



BUFFALO COAL CORP.

(Formerly known as Forbes & Manhattan Coal Corp.)

CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
(Unaudited)

For the four months and three months ended
June 30, 2014 and May 31, 2013

(Presented in South African Rands)

BUFFALO COAL CORP.Condensed Interim Consolidated Statements of Financial Position
(Presented in South African Rands) (Unaudited)

	Notes	June 30, 2014 R	February 28, 2014 (Note 3) R	March 1, 2013 (Note 3) R	June 30, 2014 (Note 1) C\$
Assets					
Non-current assets					
Property, plant and equipment		551 605 987	575 220 923	616 027 553	55 563 993
Intangible assets		11 079 463	11 506 000	32 803 013	1 116 049
Goodwill		-	-	134 508 493	-
Investment in financial assets		26 088 414	23 586 748	23 343 914	2 627 920
Other receivables		3 613 517	3 907 685	3 346 954	363 994
Long-term restricted cash		-	-	12 542 241	-
Total non-current assets		592 387 381	614 221 356	822 572 168	59 671 956
Current assets					
Trade and other receivables		72 956 688	77 597 078	54 075 952	7 349 023
Inventories		61 110 079	73 376 235	89 618 092	6 155 698
Current portion of investment in financial assets		-	-	16 592 600	-
Interest bearing receivables		-	29 140 388	46 947 676	-
Non-interest bearing receivables		1 537 995	1 504 434	1 034 384	154 924
Taxation receivable		9 022 562	9 115 182	18 801 738	908 854
Restricted cash		17 350 055	17 390 531	441 305	1 747 694
Cash and cash equivalents		9 498 479	14 582 999	26 704 813	956 794
Total current assets		171 475 858	222 706 847	254 216 560	17 272 987
Total assets		763 863 239	836 928 203	1 076 788 728	76 944 943
Equity and liabilities					
Capital and reserves					
Share capital		952 106 696	948 816 452	859 151 468	95 906 954
Currency translation reserve		(219 945 085)	(268 857 222)	(189 150 061)	(22 155 356)
Reserves		20 425 462	29 872 065	63 284 986	2 057 484
Accumulated retained loss		(463 025 229)	(385 446 596)	(146 066 853)	(46 641 138)
Equity attributable to owners of the Group		289 561 844	324 384 699	587 219 540	29 167 944
Non-controlling interest		4 339 142	4 339 142	4 339 142	437 087
Total equity		293 900 986	328 723 841	591 558 682	29 605 031
Non-current liabilities					
Borrowings		87 796 898	91 228 073	128 582 544	8 843 896
RCF loan facilities	5	48 164 243	50 887 479	-	4 851 647
Conversion option	5	52 509 796	7 828 422	-	5 289 381
Asset retirement obligation	4	17 607 517	31 929 112	29 906 948	1 773 628
Deferred tax liability		34 670 624	47 204 251	83 179 991	3 492 417
Total non-current liabilities		240 749 078	229 077 337	241 669 483	24 250 969
Current liabilities					
Trade and other payables		151 972 912	170 161 406	146 430 701	15 308 430
Current portion of borrowings		74 576 058	65 578 297	94 217 841	7 512 144
Current portion of RCF loan facilities		-	40 723 113	-	-
Loan payable		-	-	217 263	-
Current portion of asset retirement obligation	4	2 664 205	2 664 209	2 694 758	268 369
Total current liabilities		229 213 175	279 127 025	243 560 563	23 088 943
Total liabilities		469 962 253	508 204 362	485 230 046	47 339 912
Total equity and liabilities		763 863 239	836 928 203	1 076 788 728	76 944 943

Approved on behalf of the Board:

Signed "Craig Wiggill", DirectorSigned "Robert Francis", Director

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

BUFFALO COAL CORP.

Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income
(Presented in South African Rands) (Unaudited)

	4 months ended June 30, 2014	3 months ended May 31, 2013 (Note 3)	4 months ended June 30, 2014 (Note 1)
	R	R	C\$
Revenue	220 169 793	185 089 829	22 177 991
Cost of sales	(242 902 561)	(182 160 797)	(24 467 893)
Gross (loss)/profit	(22 732 768)	2 929 032	(2 289 902)
Other income/(expense) - net	6 399 634	4 286 703	644 644
General and administration expenses	(23 955 973)	(17 817 752)	(2 413 117)
Loss before the undernoted	(40 289 107)	(10 602 017)	(4 058 375)
Finance income	428 391	633 989	43 152
Finance expense	(10 785 916)	(5 139 656)	(1 086 479)
Loss before income tax	(50 646 632)	(15 107 684)	(5 101 702)
Income tax benefit	12 533 533	14 925 371	1 262 518
Loss for the period	(38 113 099)	(182 313)	(3 839 184)
Other comprehensive loss	-	(101 843 290)	-
Total comprehensive loss for the period	(38 113 099)	(102 025 603)	(3 839 184)
Loss attributable to:			
- Owners of the parent	(38 113 099)	(102 025 603)	(3 839 184)
- Non-controlling interest	-	-	-
	(38 113 099)	(102 025 603)	(3 839 184)
Net loss per share - basic and diluted	(0.97)	(0.01)	(0.10)
Headline loss per share - basic and diluted	(0.97)	(0.01)	(0.10)
Weighted average number of common shares outstanding:			
- Basic	39 323 403	34 865 717	39 323 403
- Diluted	39 323 403	34 865 717	39 323 403

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

BUFFALO COAL CORP.

Condensed Interim Consolidated Statements of Changes in Equity
(Presented in South African Rands) (Unaudited)

	Note	Attributable to owners of the Group							Non-controlling interest	Total equity
		No. of shares issued	Share capital	Reserves		Accumulated retained loss	Currency translation reserve	Total		
				Option reserve	BEE option reserve					
		R	R	R	R	R	R	R	R	
Balance at March 1, 2013	3	34 386 035	859 151 468	54 211 275	9 073 711	(146 066 853)	(189 150 061)	587 219 540	4 339 142	591 558 682
Stock-based compensation		-	-	1 677	-	-	-	1 677	-	1 677
Stock options expired		-	-	(37 604 040)	-	37 604 040	-	-	-	-
Other comprehensive gain/(loss) for the period		-	88 678 690	1 714 315	-	-	(101 843 290)	(11 450 285)	-	(11 450 285)
Net loss for the period		-	-	-	-	(182 313)	-	(182 313)	-	(182 313)
Balance at May 31, 2013	3	34 386 035	947 830 158	18 323 227	9 073 711	(108 645 126)	(290 993 351)	575 588 619	4 339 142	579 927 761
Shares issued in relation to convertible RCF loan facilities		3 041 047	5 607 185	-	-	-	-	5 607 185	-	5 607 185
Stock-based compensation		-	-	3 657 255	-	-	-	3 657 255	-	3 657 255
Stock options expired		-	-	(1 080 818)	-	1 080 818	-	-	-	-
Other comprehensive gain/(loss) for the period		-	(4 620 891)	(101 310)	-	-	22 136 129	17 413 928	-	17 413 928
Net loss for the period		-	-	-	-	(277 882 288)	-	(277 882 288)	-	(277 882 288)
Balance at February 28, 2014	3	37 427 082	948 816 452	20 798 354	9 073 711	(385 446 596)	(268 857 222)	324 384 699	4 339 142	328 723 841
Other comprehensive gain/(loss)		-	-	-	-	(48 912 137)	48 912 137	-	-	-
Balance at March 1, 2014	3	37 427 082	948 816 452	20 798 354	9 073 711	(434 358 733)	(219 945 085)	324 384 699	4 339 142	328 723 841
Shares issued in relation to convertible RCF loan facilities		3 349 265	3 290 244	-	-	-	-	3 290 244	-	3 290 244
Stock options expired		-	-	(9 446 603)	-	9 446 603	-	-	-	-
Net loss for the period		-	-	-	-	(38 113 099)	-	(38 113 099)	-	(38 113 099)
Balance at June 30, 2014		40 776 347	952 106 696	11 351 751	9 073 711	(463 025 229)	(219 945 085)	289 561 844	4 339 142	293 900 986

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

BUFFALO COAL CORP.

