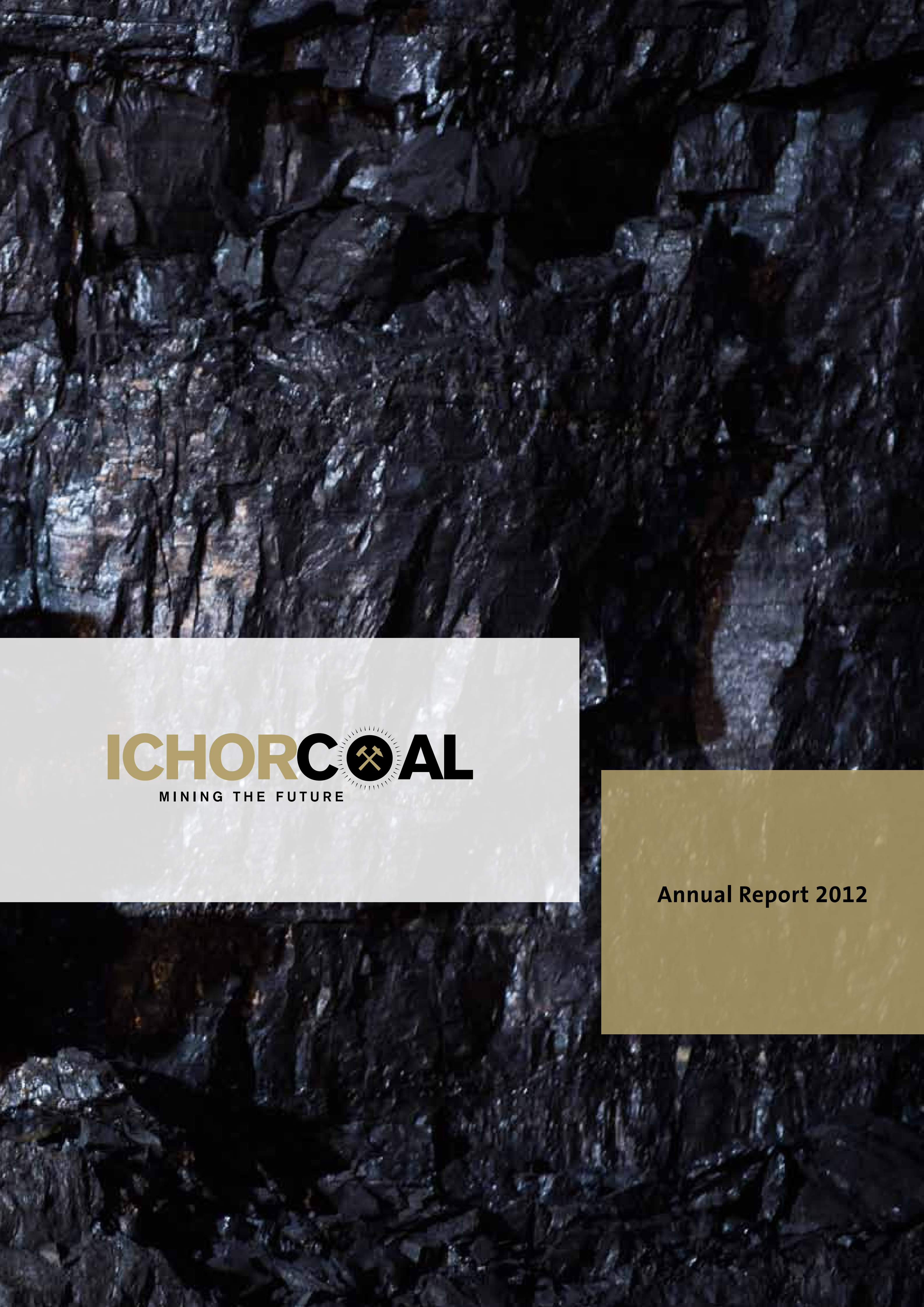


ICHORCOAL

MINING THE FUTURE

Annual Report 2012

Key Figures

The Camden Power Station near Ermelo, South Africa

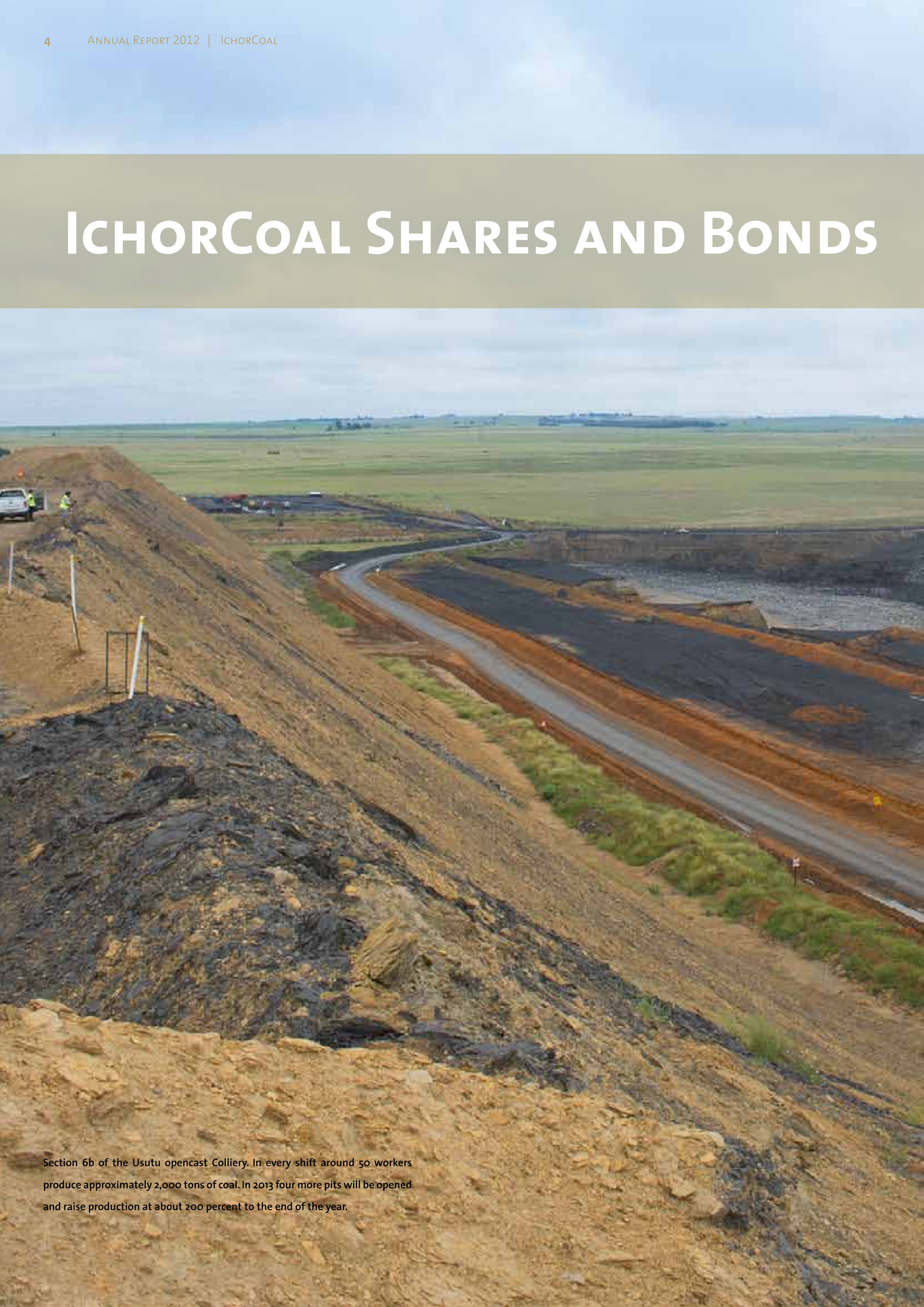
Group Performance Indicators

Income statement figures	2012 EUR thousand	2011 EUR thousand
Revenues	103,024	3,112
EBITDA	4,468	–555
EBIT	249	–595
Profit or loss for the year	–3,300	–468

Balance sheet figures	31.12.2012 EUR thousand	31.12.2011 EUR thousand
Total assets	149,432	29,717
Non-current assets	115,315	17,407
Current assets	34,117	12,310
Total equity	24,415	15,042
Non current liabilities	106,884	4,819
Current liabilities	18,133	9,855

Cash flow figures	2011 EUR thousand	2010 EUR thousand
Cash flow from operating activities	–13,069	110
Cash flow from investing activities	–49,793	–1,273
Cash flow from financing activities	73,222	4,955
Cash and cash equivalents at the end of the period	17,165	4,435

IchorCoal Shares and Bonds



Section 6b of the Usutu opencast Colliery. In every shift around 50 workers produce approximately 2,000 tons of coal. In 2013 four more pits will be opened and raise production at about 200 percent to the end of the year.

Total number of shares:	50,000,000
Market capitalization: (as of 31 December 2012)	205 million EUR
Issued capital:	5 million EUR
Stock exchanges:	Entry Standard, Frankfurt Stock Exchange, Freiverkehr Berlin, Hamburg
First quotation:	28 Dec. 2011

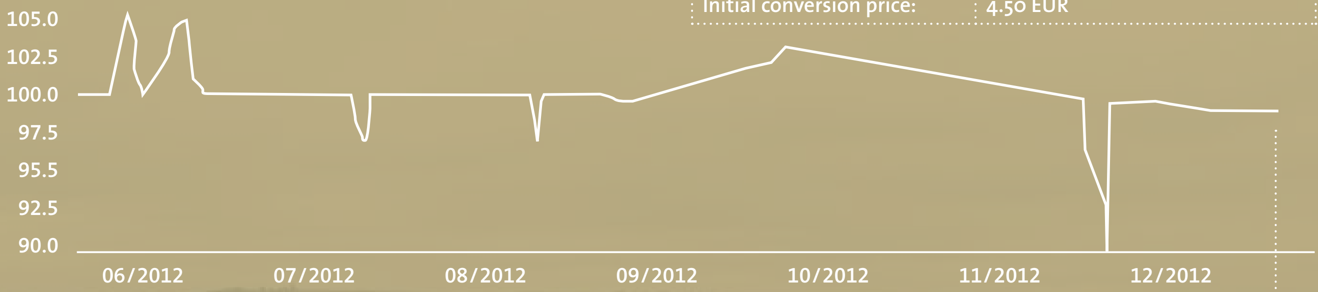
Ichor Coal N.V. share price
WKN A1JQEX, ISIN NL0010022307

4.10 Euro
As of 31 Dec. 2012

Source: Börse Berlin, Börse Frankfurt

Amount:	80 million EUR
Interest rate:	8.00 % p.a.
Denomination:	100,000 EUR
Maturity:	5 years
Conversion premium:	12.5 % of the reference price
Listing:	Entry Standard, Frankfurt Stock Exchange (from 7 June 2012)
Initial conversion price:	4.50 EUR

