash from its operations in order to settle its outstanding debts and to generate cash for future projects.

As many countries have experienced numerous waves of COVID-19 infections and due to the emergence of new variants of the COVID-19 virus, uncertainties relating to the geological spread, the severity of the disease, the duration of the outbreak, and the length of current and future travel and quarantine restrictions imposed by governments of affected countries, the Group cannot at this point in time quantify uncertainties or accurately predict the continued impact COVID-19 may have on its ability to operate and/or the ability of third parties to meet their obligations with the Group. The continued effectiveness of vaccines and completion of required vaccination programmes required on a global scale adds to this uncertainty.

Mineral Legislation

The business of mineral exploration, development, mining and processing is subject to various national and local laws and plans relating to permitting and maintenance of titles, environmental consents, employee relations, health and safety, royalties, land acquisitions and other matters. There is a risk that the necessary permits, consents, authorizations and agreements to implement planned exploration, development or mining may not be obtained under conditions or within the time frames that make such plans economic, that applicable laws, regulations or the governing authorities will change or that such changes will result in additional material expenditures or time delays.

On September 27, 2018, the South African Minister of Mineral Resources, Gwede Mantashe (the "Minister"), published the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, 2018 (the "2018 Mining Charter").

Compliance with the 2018 Mining Charter may require significant capital outlay on behalf of the Company and may cause material changes or delays in the Company's intended activities. Management continues to assess the requirements of the Company to comply with the published regulations. These regulations could have a material impact on the Company's operations.

Title to Mineral Holdings

BC Corp requires licenses and permits from various governmental authorities. BC Corp believes that it holds all necessary licenses and permits under applicable laws and regulations in respect of the BC Dundee Properties and that it is presently complying in all material respects with the terms of such licenses and permits. Such licenses and permits, however, are subject to change in various circumstances. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop or mine its properties. The validity of ownership of property holdings can be uncertain and may be contested. Although BC Dundee has attempted to acquire satisfactory title to its properties, risk exists that some titles, particularly titles to undeveloped properties, may be defective.

Mining and Prospecting Rights

The Company'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.

Refer to the 'Commitments and Contingencies' section of this MD&A for detail with regards to Section 24G, notices issued by the DMRE on environmental issues identified at the Group's mining operations.

Exploration and Development

The exploration and development of coal deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineable deposit may result in substantial rewards, few properties that are explored are ultimately developed into producing mines.

Major expenses may be required to establish additional reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Group will result in profitable commercial mining operations, and significant capital investment is required to achieve commercial production from successful exploration efforts. There is no certainty that exploration expenditures made by the Group will result in discoveries of commercial mineable quantities. Exploration for coal is highly speculative, involves substantial expenditures, and is frequently non-productive.

Foreign Currency Exchange Rates

Currency fluctuations may affect the Group's costs and margins. Adverse fluctuations in the ZAR relative to the US$ and the C$ and other currencies could materially and adversely affect the Company's profitability, results of operation and financial position. BC Corp also holds a RCF convertible loan that is US$ denominated, which will result in increased expenses and increased liabilities in the case of any further decreases in the value of the ZAR relative to the US$ as the Corporation's reporting currency is the ZAR.

Insurance and Uninsured Risks

The Group's business is subject to a number of risks and hazards generally, including: adverse environmental conditions; industrial accidents; labour disputes; unusual or unexpected geological conditions; ground or slope failures; cave-ins; changes in the regulatory environment; and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Group's properties or the properties of others, delays in mining, monetary losses and possible legal liability. The businesses and properties of the Group are insured against loss or damage, subject to a number of limitations and qualifications. Such insurance will not cover all the potential risks associated with a mining company's operations.

The Group may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms.

The Group might also become subject to liability for pollution or other hazards that may not be insured against or that the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Group to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Group's existing insurance does not cover business interruption losses attributable to COVID-19.

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. Legal proceedings may arise from time to time in the course of the Company's business. Such litigation may be brought against the Company or one or more of its subsidiaries in the future from time to time or the Company or one or more of its subsidiaries may be subject to another form of litigation. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. As of the date hereof, except as disclosed in the *Strategic review and outlook* section above, no other material claims have been brought against the Company, nor has the Company received an indication that any claims are forthcoming. Due to the inherent uncertainty of the litigation process, the process of defending such claims (or any other claims that may be brought against the Company) could take away from management time and effort and the resolution of any particular legal proceeding to which the Company or one or more of its subsidiaries may become subject could have a material effect on the Company's financial position and results of operations.