Condensed Interim Consolidated Statements of Cash Flow
(Presented in South African Rands) (Unaudited)

	4 months ended June 30, 2014 R	3 months ended May 31, 2013 (Note 3) R	4 months ended June 30, 2014 (Note 1) C\$
Cash flows from operating activities			
Cash (utilized in)/generated from operations	(6 500 699)	21 492 716	(654 824)
Interest received	428 391	289 757	43 152
Interest paid	(4 270 166)	(5 116 800)	(430 139)
Taxation recovery	91 390	-	9 206
Net cash (utilized in)/generated from operating activities	(10 251 084)	16 665 673	(1 032 605)
Cash flows from investing activities			
Purchase of financial assets	(1 528 629)	(2 375 711)	(153 981)
Purchase of property, plant and equipment	(27 250 241)	(5 527 445)	(2 744 952)
Proceeds from the disposal of property, plant and equipment	150 000	-	15 110
Settlement of cancelled Riversdale Acquisition	29 280 423	-	2 949 455
Movement in non-interest bearing receivables	(33 561)	(247 221)	(3 381)
Movement in restricted cash	40 477	-	4 077
Net cash generated from/(utilized in) investing activities	658 469	(8 150 377)	66 328
Cash flows from financing activities			
Net drawdown/(repayment) of borrowings	4 442 132	(11 529 963)	447 462
Net cash generated from/(utilized in) financing activities	4 442 132	(11 529 963)	447 462
Net decrease in cash and cash equivalents	(5 150 483)	(3 014 667)	(518 815)
Cash at the beginning of the period	14 582 999	26 401 944	1 468 965
Exchange gains on cash and cash equivalents	65 963	18 851	6 644
Cash at the end of the period	9 498 479	23 406 128	956 794

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

BUFFALO COAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the four months and three months ended June 30, 2014 and May 31, 2013

(Presented in South African Rands) (Unaudited)

1 BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements (the "Interim Results") of Buffalo Coal Corp. (formerly known as Forbes and Manhattan Coal Corp.) ("BC Corp" or the "Company") and its subsidiaries (the "Group") for the four months ended June 30, 2014 have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and have been prepared in accordance with accounting policies based on the IFRS standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and are in compliance with IAS 34, *Interim Financial Reporting*.

The Interim Results have not been audited by the Group's external auditors. The Interim Results do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended February 28, 2014, which have been prepared in accordance with IFRS. The Group has adopted the required new or revised accounting standards in the current period, as further set out in note 2 below, none of which had a material impact on the Group's results.

The preparation of the Interim Results requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing these Interim Results, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the consolidated annual financial statements for the year ended February 28, 2014, with the exception of changes in estimates that are required in determining the asset retirement obligation and changes related to the functional and presentation currencies of the Company, as described in note 4 and 3, respectively.

Effective March 1, 2014, the Company and its subsidiaries changed their financial year-end from February 28 to December 31. The next year-end will therefore be the ten months ending December 31, 2014. References to CYQ1 2014 mean the four months ended June 30, 2014, references to PYQ1 2014 mean the three months ended May 31, 2013 and references to PY2014 mean the financial year ended February 28, 2014.

References to "R", "Rands" mean South African Rands, "C\$" mean Canadian Dollars and to "US\$" mean United States Dollars.

Convenience rate translation

The Company's functional and presentation currency is Rands. The Canadian Dollar amounts provided in the financial statements represent supplementary information solely for the convenience of the reader. The financial position as of June 30, 2014 and the financial results for the four months ended June 30, 2014 are translated into Canadian Dollars using a convenience translation at the rate of C\$1:R9.9274, which is the exchange rate published on Oanda.com as of June 30, 2014.

Such presentation is not in accordance with IFRS and should not be construed as a representation that the Rand amounts shown could be readily converted, realized or settled in Canadian Dollars at this or at any other rate.

BUFFALO COAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the four months and three months ended June 30, 2014 and May 31, 2013

(Presented in South African Rands) (Unaudited)

2 NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following standards, amendments and interpretations are issued and effective for the first time for the period ended June 30, 2014

Amendments to IAS 32 – ‘Financial Instruments: Presentation’

The IASB has issued amendments to the application guidance in IAS 32 that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP. This amendment has not had a significant impact on the Group.

IASB issues narrow-scope amendments to IAS 36 – ‘Impairment of assets’

These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. This amendment has not had a significant impact on the Group.

Amendments to IAS 39– ‘Financial instruments’: Recognition and Measurement

The IASB has issued amendments to IAS 39 in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. This amendment has not had a significant impact on the Group.