Ichor Coal N.V. EO-Conv. Bonds 2012 (17)
WKN A1G4Z1, ISIN DE000A1G4Z19



99,5 %
As of 31 Dec. 2012

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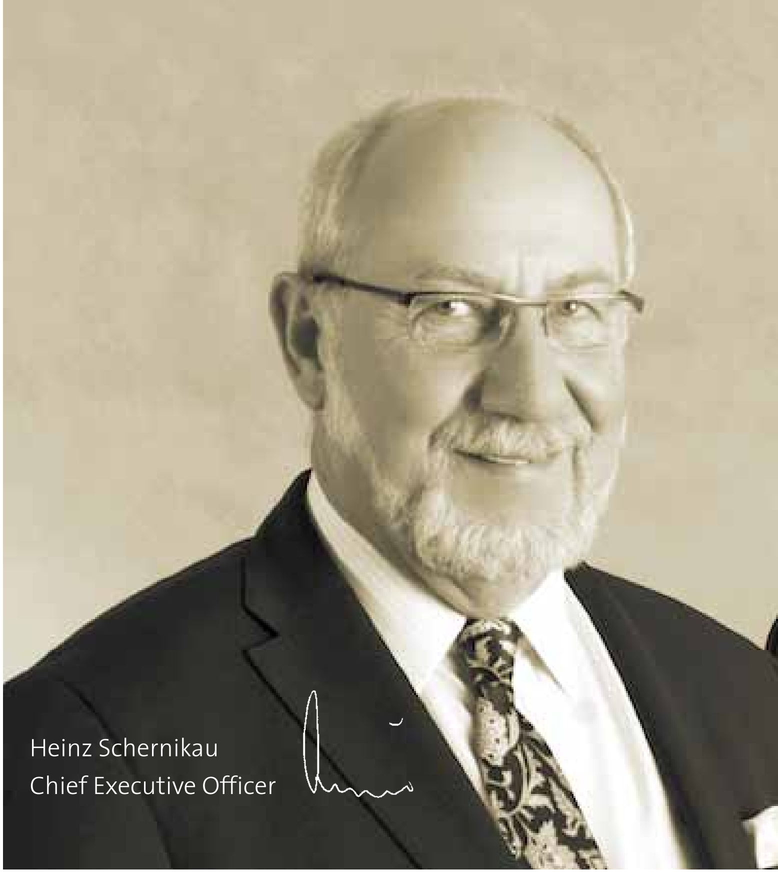
122 OTHERS

"Underground mining will start in 2014"

Interview with Bertus Venter

Dear Shareholders,



Heinz Schernikau
Chief Executive Officer

the year 2012 was the first full business year for Ichor Coal N.V. and a year in which the foundation for the development and further growth of this young company was laid. Certainly the most important step was the acquisition of 74 percent of the shares in the South African coal mining company Vunene Mining (Pty) Ltd. This has provided us with access to more than 120 million tons of steam coal of outstanding quality. In November last year we also acquired a share of 30 % of Mbuyelo Coal (Pty) Ltd., a subsidiary of our strategic partner in South Africa, the Mbuyelo Group. This investment gives us access to nine coal mines and projects in South Africa. Altogether IchorCoal has over its investments access to more than 1,000 million tons of coal reserves and coal resources. In addition, there are 23 million tons of coal reserves from our project Niwka Coal Production Sp. z o.o. Here we will advance the continued development of the coal mining project and the licensing process for the re-opening of the Niwka Modrzejow mine in Poland.

Altogether we extracted in our investments more than 2.3 million tons of coal in the past year. We have thus achieved the goal we set ourselves when we founded our company in 2011: To become an internationally operating mineral resource company specializing in investments in coal resources as well as in other projects in the field of coal logistics and coal handling along with coal trading via our marketing arm HMS Bergbau AG. Our company has secured its own coal resources to gain control along the value chain. We plan to sell the produced coal to Eskom, to others industrial coal users in South Africa or on international markets via our trading companies and representations in Asia, Africa, Europe and North America. We specialize in low-cost coal which implies that we can generate profits even in times of low coal prices. IchorCoal systematically controls production, trade and logistics to further minimize risk. This combination makes IchorCoal in our view a base investment for commodities.

Particularly significant here is our close link with Mbuyelo Group. This partnership is designed for the long term and benefits both sides: Mbuyelo acquired access to capital, to the international trading know-how of IchorCoal and HMS and in the long run to global financial markets. IchorCoal partnered with a promising junior mining group with the opportunity to become one of the important players in the South African coal market.

The value of our second pillar HMS Bergbau is obvious, particularly in this partnership. The subsidiary HMS Bergbau Africa serves as marketing provider of Vunene Mining and brings the expertise of a coal trader to the production arm of IchorCoal group companies and secures margin participation further along the value chain. In recent years HMS has significantly increased its share of the Asian market, specifically in Indonesia where it operates a port with a dry bulk terminal in Kalimantan. In this way our company is outstandingly positioned to profit from the worldwide increase in coal trading over the long term.

To finance our acquisitions we issued a convertible bond for EUR 80 million with a coupon of 8% per annum last year which we placed in two tranches in June and November. The bonds were placed rapidly and smoothly through quirin bank AG with institutional investors.

Sales in 2012 added up to EUR 103 million. The significant increase compared with 2011 results for the most part from the inclusion of HMS Group for the entire year as well as from the completion of the acquisition of a 74% holding in Vunene Mining at the beginning of July 2012. For the current fiscal year, the monthly output of Vunene Mining of just under 100,000 tons per month is expected to rise to some 400,000 tons, and this will be reflected correspondingly in the sales figures of IchorCoal. At EUR 4.5 million, EBITDA was positive, and reflects our investments for further expansion of mine activities and is commensurate with our business. Total Assets could also be raised to EUR 149.4 million, while the convertible bonds represent the only significant debt within IchorCoal Group, other than trade finance liabilities.

Sebastian Giese
Chief Financial Officer

Health and Safety Report Jul. - Dec. 2012	
Manshifts	38,136
Hours	384,165
Injuries	0
Fatalities	0
Lost Time Injuries	0
Last Injury	17 May 2012
TIFR[1] (2012)	2.68
LTIFR[2] (2012)	1.34

Source: Management Vunene Mining; [1]TIFR – Total Injury Frequency Rate per million working hours; [2]LTIFR – Lost Time Injury Frequency Rate per million working hours

The current business year as well as 2014 will be strongly influenced by resumption of underground mining at Vunene's Usutu Mine. At present, Vunene Mining only has open pit operations. By 2016 at the latest, underground mining operations at the Usutu Mine will be fully resumed and up to 350,000 tons of coal will be produced monthly. For several years, Vunene has been maintaining the mine in close coordination with the former operator Eskom and therefore has very clear ideas about which investments are necessary. We will begin work in the summer and resume production already in 2014.

Cooperation with Eskom is critical for us. The largest South African electricity producer operates the Camden Power Station which uses between 500,000 and 700,000 tons of coal monthly and is located just 6 kilometers away from the Usutu Mine. The power plant currently buys a big part of our production and will in future consume a large part of our increased output. The relevant contract was signed in March 2013. For Eskom, collaboration with our mine means in particular relief from the tense logistical situation concerning Camden Power Station.

We remain optimistic about the long-term development of South Africa in general and the development of the demand for coal in particular. The demand for power is presently growing faster than the supply. We assume that power production will increase by up to 73 percent by 2030 and that this growth will be generated almost exclusively by coal. This will mean a hefty boost for domestic demand for coal. Nevertheless, we have not lost sight of the risks here. The strikes in the summer of 2012 reveal how precarious the political situation in the country is and how fast high unemployment can lead to social tension.

All the more important for us therefore are the aid projects which we support within the framework of our social and labor plans in the Msukaligwa Municipality. We want to create jobs, we want to provide education and we want to support social institutions. We see this as an important contribution toward strengthening the local economy and ensuring political stability.

In the past year we also met our obligations related to environmental protection and rehabilitation. By now we have almost completely rehabilitated the area of Portion 14 of our open-pit mines which we exploited last year so up from April this year there will be no visible traces of work left.

Finally, our greatest concern is the well-being of our employees. Safety and health regulations are painstakingly observed in our mines and workplaces. The gratifying result is that our Lost Time Injury Frequency Rate last year was only 1.34, positioning us extremely well compared with competitors. We aim to achieve a similar good record in 2013 as well.

We take this occasion to acknowledge the outstanding work performed by our employees whose efforts enabled us to reach the goals we set ourselves in the past year. We also wish to thank our investors who placed their confidence in us and finally we express our gratitude to the Supervisory Board which supported us actively and constructively over the course of the business year.

Berlin, April 2013

Countdown in the Underground

Until 1990 the Usutu Colliery near the town of Ermelo was one of the largest coal mines in the country. Then the nearby power plant was closed down and production in the mine also ended. Work is underway in the Usutu Colliery again, and already next year underground operations are expected to produce coal once more. The consumer will once again be the Camden Power Station, but export also offers lucrative sales opportunities.

This Sunday an extra shift in opencast operations will run at the Usutu Mine, Section 6b. 45 workers are busy with excavators, trucks and heavy equipment such as crushers, excavating 2,000 tons of coal from the mine with depths up to 50 meters. “We had an unexpected discontinuation in one of the seams,” explains George Stapelberg, manager of the opencast mine, “so we had to clear away more overburden than planned, and this got us off schedule.”

Up to 115,000 tons of coal were produced by the Usutu Colliery per month last year. The coal was delivered to the Camden Power Station located just 6 kilometers from the office buildings. In 1967 the plant began operating and has a net generating capacity of 1,520 megawatt. In 1990 the power station was mothballed because the power generated was no longer needed due to the economic crisis. Only from 2006 to 2008 was the huge plant reactivated and now it is running again at almost full capacity. Its appetite for coal is tremendous: It needs between 500,000 and 700,000 tons of coal per month to fire the 8 blocks and their huge boilers.

Restarting an underground giant

Until the final closing of the Camden Power Station most of this coal came from the underground Usutu Colliery which was also operated by Eskom at that time. ▶

The mine was one of the largest in the country in those days with an output of around 450,000 tons of coal per month. With a huge conveyor belt which still runs like a gigantic worm over the green fields to the power station, coal was delivered directly to the station day after day. Today the coal is delivered by railway or road to the Camden Power Station. This creates major logistical problems locally which is why the managers are counting on re-opening underground operations.

“We can deliver the first coal already next year,” says Nick Leonard. The mine overseer has been working for more than 3 years in the Usutu Colliery and with a total of 21 employees is currently responsible for maintaining and securing the mine. By and large, this means securing the roofs, maintaining the power lines and ventilation, and managing the mine water. Vunene Mining (Pty) Ltd., in which IchorCoal owns a stake of 74 % since July 2012, has been responsible for care and maintenance on behalf of Eskom; all activities and expenses show that the company is absolutely determined to keep the mine in good working order.

The main travelling road in the mine is 4.5 kilometers long. The walls are cleanly whitewashed with limestone and the roofs made secure with new supports. Tunnels branch out to the left and right from which coal was mined and transported on conveyor belts to the entry of the mine – an observer would have the impression that the mine could start operating tomorrow.

At present Vunene Mining and Eskom are negotiating the final details for transferring the infrastructure. Work is then supposed to start in June in order to resume production in the mine, as head of production of Vunene Bertus Venter explains (see Interview).