Tax and Foreign Mining Tax Regimes

The Group is subject to income, value added, withholding and other taxes in various jurisdictions. Significant judgment is required in determining the Group's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Group's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Group's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Mining tax regimes in foreign jurisdictions are subject to differing interpretations and are subject to constant change. The Group's interpretation of taxation law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, transactions may be challenged by tax authorities and the Group's operations may be assessed, which could result in significant additional taxes, penalties and interest. In addition, proposed changes to mining tax regimes in foreign jurisdictions could result in significant additional taxes payable by the Group, which would have a negative impact on the financial results of the Group.

Operational Risks

Depletion of Mineral Reserves and Resources

The Group must continually replace mining reserves and resources depleted by production to maintain production levels over the long-term. There is no assurance that the Group's exploration programs will result in any new commercial mining operations or yield new reserves and resources to replace or expand current reserves and resources.

Additional Capital

The continued sustainability of the BC Dundee Properties, including the expansion of mining operations and the continued sustainability of the Group, requires additional working capital and capital expenditures and therefore requires additional financing. Failure to obtain sufficient financing may result in a delay or indefinite postponement of development or production on the BC Dundee Properties.

Additional financing may not be available when needed or if available, the terms of such financing might not be favorable and might involve substantial dilution to shareholders. Failure to raise capital when needed may have a material adverse effect on the Group's business, financial condition and results of operations.

Estimates

Capital and operating cost estimates made in respect of BC Corp's mines and development projects may not prove accurate. Capital and operating cost estimates are based on the interpretation of geological data, feasibility studies, anticipated climatic conditions, other factors and assumptions regarding foreign exchange currency rates and domestic inflation.

Any such events could affect the ultimate accuracy of such estimates; unanticipated changes in quality and tonnage of coal to be mined and processed; incorrect data on which engineering assumptions are made; delay in construction schedules, unanticipated transportation costs; the accuracy of major equipment and construction cost estimates; labour issues; changes in government regulation (including regulations regarding prices, cost of consumables and capital goods, royalties, duties, taxes, permitting, restrictions on production, restrictions on exportation or sales of minerals) and title claims.

Production Estimates

BC Corp has prepared estimates of future coal production for its existing mines. BC Corp cannot give any assurance that it will achieve its production estimates. The failure by BC Corp to achieve its production estimates could have a material adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition. The realization of production estimates is dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding coal quality and recovery rates, ground conditions (including hydrology), geological conditions, the physical characteristics of the coal, the presence or absence of particular metallurgical characteristics, and the accuracy of the estimated rates and costs of mining and processing.

Actual production may vary from estimates for a variety of reasons, including the actual coal mined varying from estimates of quality or tonnage; dilution, metallurgical and other characteristics (whether based on representative samples of coal or not); short-term operating factors such as the need for sequential development of production panels and the processing of new or adjacent coal qualities from those planned; mine failures or section failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations including explosives, fuels, chemical reagents, water, equipment parts, stonedust, magnetite and lubricants; plant and equipment failure; the inability to process certain types of coals; labour shortages or strikes; and restrictions or regulations imposed by government agencies (such as the restrictions imposed in relation to COVID-19) or other changes in the regulatory environment.

Such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of BC Corp or others, monetary losses and legal liabilities in addition to adversely affecting coal production. These factors may cause a coal reserve that has been mined profitably in the past to become unprofitable, forcing BC Corp to cease production.

Any further prolonged shutdowns over and above the current National Lockdown in response to the COVID-19 pandemic could potentially force the BC Corp's operations in South Africa to initiate business rescue proceedings.

Labour and Employment Matters

While the Group believes that it has good relations with both its unionized and non-unionized employees, production at the Group's mining operations is dependent upon the efforts of the Group's employees and those of its contractors. Relations between the Group and its employees may be impacted by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in whose jurisdictions the Company carries on business.

During FY 2019, BC Corp completed wage negotiations with the unions for the forthcoming financial year. As a result of the negative impact of COVID-19 on the Group, no salaries or wage increases were implemented during FY 2020. In Q3 2021, BC Corp settled wage negotiations with the unions for the 2021/2022 year at 6%. Salary negotiations for 2022/2023 were settled at 6% in March 2022.

As mentioned earlier in this MD&A, the Group enforced its Retirement Policy on certain of its permanent employees over the retirement age of 65 years, reducing the workforce by 10 employees in February 2021. Three employees also accepted VSP's. The Group commenced with a Section 189 process on March 5, 2021.