Amendments to IFRS 10, ‘Consolidated financial statements’, IFRS 12, ‘Disclosures of interest in other entities’ and IAS 27, ‘Separate financial statements’ for investment entities

The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an ‘investment entity’ definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make. This amendment has had no impact on the Group.

3 CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY

Functional currency

Due to the closure of the Toronto, Canada office during PY2014 and the transfer of all functions to the Johannesburg, South Africa office, management has concluded that the most appropriate functional currency of the parent company, BC Corp, is Rands. Previously, the functional currency of BC Corp was Canadian Dollars. The functional currency of the subsidiaries continues to be Rands. This change has been accounted for prospectively from March 1, 2014.

All assets, liabilities and equity were translated into Rands at the exchange rate on March 1, 2014. As a result, the cumulative currency translation differences which had arisen up to the date of change of functional currency were reallocated to other components within equity.

Presentation currency

Post the Group restructuring, BC Corp is effectively managed in South Africa, the majority of the transactions are conducted in Rands by its major subsidiary, and monthly reporting to management and the Board of Directors is reflected in Rands. Effective March 1, 2014, the presentation currency of the Group was changed from Canadian Dollars to Rands.

BUFFALO COAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the four months and three months ended June 30, 2014 and May 31, 2013

(Presented in South African Rands) (Unaudited)

3 CHANGE IN FUNCTIONAL AND PRESENTATION CURRENCY (continued)

Presentation currency (continued)

The change in presentation currency represents a voluntary change in accounting policy, which has been applied retrospectively.

Comparative information, for PY2014 and 2013 were translated from Canadian Dollars to Rands using the procedures outlined below:

- assets and liabilities were translated into Rands at each period-end closing rate of exchange;
- income and expenses were translated into Rands at average rates of exchange for each period as the average rate was considered a suitable proxy for the prevailing rates at the date of the transactions;
- differences resulting from the retranslation on the opening net assets and the results for each period have been taken to other comprehensive income ("OCI");
- share capital, share premium and other reserves were translated at the closing rate of exchange prevailing at each period end closing rate; and
- accumulated retained losses were translated at the average rates of exchange for each period.

The exchange rates used were:

	2014	2013
	R:C\$	R:C\$
Average rate	9.5415	8.3631
Closing rate	9.6899	8.8261

4 ASSET RETIREMENT OBLIGATION

During the current period, the Group adjusted the risk-free rate used in discounting the estimated cost of restoring the environmental disturbances. Due to a change in the underlying inputs, there was a R14,5 million reduction in the provision from the year ended February 28, 2014.

5 RESOURCE CAPITAL FUND V L.P ("RCF") LOAN FACILITIES

At June 30, 2014, after receiving shareholder approval at the special and annual general meeting held on June 27, 2014, the RCF bridge loan facility of US\$4,0 million and the original RCF convertible loan facility of US\$6,0 million were rolled up into one facility (the "RCF Convertible Loan"), which is convertible at a price of C\$0.1446 per common share of the Company ("Common Share") and matures on June 30, 2017. These were the terms of the RCF US\$25,0 million loan facility agreement, dated February 4, 2014 which was amended on July 3, 2014. Refer to note 8 for further information.

In terms of IAS 39, *Financial Instruments: Recognition and Measurement*, the roll up of the loan was treated as a modification as the terms of the RCF Convertible Loan were not, by definition, substantially different from those of the bridge loan and original convertible loan facilities.

The RCF Convertible Loan was recognized in two parts, a component liability and a conversion option liability. An embedded derivative exists due to the convertible loan facility being denominated in US Dollars.

BUFFALO COAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the four months and three months ended June 30, 2014 and May 31, 2013

*(Presented in South African Rands) (Unaudited)***5 RESOURCE CAPITAL FUND V L.P (“RCF”) LOAN FACILITIES (continued)**

The fair value of the conversion option liability at June 30, 2014 was obtained using the Black-Scholes option pricing model and the following assumptions: expected volatility of 91%, expected life of 3 years, risk-free rate of 1.13% and an expected dividend yield of 0%.

6 COMMITMENTS AND CONTINGENCIES**Management Contracts**

The new management contracts, as discussed in the PY2014 annual financial statements, require that payments of approximately R12,4 million be made upon the occurrence of a change of control, other than a change of control attributable to RCF.