“Most important is complete replacement of the conveyor belts,” says mine overseer Leonard. Moreover, a new entrance must be built to shorten the miners‘ route to the new production tunnels, however coal can be easily extracted before then by accessing virgin coal areas to the east and west of the main development. For Nick Leonard at any rate, work cannot begin soon enough: “It’s high time for coal to be ▶

“The coal seams which we excavate here run in all directions for more than 100 kilometers and seldom lie deeper than 100 meters”

Geologist Moolla

Revamping the underground mine will be the most important task for the workers in the Usutu Colliery. Since 2009 Vunune is responsible for the care and maintenance and therefore knows all the details about the forthcoming works.

IchorCoal CFO Sebastian Giese (left) and Chief Geologist Muhammad Moolla examine the plans for the further exploitation of the open cast mines. In 2013 four new sections are planned to be opened.

extracted here again," sighs this died-in-the-wool mining specialist.

Two coal seams with a height of 1.50 to 2 meters run through the area of the Usutu Colliery; the so-called B seam is some 65 meters underground, the C seam about 73 meters. Although the mine began to operate already in 1964 and produced coal for nearly 27 years, the resources still there are impressive. Muhammad Moolla, the mine geologist from Usutu Colliery puts the figure at around 120 million tons. With a planned monthly output of up to 350,000 tons, the underground mine can remain productive for more than 25 years.

"The coal seams which we mine here run in all directions for more than 100 kilometers and seldom lie deeper than 100 meters," explains geologist Moolla. The coal in this high plateau developed 180 to 200 million years ago southeast of Johannesburg in a depth of 2 to 3 kilometers and was pressed to the surface by tectonic shifts on the one hand and erosion on the other – a circumstance which makes coal mining in this part of the world especially attractive. Moolla estimates that alone in Natal and around the city of Witbank there are currently roughly 100 coal mines operating.

The revamping will start in June

In the opencast mine the coal seams lie just 30 meters under the surface. Opencast mining commenced for the first time at Usutu in 2009. Prior to this there was no opencast mining at Usutu Colliery. Many possible reasons for this were put forward, but the best explanation is that the opencast reserve was kept as an 'insurance' in the event of a force majeure hampering underground production when Usutu was the most important supplier to the Camden Power Station.

It will take until June this year before the Section 6b of the opencast mine will be completely exploited. Later in the year, Portion 9 will begin to operate and then Block D. Parts of the terrain have already been developed. If mines start to operate in the course of the year, production is planned to rise to around 400,000 tons per month.

By now, however, environmental protection regulations in South Africa are strict and authorities are very careful that they are observed. Opencast mines must be fully rehabilitated after they have been closed. The mines are filled with the earth originally dug out and the uppermost layer must be on top again. The authorities look closely to ensure that this is done properly. Vunene has already reestablished Portion 14 successfully and the works were well accepted by the authorities.

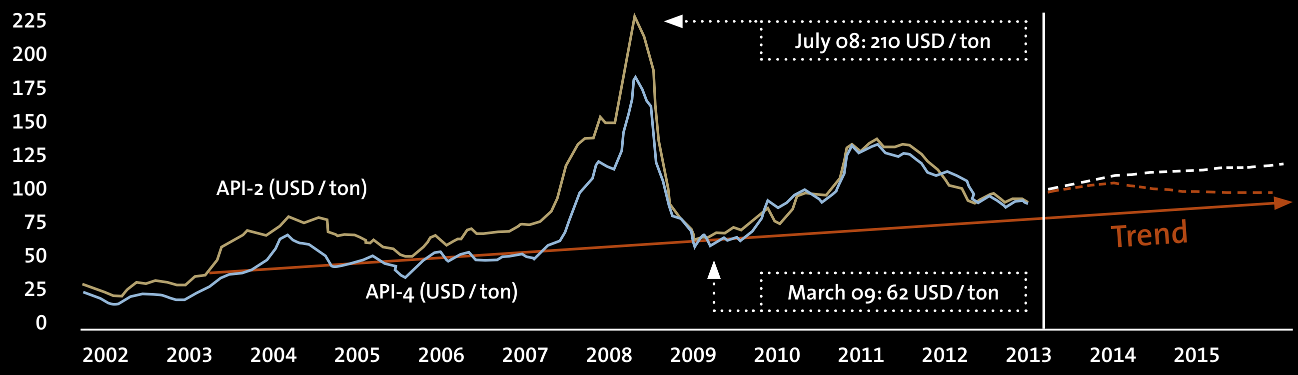
Strategic partnership

"The fact that with the Mbuyelo Group IchorCoal has a black-owner partner, supports the fact that IchorCoal subscribes to the South African Governments transformation plans," as Bertus Venter formulates it. IchorCoal and Mbuyelo have been negotiating since 2011 and finally agreed last year on a long-term strategic collaboration. Mbuyelo sold IchorCoal an interest in Vunene Mining, IchorCoal invested in turn in the South African group. Mutual advantages are obvious: Mbuyelo obtains access to international financial markets and IchorCoal to South African coal deposits.

The extra shift in Section 6b of the Usutu Colliery ends this Sunday in the early afternoon. The miners turn off the heavy machines, the mechanics begin the routine check on trucks and excavators. Most of them work for contractors from whom the vehicles and machines have been leased. "This makes work more efficient for us at this stage and, more important, considerably more flexible," says George Stapelberg who is at the mine today, too. In contrast to other mines, the contractors are not paid according to output but instead on an hourly basis – "We want to dictate the rhythm at the mine and keep everything in our hands," Stapelberg explains. Shortly before 2:00 p.m., the Usutu Colliery quiets down for the day – until it starts up again on Monday at 6:00 a.m.

IchorCoal CEO Heinz Schernikau (center) and Lars Schernikau (right), member of the supervisory board of IchorCoal with Leif Orthmann, President Director of HMS Indonesia in the Jakarta office.

Coal Indices 2002 - 2012: Very Volatile, but Long Term Trend is Positive



Note: API-2 = coal price CIF Europe; API-4 = coal price FOB South Africa
Source: Author's Analysis; McCloskey Coal Price Index, 2004, Status 31 January 2013

Approximately

93%

of South Africa's electricity is derived from coal-powered power plants

Source: IEA Coal Information (2011 Edition)

Coal is the Key to Electricity

Coal prices were under pressure in 2012. But the long term trend is unchanged and positive: Coal is the most important source for global power generation with a share of currently over 40 % and its share will continue to increase in the coming decades. As the demand for electricity will rise – so will the demand for coal.

Coal prices fell in 2012 about 16 %, compared with the peak in 2011 prices fell by nearly 50 %. One reason was the weak economy in the West and slowing demand growth in the East. Another reason was the boom in shale gas in the United States. With the advances in horizontal drilling and procedures such as fracking the worldwide resources of natural gas nearly doubled: In 2009 the International Energy Agency estimated the "long-term global recoverable gas resource base" at 850 trillion cubic metres (tcm), against 400 tcm only a year earlier.

We are convinced that coal prices have reached the bottom in the beginning of 2013 – the long term positive trend is intact. Coal is the most accessible source for the production of electricity worldwide. Coal has the most transparent, most effective and most stable world market of all energy resources.

Coal as a driver to development in markets and societies

Today, energy access is considered a human right – and there is a rapidly rising demand: According to the United Nations Foundation, about 1.5 billion people have no access to electricity, and another 1 billion people are dependent on unreliable electricity supply. The UN declares in its Development Programme's Report that every ten-fold increase in electricity was linked to a ten-year increase in longevity, with a better standard of living, higher literacy and a much healthier population. Also the IEA states an almost-perfect correlation between economies' growth and expansion in coal use in their World Energy Outlook 2011. Simultaneously the world population is expected to grow to 8.2 billion by 2030, an increase of almost 20 % from today. As a result, demand for electricity is expected to grow significantly over the next 20 years.

Now in 2013 long-term fundamentals for coal remain strong, as recent reports show: In their "Statistical Review of World Energy 2012" BP shows that coal with a consumption growth by 5.4 % in 2011, is the only fossil energy source that grew more than the average, and now accounts for over 30 % of global energy consumption, which is the highest share since 1969. Peabody Energy projects global demand for coal will grow by 1.3 billion short tons, while China and India make the biggest portion in this increase.

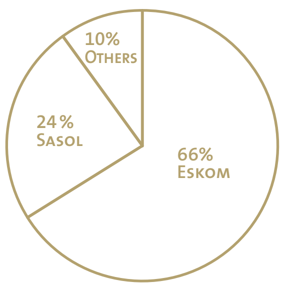
In China research institutes like Wood Mackenzie even expect a rise of the demand of thermal coal import from 200 million tons to more than one billion tons in 2030. While we don't share this view it does indicate the trend. In the same time the demand from India will rise from 194 to more than 350 million tons. The researchers come to the conclusion that "thermal coal is one of the three commodities that give the best return on investment and risk".

South Africa is the 5th largest steam coal producer in the world with a production of over 250 million tons per year. The country is also the 5th largest steam coal exporter (after Indonesia, Australia, Russia and Columbia), having exported 28 % of its 2010 production or 70 million tons of coal[1]. The domestic demand for coal will rise in South Africa, as Coal-fired electricity production is set to increase by 24 % to 73 % over the next 20 years[2].

Therefore, we remain optimistic for the future of the coal markets globally and South Africa specifically.

[1]Source: Wood Mackenzie 2012, quoted in "Blackrock Investment Institute" Nov. 2012; [2]"Eskom Multi Year Price Determination Report", Eskom. 17 Oct. 2012

South African Coal Market Consumption Breakdown (2010)



Source: "IEA Coal Information" (2011 Edition)

Schools, local crafts business, workshops – IchorCoal tries to empower the Msukaligwa Local Municipality. CFO Sebastian Giese and Solly Masilela, responsible for Social and Labour Plans at Vunene Mining, discuss with High School director Sihlali Sipho the progress of renovation works (picture above).

"Helping People help themselves"

Investing in South Africa means also to support a society that is still suffering from its political past. IchorCoal and its subsidiary Vunene Mining try to help the municipality in Ermelo to empower their people with the aim to give the skills to compete on the work market.

Sihlali Sipho is proud of his school. "Some pupils ride up to 80 kilometers daily because they get the best education here," says the Director of Camden High School which is located in a small housing development not far from the Camden Power Station. In most subjects, all pupils pass the final examination – only in accounting and physics do fewer make the grade. "But we'll soon change that," promises Director Sipho.

Difficult conditions

Sipho also plans to change the sanitary conditions in the school. There are only 5 toilets for 800 pupils. And in the school kitchen meals are heated on 2 narrow gas cookers. The head-high gas bottle stands directly next to it in the same room. "All of this is intolerable," says Sipho.

Changes are on the way in this school year which ends in December in South Africa. With help from Vunene Mining, whose open-pit mines are just across the road, new toilets will be installed and the kitchen refurbished in the coming months. Then all facilities will comply with local hygienic and safety standards.

Several projects

Vunene Mining will spend around 350,000 Rand for this construction work. Support for Camden High School is 1 of the 3 social projects which the company currently runs in and around Ermelo. 56 physically and mentally disabled youngsters and adults are being cared for in the Ermelo Activity Center for the Disabled. And the Nometha Trading Centre is also being supported. Commissioned by the Centre, young women are making traditional costumes, shoes, toys – and next year also work clothes for the miners in Usutu according to the present plan.