The Group does not have adequate cash resources to honor any large-scale or permanent retrenchments of staff should this be required as a result of COVID-19 related circumstances or other unforeseen events.

Power Supply

The supply of electric power is not guaranteed in South Africa. Currently Eskom's supply is sufficient to power all of the operations at the BC Dundee Properties; however South African power supply is limited, with limited reserve capacity. Over the last 2 years, the country had been plagued by a shortage of supply, which has led to sporadic "load-shedding" of power in certain areas of the country. During FY 2020 South Africa was impacted by load shedding on 52 days (FY 2019: 36 days) and more than 1,260,000 megawatt hours (FY 2019: 494,759 megawatt hours) were lost due to load-shedding. Load shedding increased by 38% in 2021 with more than 2,400 gigawatt hours (GWhs) shed. This is the equivalent of an estimated 1,136 hours of power outages – equal to three hours per calendar day.

This has and could continue to negatively affect the production at the mines in terms of lost production and increased costs. The Company has procured diesel power generators for backup power to the various sub-stations that have been installed on the surface and underground at the BC Dundee Properties. These generators are not sufficient to power up all production equipment, but rather the ventilation fans for employees' safety whilst being underground during the load-shedding.

Additionally, any production expansion plan for the BC Dundee operations would be dependent on additional electrical supply, and the majority of new build projects in the country are behind schedule. While the Group has taken steps to meet the need for additional supply of electricity from Eskom, there can be no assurance that the BC Dundee Properties will not be negatively affected by the power supply situation on either an operating or cost basis, or both.

Fuel

Rising costs of fuel impact the costs of running the plants and the transportation of labour and materials to the sites and eventually the costs of moving coal from the underground mine.

Environmental Risks and Other Hazards

All phases of the Company's operations are subject to environmental regulation in South Africa. Environmental legislation in many countries is evolving and the trend has been toward stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees.

Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. There can be no assurance that future changes in environmental regulations and the manner in which the regulatory authorities enforce these regulations will not adversely affect the Company's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of the Company's business, causing the Company to re-evaluate those activities at that time.

Mining involves various other types of risks and hazards, including industrial accidents, processing challenges, unusual or unexpected geological structures, structural cave-ins or slides, flooding, fires, and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production facilities or other properties, personal injury, delays in mining, increased production costs, monetary losses and possible legal liability.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Dependence on Outside Parties

The Company has relied upon consultants, engineers, contractors and others and intends to rely on these parties for exploration, extraction, development, construction and operating expertise. Substantial expenditures are required to develop coal properties, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop processes to extract coal and, in the case of new properties, to develop the exploration and infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

A significant portion of the Company's products are delivered to locations determined by its customers via trains. The Company and its customers rely on the national rail freight carrier to make trains available according to the Company's customers delivery needs. The Company's ability to generate sales is dependent on the national rail freight carrier to make trains availability according to the Company's customers' delivery needs.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key personnel. The Company currently does not have key person insurance on these individuals. Due to the Company's relatively small size, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees required for the operation of the Company's activities may have a material adverse effect on the Company's business or future operations.

The Company's Directors and Officers may have Conflicts of Interests

Certain of the Company's directors and officers also serve as directors and/or officers of other companies involved in natural resource exploration, development and production and as directors. Consequently, there exists the possibility that such directors may be in a position of conflict in respect of proposed transactions or the operation of the Company.

The directors and officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors of the Company, any director in a conflict will be required to disclose his or her interest and abstain from voting on such matter.

Large-scale civil unrest in South Africa

During the week of July 12, 2021 civil unrest in South Africa escalated to uncontrolled, mass scale looting and destruction of businesses and property. Although the Company did experience some interruptions to its production due to the unavailability of staff, there were no instances of property damage. These instances of sporadic or large-scale civil unrest may again occur and the Company's mines, properties and projects may be impacted.

Matters impacting freight rail and coal export capabilities

South African coal producers continue to experience challenges regarding the availability of trains and in the first half of FY 2021 alone TFR delivered, on average, 1.5 million fewer tonnes of coal than expected – equivalent to almost 13% of total coal exported via the RBCT in 2020.

On July 27, 2021, Transnet SOC Ltd ("Transnet") declared force majeure following a cyberattack on Transnet's information systems on July 22, 2021. The cyberattack left Transnet's Navis system, used to manage its port operations, inoperative. The force majeure was lifted on August 2, 2021. The Group was fortunate that none of its committed sales were negatively impacted by this event.