Capital Commitments

Capital expenditure contracted for at the statement of financial position date but not recognized in the financial statements is as follows:

	June 30, 2014 R	February 28, 2014 R	June 30, 2014 C\$
Property, plant and equipment	8 463 870	8 271 945	852 577

Included in the R8,3 million disclosed in PY2014 was a commitment to purchase a mining right from Ikwezi Mining Proprietary Limited (“Ikwezi”). As a result of not receiving regulatory consent from the Minister of Mineral Resources within the expected timelines (in terms of section 102 of the Mineral and Petroleum Resources Development Act 28 of 2004 (“MPRDA”)), the existing agreement between Forbes Coal Proprietary Limited, trading as Buffalo Coal Dundee (“BC Dundee”), Zinoju Coal Proprietary Limited (“Zinoju”) and Ikwezi lapsed on June 30, 2014. The parties are currently in discussion regarding potential opportunities to enter into a new agreement. Included in the R8,5 million disclosed in CYQ1 2014 are commitments relating to machinery and equipment, which excludes the R8,0 million commitment relating to the purchase of the mining right from Ikwezi.

Environmental Contingency

The Company’s mining and exploration activities are subject to various laws and regulations governing the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Outstanding Legal Proceedings

Sasfin Bank Limited has claimed advisory fees in relation to signature of the Riversdale Mining Limited acquisition agreement in the amount of R5,7 million. No amount has been provided for, relating to this claim, at June 30, 2014.

BUFFALO COAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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(Presented in South African Rands) (Unaudited)

6 COMMITMENTS AND CONTINGENCIES (continued)

Outstanding Legal Proceedings (continued)

An appeal was lodged in terms of section 96 of the MPRDA, by the Avemore Trust, challenging the Department of Mineral Resources (“DMR”) in relation to the grant of Mining Right 174 to Zinoju. Zinoju has lodged its replying submission to the DMR and in the interim, pending the outcome of the process embarked upon by Avemore Trust, Zinoju remains the holder of Mining Right 174 and is entitled to continue mining in the area covered by Mining Right 174. The Group is taking various steps to mitigate any potential risks in relation to the appeal.

7 CHANGE IN DIRECTORS AND OFFICERS

On June 12, 2014, the Company announced the appointment of Mr. David Thomas to the Board of Directors. The appointment of Mr. Thomas follows the resignation of Mr. Thomas Quinn Roussel who has stepped down as a director of the Company.

8 SUBSEQUENT EVENTS

Additional Funding

On July 3, 2014, BC Corp entered into an amended and restated loan agreement with RCF (“Amended RCF Agreement”) and closed the final tranche of the US\$25,0 million convertible loan facility. The third and final tranche of US\$15,0 million to be advanced will be done so in tranches commencing in July 2014. There are two types of advances:

- a scheduled advance of funds by RCF to BC Corp; and
- an equipment advance, whereby funds will be advanced by RCF directly to equipment suppliers on behalf of BC Dundee.

On July 4, 2014, BC Corp received US\$4,4 million from RCF, which was advanced to BC Dundee as a shareholder loan. US\$1,2 million was advanced back to BC Corp as a management fee. Of the remaining funds received by BC Dundee, R24,5 million was deposited into the Investec Bank Limited (“Investec”) working capital facility and R9,75 million was advanced against the Investec term loan, as per the terms of the amended and restated agreement with Investec (“Amended Investec Agreement”), as set out in further detail below. During July 2014, RCF paid R56,4 million (US\$5,3 million) directly to equipment suppliers on behalf of the Group.

Further advances to BC Corp are expected to be as follows:

- the US\$ equivalent of R2,4 million in August 2014;
- the US\$ equivalent of R0,5 million in September 2014;
- the US\$ equivalent of R0,4 million in October 2014; and
- the US\$ equivalent of R0,1 million in November 2014.

The balance of the advance, is expected to be made by way of equipment advances for the acquisition of assets and equipment as specified in the Amended RCF Agreement. The total advance may not exceed US\$15,0 million.

On July 3, 2014, the Company issued 5 531 120 Common Shares to RCF at a price of C\$0.1446 per Common Share, to settle the establishment fee on the final tranche of the facility.