"Above all, we want to help people reach the point where they can help themselves as much as possible," says Solly Masilela, Manager of Stakeholder Relations, Social and Labour Plans at Vunene Mining. The former civil servant who worked for the government for over 20 years is selecting projects together with the municipality of Ermelo which the company will then support. These activities are part of the requirements which every company must meet in order to obtain a coal mining license.

"What is important for us is to help people help themselves," explains Masilela. "Both training and jobs are sorely lacking in South Africa, and this is where we come in." Empowerment is the watchword that sums up these efforts. This is why Vunene supports the high school and the workshop for young women – and even in the facility for the disabled, little costumed dolls are made which are then sold to bring in a bit of extra income.

In the coming months, Masilea will launch his biggest project. He will start developing a training center for 100 youngsters and adults in which welding, soldering, whetting and other metalworking skills will be taught. Approximately 1 million rand will be made available annually for this project. "We will certainly employ some of the graduates when exams are over," Masilea explains. "But it is especially important for us to prepare participants to work independently, as subcontractors or for repairs. This is what is missing most in our country."

"Poor or non-existent training is the biggest problem in this country," High School Director Sipho agrees. He is particularly proud when his graduates become successful – like his former pupil J.H. Sibanyoni, who today is the youngest member of the regional council of the Msukaligwa Local Municipality.

“We are like Siamese Twins”

Bertus Venter is responsible for mining and exploration at Vunene. His most important task for now is the ramp-up of the open cast and the reopening of the underground activities in the Usutu Colliery. Bertus Venter joined Vunene Mining in 2006 and looks back on a long carreer in the mining industry, in particular at BHP Billiton.

Mr. Venter, IchorCoal has been the main shareholder in Vunene Mining since the summer of 2012. What has changed now?
BERTUS VENTER: With IchorCoal we now have the financial resources to resume production in the Usutu Mine again on a grand scale. Since 2009 we were busy with opencast mining and this year we will start underground mining again.

Until it closed in 1991, Usutu had a monthly output of up to 450,000 tons, making it one of the biggest coal producers in South Africa. How long will it take to reach full production?
VENTER: This underground mining operation was indeed one of the biggest mines in the country until the Camden Power Station just a few kilometers away was shut down due to lack of demand for power. This meant the end of mining for Usutu. Camden started to operate again from 2006 to 2008, and we currently supply the power plant from open pit mining. We will have underground mining operating at full capacity again by 2016.

What will have to be done until then?
VENTER: Since it was closed in 1991, the mine has been professionally maintained, meaning water is managed, roofs are made safe, and the power supply is checked. First of all, before starting production we have to replace the conveyor belts in the mine and the conveyor belt from the mine to the plant.

How long will it take before production starts up and what will it cost?
VENTER: We assume costs will come to some 350 million rand for underground operations. At present we are planning to begin with the necessary work in June. The first coal can be produced already next year. In 2015 we will reach a production capacity of around 250,000 tons per month.

Why are you waiting until June to recommission the mine?
VENTER: Well, we are dealing with a special situation here. Up to 1991 the mine was fully owned by Eskom. Since the company did not renew mining rights after 1991 ▶

“Underground mining will start in 2014”

they lapsed and Vunene Mining was able to acquire the licences. The infrastructure including any office buildings still belongs to Eskom. The Camden Power Station and the Usutu Colliery are a bit like Siamese twins. Just now we are negotiating a contract in which all facilities will be transferred to us, and Eskom will be relieved of all obligations such as rehabilitation and environmental requirements. We have to add up both sides and then see what the balance is.

Oh, that sounds like complicated talks and a lot of potential for conflict ...

VENTER: ... that may be, but it only sounds like that. Don't forget that we at Vunene Mining have been handling maintenance for Eskom for many years already, so we know Usutu very well. On top of this, Eskom commissioned us to write an appraisal about the costs of rehabilitation and the costs of definitive decommissioning, so we know what we're dealing with. And we have an excellent relationship with Eskom which after all is dependent on our coal. In short, I'm absolutely certain that we will reach an agreement as planned.

Aren't you too dependent on the Camden Power Station? What will happen if the power plant suddenly closes down again?

VENTER: There's no danger of this happening. All investments are currently for a period of 15 years. Already today there is talk of extending operations up to a total of 20 years. Don't forget how short on power South Africa is, the Camden Power Station is urgently needed.

Open-pit mining is already operating with currently one section. How is production running here and when will the next sections follow?

VENTER: From section 6b (as we call it internally) we are now producing around 4,000 to 5,000 tons per workday. We are now preparing to expand to section 6c for which we have to lay down a road. Work has already begun. Later this year we will have section d in operation, slightly to the north.

How is cooperation with the authorities?

VENTER: State and local authorities cooperate very well with us. There is an obvious desire to supporting this mine because both power and jobs are urgently needed. On the other hand, we feel things should go faster, but I think that this is the case elsewhere too and not just in South Africa. We will be able to realize our plans and raise production in 2013 to more than 300,000 tons per month.

What role does environmental protection play in the approval procedure?

VENTER: By now it plays a very important role. We are required to return the mine more or less to its original conditions after exploitation and in particular to observe water protection regulations. Well, we think that things could got forward a little bit quicker. But

you have to observe these regulations everywhere in the world today.

To what extent can your partner Mbuyelo help you in dealing with the authorities?

VENTER: Of course, as a black-owned company, Mbuyelo has some advantages. But our partnership goes further than that. Mbuyelo gets access to capital, to our company's trading know-how and over the long term to international capital markets. And we are invested in one of the most promising mining companies in South Africa. We have to see the cooperation in these terms.

What do you think about the political situation? Last year some mining companies experienced some very violent strikes.

VENTER: The situation isn't easy. We have to be realistic. Especially the very high rate of unemployment in South Africa in general and in particular here in the area around Ermelo makes for tension. People are vehemently demanding jobs and we too feel this tension repeatedly. The problem is that we have to hire only skilled people and we don't find them here in the region.

How many jobs are you offering and what are you doing to ease tension?

VENTER: Around 275 people are employed in the mine, most of them working for sub-contractors. We do this because we lease the heavy equipment like trucks, excavators and take over personnel at the same time. For work like this you need trained, specialized personnel and that's not so easy to get here in Ermelo. But when underground mining starts, we will certainly be able to employ a lot more people from this region.

What are you doing in the meantime to ease social pressure?

VENTER: We are supporting several social projects in the area. Within the scope of the obligatory social and labour plans, which are submitted to the authorities for the issue of a licence we are planning a training centre which we will finance with around 10 million rand annually. We instruct young people here in metal processing, in welding and soldering. What counts for me is not so much finding labour for our mine. I want to motivate young people – maybe to become independent and to work as independent craftsmen. There are still far too few such people here.

How do you see the future of coal mining in South Africa in general?

VENTER: Generally speaking, the demand for electricity is strong in South Africa and is growing rapidly. Most of it comes from coal because the country has a lot of coal and it is relatively easy to mine. Then there are the opportunities for export since demand is growing in countries like China and India, too. Coal mining in South Africa will therefore continue to grow and we see good prospects for the mining sector in this country.

Dear Shareholders,

Lars Windhorst
Chairman of the
Supervisory Board

2012 was an important business year for IchorCoal, during which its Board of Management has successfully established the business model designed in 2011, the founding year of the company. During 2012, the Board of Management has energetically and selectively implemented the company's plans for growth and expansion. The Board of Management of IchorCoal, founded in the autumn of 2011, has succeeded during 2012 with several important milestones for the company, namely, with the acquisition of holdings in South Africa, the issue of a convertible bond and the restructuring of trading activities of the company and in creating an integrated international coal group in a single business year.

Cooperation with the Board of Management

In the reporting period the Supervisory Board performed all of its obligations required by law, by the company's Articles of Association and by the company's bylaws. The Board of Management informed us regularly, promptly and comprehensively about business policy and other fundamental questions related to corporate management and planning, about the financial development and financial position of the company, as well as about transactions and events of significance for the company. We have advised the Board of Management and monitored its management of business, and in particular the acquisitions made and the refinancing through the issue of the convertible bond. We were consulted in all decisions of fundamental importance. Important subjects and pending decisions were discussed in board discussions and meetings held at regular intervals. Between the meetings we were informed about important events in writing.

During the Supervisory Board meetings, the Board of Management informed us in detail about new investments in project participations, business policy, corporate strategy and planning, as well as about important business transactions. Furthermore, the Supervisory Board had insight into the assets, earnings and financial position of the company at all times. The draft proposals and reports of the Board of Management were carefully reviewed and discussed in detail and - if required by law, by the company's Articles or Associaton and by the bylaws – approved.

Outside the meetings, the Board of Management informed us in accordance with the bylaws of the Board of Management by written or oral reports about ongoing business developments, projects and the assets, earnings and financial position of the company. In addition, the Chairman of the Supervisory Board as well as other members of the Supervisory Board maintained regular contact with both members of the Board of Management.

Annual Audit and Consolidated Financial Statements

The auditing company selected by the Annual General Meeting was Ernst & Young. It has audited the annual financial statements prepared by the Board of Management and the Management Report of IchorCoal as at 31 December 2011 and the prepared consolidated financial statements and Group Management Report and issued an unqualified auditor's opinion. The annual financial statements of IchorCoal and the audit reports of the auditors were submitted immediately upon completion to all members of the Supervisory Board. The annual financial statements were discussed extensively at the Supervisory Board meeting on 24 April 2012, by which time the auditors had reported in detail on the result of their audit. After careful review, no objections were raised and the Supervisory Board approved the annual financial statements of IchorCoal prepared by the Board of Management as at 31 December 2011.

Changes in Management and/or Management Board

Dr. Michael Naschke, member of the Supervisory board since 29 December 2011, has communicated his intent to resign as a member of the Supervisory Board as of the end of the Annual General Meeting held on 26 June 2012. As a successor for his position on the Supervisory Board, Mr. Johannes (Hans) Hawinkels was proposed for nomination at the same Annual General Meeting.

In conclusion, on behalf of the Supervisory Board of IchorCoal, I would like to thank all of you for your continuing support. We are confident that operational and financial performance of the company will continue to reach new heights in 2013, enabling it to achieve its targets for the new financial year.