On October 15, 2021, Transnet declared a force majeure at its Richards Bay Bulk Terminal following a fire that broke out at the port of Richards Bay on October 13, 2021. This was the second fire within a week and affected the conveyor system at the port.

A significant portion of the Company's products are delivered to locations determined by its customers via trains. The Company and its customers rely on the national rail freight carrier to make trains available according to the Company's customers delivery needs. The Company's ability to generate sales is dependent on the national rail freight carrier to make trains available according to the Company's customers' delivery needs. The Company's operating results may continue to be affected by the lack of availability and supply of expected trains.

Market risks

Price of Coal

The Company's profits are directly related to the cost of production, volume and price of coal sold. Price volatility could have a significant impact on the future revenues and profitability of the Company.

Coal demand and price are determined by numerous factors that are beyond the control of the Company including the demand for electricity: the supply and demand for domestic and foreign coal; interruptions due to transportation delays; air emission standards for coal-fired power plants; regulatory, administrative and judicial decisions; the price and availability of alternative fuels, including the effects of technology developments; the effect of worldwide energy conservation efforts, future limitations on utilities' ability to use coal as an energy source due to the regulation and/or taxation of greenhouse gases; proximity to, capacity of, and cost of transportation facilities; and political and economic conditions and production costs in major coal producing regions.

The combined effects of any or all of these factors on coal price or volume are impossible for the Company to predict. If realized coal prices fall below the full cost of production and remain at such level for any sustained period, the Company will experience losses, which may be significant and as a result, the Company may decide to discontinue affected operations forcing it to incur closure or care and maintenance costs, as the case may be.

The COVID-19 pandemic is expected to lead to a significant reduction in economic growth world-wide and has resulted in reduced demand for coal and lead to lower coal prices.

South Africa Country Risks

The operations of the Company are subject to risks normally associated with the conduct of business in South Africa. Risks may include, among others highlighted herein, problems relating to labour disputes, delays or invalidation of governmental orders and permits, corruption and fraud, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in laws or policies, foreign taxation and exchange controls, opposition to mining from environmental or other non-governmental organizations or changes in the political attitude towards mining, limitations on foreign ownership, limitations on repatriation of earnings, infrastructure limitations and increased financing costs.

There have been recent calls in South Africa for the nationalization and expropriation without compensation of domestic mining assets. Any such development would have a significant adverse effect on the Company.

The labour situation in South Africa has been unstable across the mining industry for a number of years. Large scale retrenchments are carried out on a regular basis by numerous companies across the industry, a situation that will most likely be exacerbated as a result of the COVID-19 pandemic.

HIV is prevalent in Southern Africa and tuberculosis is prevalent in the KwaZulu-Natal Province of South Africa, where the Group's operations are situated. Employees of the Company may have or could contract either of these potentially deadly illnesses. The prevalence of HIV and tuberculosis could cause substantial lost employee man-hours and may influence the Company's ability to source skilled labour. Available information suggests that elderly persons and persons with immune deficiencies or respiratory conditions are at higher risk when exposed to the Coronavirus to experience more severe symptoms. The above risks may limit or disrupt the Group's business activities.

The Company's mining operations must remain compliant with South African mining laws, including, *inter alia*, the MPRDA and the Mining Charter, the conditions imposed by the licenses held by the Company, and the BEE participation requirements. However, no assurance can be given that the Company will be able to meet the objectives of South African mining laws going forward, including the 26% HDSA ownership objective and compliance with the requirements of the Mining Charter. There is also no guarantee that the interests of the Company will be wholly aligned with the interests of its (direct or indirect) BEE shareholders.

None of the international credit ratings agencies currently has South Africa listed at investment grade or higher.

Competition

The mining industry is intensely competitive. Significant competition exists for the acquisition of properties producing or capable of producing coal. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in its efforts to hire experienced mining professionals. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

The Company's Securities May Experience Price Volatility

Securities markets have a high level of price and volume volatility, and the market price of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Factors unrelated to the financial performance or prospects of the Company include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries.

There can be no assurance that continued fluctuations in coal prices will not occur. As a result of any of these factors, the market price of the securities of the Company may not accurately reflect the longer-term value of the Company.