BUFFALO COAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements
For the four months and three months ended June 30, 2014 and May 31, 2013
(Presented in South African Rands) (Unaudited)

8 SUBSEQUENT EVENTS (continued)

Additional Funding (continued)

The US\$25,0 million facility will bear interest at a rate of 12% per annum, payable in arrears at the end of each month in Common Shares at a price per share equal to the 20-day volume weighted average price ("VWAP"), as at the date the payment is due. At RCF's option, interest shall be paid in cash provided that for as long as the Investec loan remains outstanding, RCF may demand payment of interest in cash only to the extent that BC Corp has cash available to make such payment.

The maturity date of the Amended RCF Agreement is June 30, 2019.

In terms of the Amended RCF Agreement, BC Corp and BC Dundee were released from the existing security provided to RCF. This included a special notarial bond over the anthracite stockpile at July 31, 2013 and the cession of a specified bank account into which all the proceeds from the sale of such anthracite stockpile were transferred. The Company was released from its pledge of the BC Dundee shares.

In terms of the Amended RCF Agreement, RCF will take a first ranking special notarial bond over the new equipment as specified in the Amended RCF Agreement. Furthermore, RCF has taken a second ranking security over BC Dundee's shares and all other moveable and immovable assets of BC Dundee.

Investec Debt Restructuring

On July 3, 2014, the Group finalized a restructuring of the Investec loan facilities on the following terms:

- five-year senior secured amortizing term loan facility of up to R90,0 million. The term loan facility will accrue interest monthly at JIBAR plus 4%, with only interest payable on a quarterly basis up to December 2015. The first capital payment is due in December 2015 and thereafter on a quarterly basis. The Amended Investec Agreement requires BC Dundee to make payments if excess cash is available during the 18 month grace period to a maximum of R4,5 million on a quarterly basis;
- five-year senior secured loan facility of up to R50,0 million (the "Bullet Facility") repayable by way of a bullet repayment at the end of the facility term. The Bullet Facility will accrue interest at JIBAR plus 4% with the first interest payment due in December 2015 and thereafter BC Dundee will make quarterly repayments of interest only; and
- five-year senior secured revolving credit facility of R30,0 million repayable on the final maturity date being July 3, 2019. Interest will accrue at prime plus 0.5%, payable monthly.

The loan facilities provide for certain covenants to be maintained, however, as part of the restructuring, BC Dundee is only required to report covenants to Investec commencing December 2015.

Investec has subscribed for 34 817 237 warrants with a strike price of C\$0.1446, the proceeds of which, if exercised, will be applied against settlement of the Bullet Facility. RCF has the right to acquire the warrants from Investec at agreed pricing during the period, ending on July 3, 2019.

BUFFALO COAL CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the four months and three months ended June 30, 2014 and May 31, 2013

(Presented in South African Rands) (Unaudited)

8 SUBSEQUENT EVENTS (continued)**Investec Debt Restructuring (continued)**

The Investec facilities are secured by a first ranking security over BC Dundee's shares and all the moveable and immovable assets of BC Dundee, and a second ranking security over all new equipment acquired using the proceeds of the RCF convertible loan facility.

TSX Delisting Review

On July 11, 2014, the TSX informed the Company that it satisfies the TSX's continued listing requirements.

Issuance of Share Capital

Subsequent to June 30, 2014, the Company issued additional shares to RCF in settlement of interest owing on the convertible and bridge loan facilities for the periods ending June 30, 2014 and July 31, 2014. An additional 1 975 184 and 1 992 660 Common Shares were issued at prices of C\$0.0918 and C\$0.0982, respectively.

On July 3, 2014, the Company issued 5 531 120 Common Shares to RCF at a price of C\$0.1446 per Common Share, to settle the establishment fee on the final tranche of the facility.

Change of Name

On July 4, 2014, the Company announced that it had changed its name to Buffalo Coal Corp. The name change was approved by the shareholders of the Company at the annual and special meeting held on June 27, 2014.

Resignation and Appointment of Directors and Officers

Mr. Neil Said resigned from his position as Corporate Secretary following the closing of the funding transactions with RCF on July 3, 2014 (refer to note 8) and the Company appointed Ms. Lorraine Harrison to the position of Corporate Secretary on the same day.

On July 18, 2014, the Company announced the resignation of Mr. Bernard Wilson from the Board of Directors with effect from July 7, 2014.

Other Matters

Except for the matters discussed above, no other matters which management believes are material to the financial affairs of the Company have occurred between the statement of financial position date and the date of approval of the financial statements.