Berlin, April 2013
For the Supervisory Board
Lars Windhorst

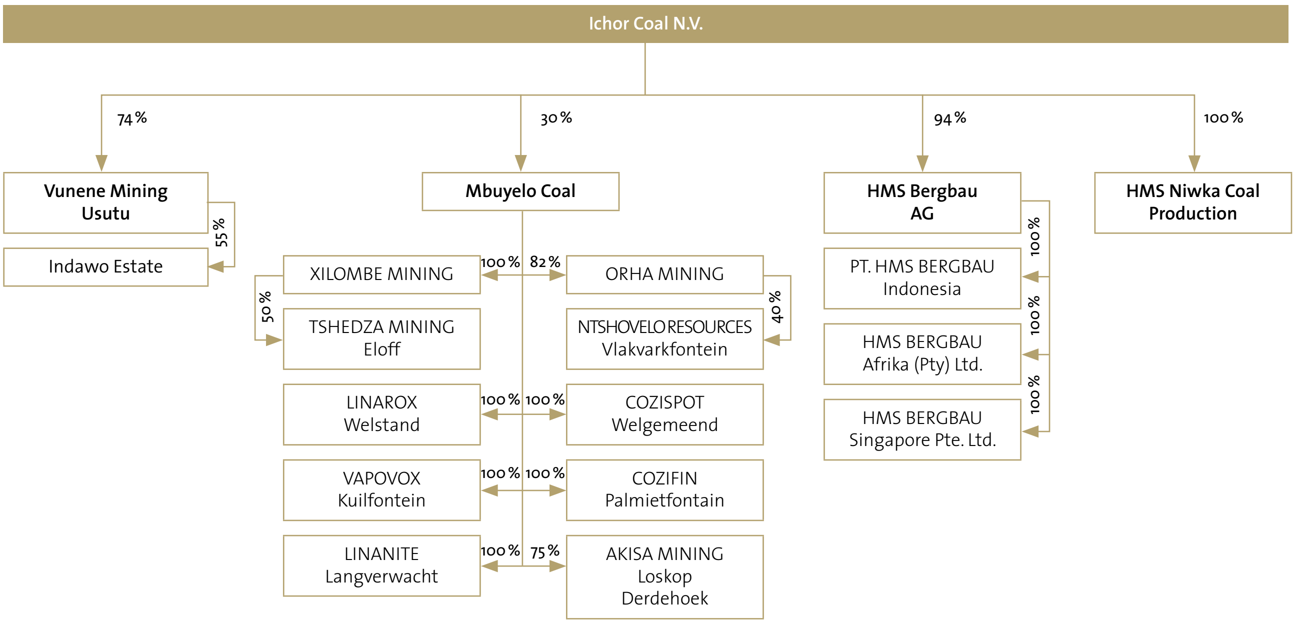
Annual Financial Statement

Report of the Management Board

Group structure and activities

Ichor Coal N.V., the parent of the Group, is a public limited liability company incorporated in Amsterdam, the Netherlands. As of 31 December 2012, the company's shares are admitted for trading on the Open Market of the Berlin Stock Exchange, the High Risk Market of the Hamburg Stock Exchange and the Entry Standard of the Frankfurt Stock Exchange. As of 31 December 2012, the issued and paid in capital amounted to EUR 5,000,000 and is divided into 50,000,000 common shares, with a nominal value of EUR 0.10 each. The authorised capital amounted to EUR 25,000,000 and is divided into EUR 250,000,000 shares, with a nominal value of EUR 0.10 each.

The company is an internationally operating mineral-resource-company specializing in investments in coal resources as well as in other projects in the field of coal logistics, coal handling and coal trading. During the year, Ichor Coal N.V. successfully purchased a 74% share in a South African based mining company as well as fully subscribed to a 30% equity increase in another South African based mining company, holding nine different coal mining projects. As of year-end 2012, the company held interest in following active entities.



Financial review

Analysis of consolidated statement of comprehensive income

Revenues

The revenues of IchorCoal Group reached EUR 103,024 thousand in the year ended 31 December 2012 (2011: EUR 3,112 thousand). The significant increase compared to last year is due to the inclusion of HMS Bergbau groups revenues for the entire year. Furthermore, results of Vunene Mining (Pty) Ltd. have been included at equity for the period February until June 2012 and subsequent to the majority acquisition the revenues from mining activities have been fully consolidated for the period July to December.

Cost of purchased goods and services

Purchased goods and services amounted to EUR 93,757 thousand of the Group (2011: EUR 3,174 thousand). Similar to revenues, the increase mainly reflects the expenses from coal mining and coal trading activities of Vunene Mining and HMS Bergbau group. In addition, purchased services of EUR 387 thousand (2011: EUR 139 thousand) were incurred by IchorCoal Group in relation to its acquisition activities.

Operating expenses

The payroll and related expenses amounted to EUR 3,672 thousand (2011: EUR 244 thousand). The group had 140 employees compared to 29 in 2011. The increase is mainly due to the acquisition of Vunene Mining, which contributed 105 employees to the group head count in 2012. Management expects a further increase in head count as further management and operational capacities will be required to cater for the anticipated production ramp-up activities in coal resources in South Africa as well as for trading activities in South Africa and Asia.

The depreciation and impairment charges amounted to EUR 4,219 thousand (2011: EUR 39 thousand) and include depreciation of the port operation in Indonesia and machinery and equipment for the Usutu mine in South Africa. In addition, depreciation and write-off charges of EUR 2,427 thousand (2011: nil) have been recorded on coal inventories, mining rights and assets as well as customer and supplier relationships in relation to the purchase and development of the Usutu mine in 2012 and the HMS Bergbau group in 2011.

Financial expenses

Finance costs amounted to EUR 6,020 thousand (2011: EUR 57 thousand) while finance income reached 2,404 thousand (2011: EUR 24 thousand). The net finance expense of EUR 3,616 thousand (2011: EUR 33 thousand) are primarily a result of interest of EUR 4,213 thousand on the Ichor Coal N.V. EUR 80 million convertible bond that has been issued during the year and a revaluation gain of EUR 1,875 thousand on the conversion component of that bond. Furthermore, EUR 359 thousand interest income has been generated on the Mbyuelo Coal (Pty) Ltd. convertible bond, which has been fully subscribed by Ichor Coal N.V. in 2011 and which matured in November 2012.

Income taxes

The income tax for the period of EUR 67 thousand (2011: EUR 160 thousand) results from current taxes of EUR 638 thousand offset by deferred income taxes of EUR 705 thousand.

Result for the year

The Group reported a loss after tax of EUR 3,300 thousand for the year ended 31 December 2012 (2011: EUR -468 thousand). Due to the consolidation of Vunene Mining for the second half of 2012 as well as the inclusion of the HMS Bergbau group results for the entire year, comparability of the results of IchorGoal Group against 2011 has been materially affected.

Analysis of consolidated balance sheet statement

Shareholder Equity

The shareholder's equity as of 31 December 2012 amounts to EUR 7,957 thousand (2011: EUR 14,460 thousand). The movements during the year are presented in the consolidated statement of changes in equity, attributable to the shareholder, as per the attached financial statements.

The consolidated financial statements as at 31 December 2012 report a positive net equity position of EUR 24,415 thousand (2011: EUR 15,042 thousand) and a loss for the financial year of EUR 3,300 thousand (2011: EUR -468 thousand).

The stand-alone financial statements as at 31 December 2012 report a positive net equity of EUR 8,285 thousand (2011: EUR 14,607 thousand) and a loss for the financial year of EUR 6,406 thousand (2011: EUR -346 thousand).

Intangible Assets

In 2012, the increase in intangible assets resulted from the acquisition of Vunene Mining, which in turn resulted in the recognition of future benefits of existing customer relationships valued at EUR 4,402 thousand. The increase was partly offset by depreciation and write off charges of EUR 599 thousand, recorded on customer relationships benefits, which had been recognised but which had not materialized as expected.

The goodwill out of the contribution of HMS Bergbau AG of EUR 6,416 thousand is not amortized but has been tested for impairment. No indicators of impairment were identified.

Property Plant and Equipment

The increase in property plant and equipment originates from the acquisition of Vunene Mining, resulting in the recognition of an exploration asset of EUR 72,558 thousand, of land valued at EUR 2,101 thousand, the recognition of machinery and equipment of EUR 1,224 thousand and mine properties of EUR 1,380 thousand.

Non-current Financial Assets

In November 2012, Ichor Coal N.V. subscribed for a 30 percent share increase in Mbyuelo Coal (Pty) Ltd., a South African based mining company, for a consideration of EUR 17,950 thousand. Mbyuelo Coal (Pty) Ltd. in turns holds interest in nine different South African mining projects ranging from green field to a producing mine.

Net working capital

The net working capital as used within the Group is calculated as follows: total current assets, excluding cash and cash equivalents, less total current liabilities excluding interest bearing loans and borrowings.

The Group's net working capital as of 31 December 2012 amounts to EUR -256 thousand. The change can be analyzed as follows:

in EUR thousand	31 Dec. 2012	31 Dec. 2011	Change
Inventories	469	0	469
Trade and other receivables	10,542	2,048	8,495
Other current financial assets	1,033	3,784	(2,751)
Other assets	4,908	2,043	2,864
Other provisions	(1,118)	–	(1,118)
Other current financial liabilities	(4,291)	–	(4,291)
Trade and other payables	(9,388)	(1,273)	(8,115)
Liabilities from income taxes	(328)	(408)	80
Other non-financial liabilities	(2,083)	(1,194)	(889)
	(256)	**5,000**	**(5,256)**

Further information on the individual items of net working capital can be found in the notes to the consolidated financial statements.

Financing and Liquidity

The liquidity and financial flexibility of the Group is provided by its own liquidity, access to shareholder loans as well as uncommited trade credit lines, from German and other European bank institutes, granted to the HMS group entities for its trading activities.

Financial risk management policy

The Group operates in an international environment and as such is exposed to various financial risks which arise out of its business activities. Among others, these risks include investment risks, financial market risks such as currency and interest rate risks, liquidity risks, credit risks and commodity price risks.

The Group manages these risks in accordance with its risk strategy to mitigate any material negative effects on the financial performance of IchorCoal Group. A detailed description of the Group's financial risk management is disclosed in the notes to the consolidated financial statements.

Future research and development activities

The Group has not carried out any research and development activities during the year and does not expect, due to the nature of the busines, any research and development activities in 2013.

Outlook

Based on the group structure established in 2012, we will continue our focus of developing IchorCoal Group as a global coal producer with significant annual productions. We firmly believe that our diversified portfolio, along the value creation chain and spread over different geographical areas, is key to succeed in the commodity industry. We are also confident that through cost efficient production and consistent development and growth of our current assets and projects, we will generate attractive returns on our investments.

We will continue to operate in the mineral-resource-industry and are actively looking for new prospective resource, logistic, handling and trading assets around the world to expand our project portfolio. Therefore, we continue to concentrate on coal mining assets with significant steam coal recources, suplemented by thoroughly reviewed coking coal projects. In addition, we will continue to review the performance of our existing assets and ensure that they continue to perform in line with our group strategy. We are constantly assessing new investment opportunities based on our strict investment criteria. We only invest in assets which would generate significant return rates, that are near or already in production and provide opportunities for production increases. Furthermore, we will continue to invest in beneficiation assets such as washing plants, screening or blending operations to supplement our own production facilities and to control the logistical value chain between our mining assets and the delivery of our products to customers. It is our strong belief that investments are more likely to succeed if we cooperate with strong and well-established local partners.

All in all, we believe that we will continue to successfully implement our strategy and that the conditions to achieve our goals are positive. We expect that during 2013, we will not only continue the integration and development of our assets, we also expect that the basis of our future growth, the resources and reserves that are accessible by the company will continue to increase both in size and classification through our exploration activities. As such, we already expect significant value creation from mining and trading these resources.

Subsequent events

No events with significant influence to the financial position of IchorCoal Group which arose subsequent to the financial statement date, came to our attention.

Compliance statement

The board of management hereby declares that, to the best of its knowledge the financial statements for the year ended 31 December 2012 give a true and fair view of the assets, liabilities, financial position and profits or losses of the Company, that this report gives a true and fair view of the position as per the reporting date as well as of the development and performance during the 2012 financial year of the Company and that the principal risks facing the Company have been described herein.