As of the date of this MD&A, RCF owned 347,945,097 Common Shares representing approximately 82.6% of the issued and outstanding Common Shares and STA owned 41,713,907 Common Shares representing approximately 9.9% of the issued and outstanding Common Shares. Assuming RCF converts the remaining US$27.0 million RCF Convertible Loan before December 31, 2022 and the RCF Convertible Loan is settled quarterly in Common Shares at an interest rate of 0% per annum for the full term, STA is estimated to hold 9.9% and RCF would hold 82.6% of the issued and outstanding Common Shares on December 31, 2021 on a fully diluted basis.

There is a risk that the Company's securities will not trade on the open market due to a majority holding by one entity or that the Company would be forced to go private should RCF elect to convert the RCF convertible loan to equity.

Foreign Assets

All of the assets of the Company are located in jurisdictions outside of Canada. As a result, it may be difficult for shareholders resident in Canada or other jurisdictions to enforce judgments obtained against the Company in Canada.

Russia's invasion of the Ukraine

On February 24, 2022, Russian armed forces invaded Ukraine. In response to Russia's actions various countries and organizations across the world have imposed a wide range of sanctions against Russian owned state enterprises, corporations and individuals. Russia's actions and the punitive measures implemented on a worldwide scale has had a negative impact on amongst others, geopolitical risk, the world's financial markets, energy and commodity prices, certain food prices and shipping routes. Although the Group does not currently expect that these events would have any significant impact on the Group's operations, the potential negative impacts on the global economy or on the Group's customers are not known and cannot be quantified.

NON-IFRS PERFORMANCE MEASURES

The Company has included in this document certain non-IFRS performance measures that are detailed below. These non-IFRS performance measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The definition for these performance measures and reconciliation of the non-IFRS measures to reported IFRS measures are as follows:

Adjusted EBITDA

EBITDA is defined as earnings before interest, tax, depreciation and amortization. Adjusted EBITDA is further determined by adding back/deducting the following: Impairment or reversal of an impairment of an asset, fair value adjustments to financial instruments, stock-based compensation, foreign exchange gains and losses, and non-recurring transaction expenses or income.

The reconciliation of (loss)/profit for the period to EBITDA and EBITDA to adjusted EBITDA is as follows:

R'000	FY 2021	FY 2020	Q4 2021	Q4 2020	Q3 2021
(Loss)/profit for the period	**(46 651)**	(2 017)	**33 246**	79 691	(23 345)
Depreciation and amortization	**13 649**	12 984	**3 583**	3 390	3 520
Finance costs/(income) - net	**30 695**	35 884	**8 089**	9 259	7 827
EBITDA	**(2 307)**	46 851	**44 918**	92 340	(11 998)
Recovery of receivables	**347**	(642)	**347**	(333)	-
Fair value adjustment loss/(gain) on financial assets and conversion option liability	**(14 826)**	(27 814)	**(64 714)**	(24 926)	2 610
Stock-based compensation	**1 298**	-	**539**	-	546
Foreign exchange losses/(gains)	**37 015**	14 960	**23 646**	(57 080)	23 043
Voluntary severance packages	**373**	-	**-**	-	-
Forced early retirement packages	**945**	-	**-**	-	-
Adjusted EBITDA	**22 845**	33 355	**4 736**	10 001	14 201

Average selling price per ton sold

The "average selling price per ton sold" is calculated from the total revenue realized from sales (excluding high-ash sales) and dividing the sum by the total number of tonnes sold (excluding high-ash tonnes), over the respective period. This figure is only an indication of the average selling price per ton sold which were achieved by the Group during that period.

Cash cost of sales per ton sold

The "cash cost of sales per ton sold" is calculated from the operation's total cash "cost of sales" figure (excluding high-ash related costs and non-cash items such as depreciation) and dividing the sum by the total number of tonnes sold (excluding high-ash tonnes), over the respective period. The operation's cash costs include mining and related costs, repairs and maintenance, transport, employee costs and other direct costs. These measures are calculated on a consistent basis for all periods presented.

Revised Working Capital

Revised working capital includes current assets and current liabilities, excluding asset retirement obligations and non-financial instruments.