Forward-looking statements

This management board report includes forward-looking statements that reflect the current opinion of management with regard to future events. Any statement contained in this report reflecting or building upon intentions, assumptions, expectations, forecasts and underlying assumptions is a forward-looking statement. These statements are based upon plans, estimates and forecasts that are currently available to management. They therefore only refer to the point in time at which they were made. Forward-looking statements are naturally subject to risks and uncertainties, which could result in actual developments differing significantly from these forward-looking statements or events implied or expressed therein. Management does not assume any responsibility for such statements and does not intend to update such statements in view of new information or future events.

Berlin, 2 April 2013

Heinz Schernikau
Chief Executive Officer

Sebastian Giese
Chief Financial Officer

Consolidated Statement of Financial Position for the Year ended 31 December 2012

	Note	31 Dec. 2012 EUR	31 Dec. 2011 EUR
Assets			
Non-current assets			
Intangible assets	6.1	17,355,830.89	14,067,629.29
Property, plant and equipment	6.2	77,736,796.86	1,165,256.32
Investments accounted for using the equity method	6.4	17,903,324.15	0.00
Other non-current financial assets	6.5	0.00	945,198.44
Deferred tax assets	6.9	2,319,391.23	1,228,596.25
		115,315,343.13	17,406,680.30
Current assets			
Inventories	6.3	468,912.27	0.00
Trade and other receivables	6.6	10,542,395.54	2,047,590.41
Other current financial assets	6.7	1,033,254.50	3,783,962.39
Other assets	6.8	4,907,530.83	2,043,267.51
Cash and cash equivalents	6.10	17,164,903.90	4,435,085.12
		34,116,997.04	12,309,905.43
Total Assets		**149,432,340.17**	**29,716,585.73**
Equity and liabilities			
Equity			
Issued capital	6.11	5,000,000.00	5,000,000.00
Capital reserves	6.11	8,675,502.15	9,953,000.00
Accumulated retained earnings	6.11	−451,284.28	0.00
Profit or loss for the year	6.11	−3,631,549.19	−451,284.28
Accumulated other comprehensive income	6.11	−1,634,924.29	−41,856.20
Equity attributable to owners of the parent		7,957,744.39	14,459,859.52
Non-controlling interest	6.11	16,457,436.02	582,487.75
Total equity		24,415,180.41	15,042,347.27
Non-current liabilities			
Provisions for pensions	6.12	6,020,424.00	4,084,836.00
Other provisions	6.13	1,146,820.52	0.00
Interest-bearing loans and borrowings	6.14	77,084,347.72	0.00
Other non-current financial liabilities	6.15	803,310.78	0.00
Deferred tax liabilities	6.9	21,829,569.81	734,000.00
		106,884,472.83	4,818,836.00
Current liabilities			
Other provisions	6.13	1,118,217.01	0.00
Interest-bearing loans and borrowings	6.14	924,972.23	6,980,300.11
Other current financial liabilities	6.15	4,291,443.36	0.00
Trade and other payables	6.16	9,387,763.77	1,272,871.53
Liabilities from income taxes		327,693.67	407,858.00
Other liabilities	6.17	2,082,596.89	1,194,372.81
		18,132,686.93	9,855,402.46
Total liabilities		125,017,159.76	14,674,238.46
Total equity and liabilities		**149,432,340.17**	**29,716,585.73**

Consolidated Statement of Comprehensive Income for the Year ended 31 December 2012

	Note	1 Jan. - 31 Dec. 2012 EUR	13 Oct. - 31 Dec. 2011 EUR
Revenue	7.1	103,024,011.13	3,111,976.60
Other operating income	7.2	4,536,561.36	241,529.32
Purchased goods and services	7.3	−93,757,108.02	−3,173,991.42
Personnel expenses	7.4	−3,672,015.45	−243,892.92
Depreciation	7.5	−4,218,936.23	−38,813.35
Other operating expenses	7.6	−6,059,240.71	−491,511.75
Finance costs	7.7	−6,019,596.79	−56,948.94
Finance income	7.7	2,404,012.14	23,512.45
Share of profit or loss of associates accounted for using the equity method	7.8	395,340.00	0.00
Profit or loss before income taxes		−3,366,972.57	−628,140.01
Income taxes	7.9	67,443.92	160,488.26
Profit or loss for the year		**−3,299,528.65**	**−467,651.75**
Other comprehensive income			
Differences from currency translation	7.11	−471,592.42	−48,371.89
Actuarial gains and losses on defined benefit plans	7.11	−1,397,532.00	0.00
Income taxes on items in other comprehensive income	7.11	421,705.28	0.00
Other comprehensive income after income taxes		**−1,447,419.14**	**−48,371.89**
Total comprehensive income		**−4,746,947.79**	**−516,023.64**
Profit or loss attributable to:			
Owners of the parent		−3,631,549.19	−451.284,28
Non-controlling interest		332,020.54	−16.367,48
		−3,299,528.65	−467.651,76
Total comprehensive income attributable to:			
Owners of the parent		−5,224,617.28	−493,140.47
Non-controlling interest		477,669.49	−22,883.17
		−4,746,947.79	−516,023.64
Basic earnings per share		−0.07	−0.01

Consolidated Statement of Changes in Equity for the Year ended 31 December 2012

	Note	Issued capital
		Ordinary shares
		EUR k
1 Jan. 2012	6.11	**5,000**
Profit or loss for the year	6.11	0
Other comprehensive income	6.11	0
Total comprehensive income		**0**
Purchase of shares in subsidiaries	6.11	0
Purchase of treasury shares	6.11	–168
Reissuance of treasury shares	6.11	168
Acquisition of Vunene Mining Group	6.11	0
Disposal of HMS Oil & Gas	6.11	0
		0
31 Dec. 2012	6.11	**5,000**

The accompanying notes form part of these financial statements.

Equity attributable to owners of the parent						
Capital reserves	Accumulated retained earnings	Profit or loss for the year	Accumulated other comprehen-sive income	Total	Non-controlling interest	Total equity
EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
9,953	**–451**	**0**	**–42**	**14,460**	**582**	**15,042**
0	0	–3,632	0	–3,632	332	–3,300
0	0	0	–1,593	–1,593	146	–1,447
0	**0**	**–3,632**	**–1,593**	**–5,225**	**478**	**–4,747**
–1,362	0	0	0	–1,362	–307	–1,669
–5,621	0	0	0	–5,789	0	–5,789
5,705	0	0	0	5,873	0	5,873
0	0	0	0	0	15,752	15,752
0	0	0	0	0	–47	–47
–1,278	0	0	0	–1,278	15,398	14,120
8,675	**–451**	**–3,632**	**–1,635**	**7,957**	**16,458**	**24,415**

Consolidated Statement of Changes in Equity for the Year ended 31 December 2011

	Note
13 Oct. 2011	6.11
Profit or loss for the period	6.11
Other comprehensive income	6.11
Total comprehensive income	
Issue of shares	6.11
Contribution of HMS Bergbau AG shares	6.11
31 Dec. 2011	6.11

The accompanying notes form part of these financial statements.

	Equity attributable to owners of the parent						
	Issued capital						
	Ordinary shares	Capital reserves	Accumulated retained earnings	Accumulated other comprehensive income due to Currency translation	Total	Non-controlling interest	Total equity
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
	45	**0**	**0**	**0**	**45**	**0**	**45**
	0	0	−451	0	−451	−16	−468
	0	0	0	−42	−42	−7	−48
	0	**0**	**−451**	**−42**	**−493**	**−23**	**−516**
	4,955	0	0	0	4,955	0	4,955
	0	9,953	0	0	9,953	605	10,558
	4,955	9,953	0	0	14,908	605	15,513
	5,000	**9,953**	**−451**	**−42**	**14,460**	**582**	**15,042**

Consolidated statement of Cash Flow for the year ended 31 December 2012

	Note	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
Profit or loss		–3,300	–468
Reconciliation of profit or loss to the cash flow from operating activities			
Depreciation, amortization and impairments	7.5	4,219	39
Result from investments in associates	7.2/ 7.8	–4,337	0
Gain on conversion component of Convertible Bond	7.7	–1,874	0
Effective interest on Convertible Bond	7.7	1,704	0
Changes due to foreign currency changes		–284	–344
Other non-cash items		–82	0
Changes in non-current provisions	6.12/ 6.13	2,380	45
Changes in deferred taxes	7.9	–1,277	–160
Changes in inventories	6.3	–609	0
Changes in trade and other receivables	6.6	–4,841	6,734
Changes in trade and other payables	6.16	577	–4,682
Changes in current provisions	6.13	–974	0
Changes in other financial assets and liabilities	6.7/ 6.15	820	–1,858
Changes in other assets and liabilities	6.8/ 6.17	–5,191	804
Cash flow from operating activities		**–13,069**	**110**
Proceeds from disposals of consolidated subsidiaries, less cash given up in the exchange	2.2	48	0
Purchases of intangible assets and property, plant, equipment	6.2	–2,063	–1
Purchases of shares in consolidated subsidiaries, less cash acquired	2.1	–32,923	0
Purchases of investments in associates and other non-current financial assets	6.4/6.5	–14,159	–945
Exploration expenditure	6.1	–696	–327
Cash flow from investing activities		**–49,793**	**–1,273**
Proceeds from share capital increase	6.1	0	4,955
Purchase of shares	6.11	–1,362	0
Purchase of treasury shares	6.11	–5,789	0
Reissuance of treasury shares	6.11	5,873	0
Proceeds from interest-bearing loans and borrowings		12,500	0
Repayments of interest-bearing loans and borrowings		–12,500	0
Proceeds from Convertible Bond issuance	6.14	80,000	0
Transaction cost of Convertible Bond issuance	6.14	–4,000	0
Repayment of non-current bank liabilities	6.14	–1,500	0
Cash flow from financing activities		**73,222**	**4,955**
Cash flow-related changes in cash and cash equivalents		10,360	3,792
Changes in cash and cash equivalents due to exchange rates		205	19
Changes in cash and cash equivalents due to changes in companies included in consolidation		2,165	579
Cash and cash equivalents at beginning of period		4,435	45
Cash and cash equivalents at end of period	6.10	**17,165**	**4,435**

	Note	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
Cash flows contained in the cash flow from operating activities			
Interest received		157	7
Interest paid		2,833	38
Income taxes paid		122	0

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

1.1 Corporate Information

Ichor Coal N.V. is a limited liability company incorporated in Amsterdam, Netherlands, and whose shares are publicly traded. The address of the registered office of Ichor Coal N.V. is An der Wuhlheide 232, 12459 Berlin, Germany.

Ichor Coal N.V. and its subsidiaries ("IchorCoal Group" or the "Group") is an internationally operating mineral-resource-company specializing in investments in coal resources as well as in other projects in the field of coal logistics, coal handling and coal trading. The Group invests in coal resources in Southern Africa and Southeast Asia to secure own coal-resources, to gain control along the value chain and to sell the produced coal on the international markets. It mainly supplies South African, Asian and European power generating companies, cement producers and other industrial consumers with steam coal, coking coal and coke products.

The consolidated financial statements of Ichor Coal N.V. for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 2 April 2013.

1.2 Basis of Preparation

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the interpretations of the IFRS Interpretations Committee (IFRS IC) approved by the IASB, in effect and recognized by the European Union (EU) at the balance sheet date as well as with the provisions of Part 9, Book 2, of the Netherlands Civil Code.

The financial year of the Group and all companies included in the consolidated financial statements corresponds to the calendar year, i.e. from 1 January to 31 December, except for the financial year of Mbuyelo Coal (Pty) Ltd., which ends on February 28. The consolidated financial statements comprise the period from 1 January 2012 until 31 December 2012. Due to the foundation of Ichor Coal N.V. as of 13 October 2011, the prior year's financial statements comprise the period from 13 October 2011 until 31 December 2011, only. In addition, due to the formation of IchorCoal Group as per 1 December 2011, by the transfer of shares in HMS Bergbau AG to Ichor Coal N.V. by means of a contribution to capital reserves of Ichor Coal N.V., the comparability of financial information is limited. The consolidated financial statements include the at-equity results of Vunene Mining (Pty) Ltd. for the period February to June 2012 and following the majority acquisition the fully consolidated profit or loss for the period July to December 2012. Furthermore, the consolidated financial statements include the at-equity results of Mbuyelo Coal (Pty) Ltd. for December 2012, only. HMS Bergbau AG and its subsidiaries are fully consolidated for the period from 1 January 2012 until 31 December 2012.

The Group's consolidated financial statements are presented in Euro, which is also the parent company's functional currency. All figures are stated in thousands of Euro (EUR thousand) unless otherwise indicated. Amounts are rounded to the nearest thousand Euro which may cause rounding differences.

The consolidated statement of comprehensive income is classified using the Nature of Expense Method.

1.3 Basis of consolidation

The consolidated financial statements comprise Ichor Coal N.V. and its subsidiaries and associates.

The annual financial statements of the consolidated subsidiaries and associates were prepared on 31 December 2012, the same balance sheet date as the parent company. The annual financial statements of the foreign subsidiaries and associates were prepared in accordance with the applicable laws of each country. Where necessary, the statutory financial statements of the subsidiaries and associates where adjusted to bring their accounting policies and financial reporting standards in line with the Group accounting policies and financial reporting standards. The consolidated financial statements were prepared on the balance sheet date of the parent company.

Subsidiaries

Subsidiaries are entities in which Ichor Coal N.V. is able to control, directly or indirectly, the financial and operating policies so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Profit or loss of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of the acquisition and up to the effective date of the disposal, as applicable. Total comprehensive loss of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this would result in a deficit balance of the non-controlling interests.

Associates

Associates are entities over which Ichor Coal N.V. has significant influence and can participate in the financial and operating policy decisions. Investments in associates are accounted for using the equity method of accounting. Under this method, the investment is initially recorded at cost, including any Goodwill, and is subsequently adjusted by the Group's pro-rata share of the associates profit or loss and other comprehensive income, post transaction date.

Changes in Ownership

Changes in the ownership interest of subsidiaries, without a loss of control, are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When changes in the ownership interest of subsidiaries result in a loss of control, the Group derecognizes the assets and liabilities, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity of the subsidiary. The Group further recognizes the fair value of the consideration received, the fair value of any investment retained and recognizes any surplus or deficit in profit or loss.

All intra-group balances, transactions, profits and losses are eliminated by consolidation.

1.4 Companies included in the consolidated financial statements

The scope of consolidation, including Ichor Coal N.V. as parent company, comprises the following consolidated companies.

Company	Country of incorporation	31 Dec. 2012 Share-holding in %	31 Dec. 2011 Share-holding in %
IchorCoal N.V.	Netherlands		
Subsidiaries			
HMS Bergbau AG	Germany	94.77	86.53
PT. HMS Bergbau Indonesia	Indonesia	94.77	86.53
HMS Niwka Coal Production Company Sp. z o.o.	Poland	100.00	86.53
HMS Bergbau AG Coal Division	Germany	94.77	86.53
HMS Bergbau AG Iron Ore & Metals Division	Germany	94.77	86.53
HMS Bergbau AG Oil & Gas Division	Germany	0.00	44.13
HMS Bergbau Singapore Pte. Ltd.	Singapore	94.77	0.00
HMS Bergbau Africa (Pty) Ltd.	South Africa	94.77	0.00
Vunene Mining (Pty) Ltd.	South Africa	74.00	0.00
Buena Vista Trade 69 (Pty) Ltd.	South Africa	74.00	0.00
Indawo Estates (Pty) Ltd.	South Africa	40.70	0.00
Associates			
Mbuyelo Coal (Pty) Ltd.	South Africa	30.00	0.00
Akisa Mining Resources (Pty) Ltd.	South Africa	22.50	0.00
Xilombe Mining (Pty) Ltd.	South Africa	30.00	0.00
Thsedza Mining (Pty) Ltd.	South Africa	15.00	0.00
Orha Mining Resources (Pty) Ltd.	South Africa	24.60	0.00
Ntshovelo Resources (Pty) Ltd.	South Africa	9.84	0.00
Linanite (Pty) Ltd.	South Africa	30.00	0.00
Cozifin (Pty) Ltd.	South Africa	30.00	0.00
Vapovox (Pty) Ltd.	South Africa	30.00	0.00
Cozispot (Pty) Ltd.	South Africa	30.00	0.00
Linarox (Pty) Ltd.	South Africa	30.00	0.00

During the financial year, the shareholding of Ichor Coal N.V. in its subsidiary HMS Bergbau AG has been increased from 86.53% to 94.77%. Furthermore, to increase its presence at the major markets, the fully owned subsidiaries HMS Bergbau Singapore Pte. Ltd. and HMS Bergbau Africa (Pty) Ltd. have been founded by HMS Bergbau AG during 2012.

As of 30 November 2012, Ichor Coal N.V. purchased 30 percent of the shares from a capital increase of Mbuyelo Coal (Pty) Ltd., a South African coal mining company, holding interest in ten different South African mining companies.

2. BUSINESS COMBINATIONS

2.1 Acquisitions

Vunene Mining (Pty) Ltd.

In February 2012, Ichor Coal N.V. purchased 20% of the shares in Vunene Mining (Pty) Ltd., a South African based coal mining company. Following further share purchase agreements, executed in February and July, Ichor Coal N.V. purchased an additional 54% in that same company in July 2012, making Ichor Coal N.V. the majority shareholder in Vunene Mining (Pty) Ltd.

The initially acquired minority share in Vunene Mining (Pty) Ltd. had been remeasured at the majority acquisition date in July 2012.

Under a contingent contribution arangement, which is contingent on the outcome of an exploration program at Vunene Mining (Pty) Ltd., an amount of up to EUR 4,291 thousand will become payable upon completion of all conditions precedent. The total contribution value has been allocated to the provisional fair values of the identifiable assets and liabilities of Vunene Mining (Pty) Ltd. as at the time of the acquisition as shown below:

EUR k	Carrying value at acquisition date	Adjustment amount	Fair value at acquisition date
Intangible assets	6	4,864	4,870
Property, plant and equipment	2,247	71,147	73,394
Trade and other receivables	3,653		3,653
Other current financial assets	3,269		3,269
Inventories	604		604
Cash and cash equivalents	2,123		2,123
Finance lease obligations	–50		–50
Provisions	–2,092		–2,092
Interest-bearing shareholder loans	–511		–511
Trade and other payables	–2,772		–2,772
Liabilities from income taxes	–813		–813
Deferred taxes	161	–21,283	–21,122
Net assets	5,825	54,728	60,553
Non-controlling interests			–15,745
Acquisition cost			44,656
Goodwill			–152

The composition of the contribution value is as follows:

In EUR k:	
Contribution of minority share	14,730
Cash payments	25,635
Contingent liability	4,291
Total contribution value	**44,656**

The allocation of the contribution value is based on all knowledge and adjusting events about the conditions that existed at the contribution date. However, due to the complexity of the acquisition and the uncertain nature of mineral resource assets, the initial accounting for the contribution had been done using provisional values only. Within 12 months after the acquisition date, a review of the fair value of the purchased assets and liabilities will be completed.

Ichor Coal N.V. used a discounted cash flow approach to determine the value-in-use of the mine by determining the present value of future cash flows. These future cash flow projections are based on managements best estimates regarding future production levels, operating costs, capital expenditures and commodity prices.

Furthermore, the market approach or comparable transaction value approach, preferably using recent, arm's length transactions of a similar nature, has been used to determine a monetary value of the resources, which have not been included in the future cash flow method.

None of the acquired intangible assets have indefinite useful lives. The identified mineral asset as well as the customer relationship are non-taxdeductible.

Since initial consolidation, Vunene Mining (Pty) Ltd. has contributed to consolidated revenues in the amount of EUR 13,255 thousand and to consolidated profits in the amount of EUR 1,169 thousand. If consolidation had already occurred on 1 January 2012, Vunene Mining (Pty) Ltd. would have had contributed to consolidated revenues in the amount of EUR 27,026 thousand and to consolidated profits in the amount of EUR 3,647 thousand.

Transaction costs of EUR 277 thousand have been expensed and are include in other expenses.

Indawo Estates (Pty) Ltd.

As of July 2012, Vunene Mining (Pty) Ltd. acquired 55% of the shares of Indawo Estate (Pty) Ltd. for a total consideration of EUR 53. As per the transaction date, the book value of Indawo Estate's net assets amounts to EUR 4 thousand.

The total contribution value has been allocated to the provisional fair values of the identifiable assets and liabilities of Indawo Estate (Pty) Ltd. as at the time of the acquisition as shown below:

EUR k	Carrying value at acquisition date	Adjustment amount	Fair value at acquisition date
Property, plant and equipment	1,873		1,873
Inventories	5		5
Trade and other receivables	18		18
Cash and cash equivalents	42		42
Shareholder loans	–1,914		–1,914
Trade and other payables	–11		–11
Liabilities from income taxes	–9		–9
Deferred taxes	0	5	5
Net assets	4	5	9
Non-controlling interests			–4
Acquisition cost			0
Goodwill			–5

The allocation of the contribution value is based on all knowledge and adjusting events about the conditions that existed at the contribution date. However, due to the complexity of the acquisition and the uncertain nature of the valuation of identified and purchased assets and liabilities, the initial accounting for the contribution had been done using provisional values only. Within 12 months after the acquisition date, a review of the fair value of the purchased assets and liabilities will be completed.

Since initial consolidation, Indawo Estate (Pty) Ltd. has contributed to consolidated revenues in the amount of EUR 276 thousand and to consolidated profit/loss in the amount of EUR 31 thousand. If consolidation had already occurred on 1 January 2012, Indawo Estate (Pty) Ltd. would have had contributed to consolidated revenues in the amount of EUR 385 thousand and to consolidated profits in the amount of EUR 12 thousand.