R'000	Notes	December 31, 2021	December 31, 2020	ZAR changes	% Change
Current assets					
Cash and cash equivalents		**7 296**	3 999	3 297	82%
Short-term restricted cash		**454**	52	402	773%
Trade and other receivables		**28 206**	12 559	15 647	125%
Inventories		**24 199**	63 296	(39 097)	(62%)
		60 155	79 906	(19 751)	(25%)
Current liabilities					
Trade and other payables		**60 303**	67 680	(7 377)	(11%)
Lease liabilities		**362**	266	96	36%
Borrowings	1	**46 115**	56 115	(10 000)	(18%)
RCF Loan Facility	2	**422 030**	14 387	407 643	2 833%
Current tax liabilities		**296**	272	24	9%
		529 106	138 720	390 386	281%
Net working capital deficit		**(468 951)**	(58 814)	(410 137)	697%

Notes:
1) Borrowings comprised of the outstanding loan balance payable to Investec at the end of the respective period. (Refer to Note 25 of the Financial Statements).
2) The RCF Loan Facility balance as at December 31, 2021 comprised of both the RCF conversion option liability and the US$27 million RCF Convertible Loan (converted to ZAR at the end of December 31, 2021), both of which is classified as current. The RCF Loan Facility balance as at December 31, 2020 relates to the RCF conversion option liability only, which is classified as current. The RCF Convertible Loan became due and payable on December 31, 2020. On November 24, 2020, the parties agreed to extend the final loan maturity date to June 30, 2022, which resulted in the classification of the loan as non-current as at December 31, 2020 and therefore it is excluded in the working capital table as above. On December 31, 2021 this loan was no longer non-current and was therefore included in the capital table above (Refer to Note 21 of the Financial Statements).

The net change in working capital included in the cash flow statement identifies the changes in trade and other receivables, inventory and trade and other liabilities that occurred during the period. An increase in a liability (or a decrease in an asset) is a source of funds; while a decrease in a liability (or an increase in an asset) is a use of funds.

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

Reconciliation of (loss)/profit for the periods to headline (loss)/profit and normalized headline (loss)/profit is disclosed below:

R'000	FY 2021	FY 2020	Q4 2021	Q4 2020	Q3 2021
(Loss)/profit attributable to equity holders of the Company	**(46 651)**	(2 017)	**33 246**	79 691	(23 345)
Headline (loss)/profit for the period	**(46 651)**	(2 017)	**33 246**	79 691	(23 345)
Headline (loss)/profit per share – basic and diluted	**(0.11)**	(0.00)	**0.08**	0.19	0.06
Adjustments:					
Voluntary severance packages ("VSP's")	**373**	-	**-**	-	-
Enforced early retirement payments ("FERP's")	**945**	-	**-**	-	-
Taxation thereon	**(369)**	-	**-**	-	-
Normalized headline (loss)/profit for the period	**(45 702)**	(2 017)	**33 246**	79 691	(23 345)
Normalized headline (loss)/profit per share – basic and diluted	**(0.11)**	(0.00)	**0.08**	0.19	(0.06)
Weighted average number of common shares outstanding:					
- Basic	**421 352 596**	421 352 596	**421 352 596**	421 352 596	421 352 596
- Diluted	**421 352 596**	421 352 596	**421 352 596**	421 352 596	421 352 596

Headline (loss)/profit per share is a basis for measuring (loss)/profit per share which accounts for all the profits and losses from operational, trading, and interest activities that have been continued or acquired at any point during the year. Excluded from this figure are profits or losses associated with the sale or termination of discontinued operations, fixed assets or related businesses, or from any permanent devaluation or write-off of their values.

Headline (loss)/profit per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on (losses)/profits attributable to ordinary shareholders, after excluding the items mentioned above and those items as required by Circular 1/2019 issued by the South African Institute of Chartered Accountants ("SAICA").

For FY 2021, the Company calculated a normalized headline loss per share by adjusted its headline loss per share further for both VSP and FERP payments due to the irregular occurrence of these payments in order to better present loss attributable to the ongoing activities of the Company. There were no adjustments for irregular payments to the Company's headline loss per share for FY 2020.

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 20 of the Financial Statements) 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 FY 2021.

SUMMARY OF SECURITIES AS AT APRIL 7, 2022

As at April 7, 2022 the following Common Shares, Common Share purchase options and share purchase warrants were issued and outstanding:

- 421,352,596 Common Shares;
- 3,750,000 Common Share purchase options with a weighted average exercise price of C$0.04 and a weighted average remaining contractual life of 3.4 years.

LIST OF DIRECTORS AND OFFICERS

Craig Wiggill	Director, Chairman of the Board of Directors
Rory Taylor	Director, Chairman of the Audit Committee
Edward Scholtz	Director, Chairman of the Health & Safety Committee and the Corporate Governance Committee
Emma Oosthuizen	Chief Executive Officer
Willie Bezuidenhout	Chief Financial Officer