2.2 Disposals

HMS Bergbau AG Oil & Gas Division

On 11 September 2012, Ichor Coal N.V., through its subsidiary HMS Bergbau AG, disposed of its 51 percent holding in HMS Bergbau AG Oil & Gas Division. HMS Bergbau AG Oil & Gas Division has pursued the development of a storage facility for Carbon gases in Germany. As the legal environment relating to “Carbon Capture and Storage” (CCS) has become more and more unpredictable, management decided to dispose of the entity. The net loss of HMS Bergbau AG Oil & Gas Division of EUR 3 thousand for the financial year prior to disposal, is included with 51% in the Group result. The Group received a contribution of EUR 48 thousand.

3. ACCOUNTING POLICIES

3.1 Foreign currency translation

Transactions in foreign currencies

Purchases and sales in foreign currencies are translated at the exchange rate on the date of the transaction. Assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate on the balance sheet date. Any foreign exchange gains or losses resulting from such translations are recognised in the statement of comprehensive income.

Translation of separate financial statements denominated in foreign currency

Assets and liabilities of entities for which the functional currency is not the Euro are translated at the exchange rate prevailing at the balance sheet date.

Income and expenses of these entities are translated into Euro at the average exchange rate for the year. Equity components are translated at the historical exchange rate at the date of origination. Foreign exchange differences resulting from the translation are charged or credited directly to equity, i.e. to other comprehensive income.

The exchange rates of foreign currencies to Euro, that are relevant for IchorCoal Group, were subject to following changes:

1 EUR in foreign currency	Average exchange rate	Exchange rate at balance sheet date	
	2012	31 Dec. 2012	31 Dec. 2011
US Dollar	1.29	1.32	1.29
Polish Zloty	4.18	4.07	4.43
Singapore Dollar	1.61	1.62	1.68
Indonesian Rupiah	11,992.43	12,702.70	11,613.00
South African Rand	10.79	11.20	10.51

3.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method as of the date on which the company became a subsidiary or an associate. The date of acquisition is the date when the ability to control the net assets and the financial and operating activities of the acquired entity or business passes to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest, valued at the proportionate share of the acquiree's identifiable net assets, in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. As part of a business combination, the Group also assesses whether there are any operating lease contracts of the acquiree that may be onerous – that is, where the lease premiums being paid on that contract exceed the current market rate for such lease arrangements. Those mineral reserves, resources and exploration potential that are able to be reliably valued are recognised in the assessment of fair values on acquisition.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.3 Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity include researching and analysing historical exploration data, gathering exploration data through geophysical studies, exploratory drilling and sampling, determining and examining the volume and grade of resources, surveying transportation and infrastructure requirements, conducting market and finance studies and borrowing cost.

Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another company, is capitalized and carried forward as an asset if:
- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves.

Purchased exploration and evaluation assets are recognized as assets at cost of acquisition or at fair value if purchased as part of a business combination. Capitalized exploration and evaluation expenditure is recorded as a component of intangible assets. No amortization is charged during the exploration and evaluation phase.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated by the carrying amount of the assets potentially exceeding their recoverable amounts, an assessment is performed for each area of interest or at the cash generating unit level. To the extent that capitalized expenditure is not expected to be recovered it is charged against profit or loss.

Exploration and evaluation assets are transferred to Mine development assets once the technical feasibility and commercial viability of extracting the mineral resource supports the future development of the property and such development has been appropriately approved.

3.4 Mine development assets

Upon transfer of "Exploration and evaluation assets" to "Mine development assets", all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized. Development expenditure is net of proceeds from all but the incidental sale of coal extracted during the development phase.

Stripping costs incurred in the development of a mine before production commences are capitalized, where they give rise to future benefits, as part of the cost of constructing the mine and subsequently amortized over the life of the mine on a units of production basis.

All capitalized mine development expenditure is monitored for indications of impairment. Where a potential impairment is indicated by the carrying amount of the assets potentially exceeding their recoverable amounts, an assessment is performed for each area of interest or at the cash generating unit level. To the extent that capitalized expenditure is not expected to be recovered it is charged against profit or loss.

When a mine construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalization relating to mining asset additions or improvements, underground mine development or mineable reserve development.

After production starts, all assets included in ”Mine development assets” are transferred to ”Mine assets”.

3.5 Mine assets

Mine assets including capitalized exploration and evaluation expenditures and capitalized mine development expenditure are stated at cost less accumulated depreciation and less accumulated impairment losses. Upon commencement of production, the mine assets are depreciated using a unit of production method based on the estimated economically recoverable reserves to which they relate or are written off if the property is abandoned. The net carrying amounts of capitalized exploration and evaluation expenditures and capitalized mine development expenditure at each mine property are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount of the assets potentially exceed their recoverable amounts. To the extent that these values exceed their recoverable amounts, that excess is fully charged against profit or loss in the financial year in which this is determined.

3.6 Deferred stripping cost

Expenditures incurred for stripping activities in the production phase of a surface mine are capitalized, where they allow improved access to an identifiable coal body to be mined in the future and give rise to future economic benefit. The stripping activity asset is accounted for as an extension of an existing mine asset and measured at cost, which are directly incurred to perform the activity including an allocation of directly attributable overhead cost.

If the surface mine is producing inventory at the same time as access to the coal is improved, an allocation approach based on production activity measures is used to identify the cost of the inventory and the cost of the production phase stripping activity asset. The production measure is based on a comparison of expected stripping activities as per the mine plan with the actual extent of stripping activities.

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, stripping costs are considered as initial stripping costs (i.e. overburden and other waste removal) and are measured and accounted for separately by reference to the coal from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit and the costs of the second and subsequent pits are considered to be production phase stripping cost relating to the combined operation.

Capitalized stripping expenditure is depreciated using a unit of production method based on the estimated economically recoverable coal body to which they relate, and written off if the property is abandoned. The capitalized stripping expenditures are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount of the assets potentially exceed their recoverable amounts.

3.7 Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Property, plant and equipment is depreciated on a straight-line basis over the estimated useful live. Where parts of an asset have different useful lives, depreciation is calculated on each separate part. The asset's residual values, useful lives and methods of depreciation/amortization are reviewed at each reporting period, and adjusted prospectively if appropriate. For purposes of depreciation, the following useful lives are applied:

	Useful life in years	**Depreciation method used**
Leasehold improvements	6 – 15	straight line
Technical equipment and machinery	4 – 15	straight line
Other operational and office equipment	3 – 20	straight line

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is de-recognized.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset or part of an asset that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalized.

Where part of the asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

3.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost including expenses incidental to the acquisition. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Estimated useful economic lives are determined as the period over which the Group expects to use the asset or the number of production (or similar) units expected to be obtained from the asset by the Group and for which the Group retains control of access to those benefits. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually and whenever events or circumstances indicate that the carrying amount may not be recoverable, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is de-recognized.

3.9 Impairment of non-financial assets

At each reporting date the Group assesses whether there is an indication that an asset (or cash-generating unit (CGU)) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. Recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group's of assets, in which case, the asset is tested as part of a larger CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount. In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecasts generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment of inventories, are recognized in profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase and is recognized through other comprehensive income.

3.10 Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables and loans, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit and loss are carried at fair value with net changes in fair value recognized in finance costs in the income statement.

Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation as these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the expressed intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the EIR, less impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. Any losses arising from impairment are recognized in the income statement in finance costs.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is de-recognized, at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may choose to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or
- has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.
In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.11 Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

Subsequent measurement

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit and loss so designated at the initial date of recognition, and only if criteria of IAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the income statement when the liabilities are de-recognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the income statement.

De-recognition

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different financial terms, or the financial terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

3.12 Inventories

Inventories are physically measured or estimated and valued at the lower of cost and net realizable value. Net realizable value is the estimated future sales price of the product the entity expects to realize in the ordinary course of the business when the product is processed and sold, less the estimated cost of completion and the estimated cost necessary to make the sale. Where the time value of money is material, these future prices and costs to complete are discounted. The cost is determined on the basis of weighted average production cost and comprises direct raw material cost, direct labor cost, an allocation of production overhead, depreciation and amortization of mining property, plant and equipment if it was incurred for bringing each product to its present location and condition.

Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

3.13 Leasing

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments during the lease term calculated using the interest rate implicit in the lease agreement. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. Finance charges are recognized in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases, where substantially all the risks and rewards of ownership do not pass to the Group, are classified as operating leases. Operating lease payments are recognized as an operating expense in profit or loss on a straight-line basis over the lease term. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

3.14 Cash and cash equivalents

The cash and cash equivalents consist of short-term available cash in banks and cash on hand. Cash balances, which are encumbered, are accounted for as restricted cash.

3.15 Share Capital

Ordinary shares issued by the Company are classified as equity and recorded at the net proceeds received, which is the fair value of the consideration received less incremental cost directly attributable to the issuance of new shares. The nominal par value of the issued shares is taken to the share capital account and any excess is recorded in the capital reserves account, including the costs that were incurred with the share issue.

3.16 Convertible Bond

Convertible bonds are separated into a host and a conversion component based on the terms of the contract.

On issuance of the convertible bonds, the fair value of the conversion component is determined using a option price model. This amount is classified as a financial liability measured at fair value. The carrying amount of the conversion component is remeasured in subsequent years and recorded at fair value through profit and loss until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the host component that is classified as a financial liability.

Transaction costs are apportioned between the host and the conversion component of the convertible bond based on the allocation of proceeds to the components when the instruments are initially recognised. Transaction costs are deducted from the host component. Transaction cost associated with the conversion component are recorded to profit and loss.

3.17 Provisions

Pension provision

The Group operates a defined benefit pension plan.

The cost of providing benefits under a defined benefit pension plan is determined separately using the projected unit credit valuation method under which future changes in compensation and benefits are taken into account. The expected life spans are determined based on the country-specific recognised actuarial tables.

Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately following the introduction of, or changes to, a defined benefit pension plan, the past service cost is recognized immediately. When a settlement (eliminating all obligations for part or all of the benefits that have already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognized in the income statement during the period in which the settlement or curtailment occurs.

For defined benefit funds, plan assets are measured at fair value. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year.

The defined benefit asset or liability comprises the present value of the defined benefit obligation, plus any actuarial gains (less any losses) not recognized as a result of the treatment above less past service cost not yet recognized and less the fair value of plan assets out of which the obligations are to be settled directly. The discount rate applied for this purpose is determined with reference to high-quality corporate bonds that match the underlying pension obligation with respect to currency and maturity. The value of any asset is restricted to the sum of any past service cost not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

For defined benefit schemes, annual estimates and assumptions about the parameters applied are made. In making these estimates and assumptions, management considers advice provided by an external actuary. The carrying amount of the provision for the pension obligation may differ if these assumptions change. Actuarial gains and losses resulting from changes in actuarial parameters are recognized in full in the period in which they occur in other comprehensive income.

The following parameters were applied in the fiscal year ending 31 December 2012:

Information in %	**31 Dec. 2012**	**31 Dec. 2011**
Discount rate	3.5	5.0
Expected return on plan assets	3.5	5.0
Pension trend	2.0	2.0
Compensation trend	0.0	0.0

Rehabilitation provisions

The Group records the present value of estimated costs of legal and constructive obligations required to restore mining and other operations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and revegetation of affected areas. The obligation generally arises when the "Mine development asset" is installed or the ground/environment is disturbed at the mining production location.

The provision is discounted using a current market-based pre-tax discount rate. Over time, the discounted liability is increased for the change in present value based on the discount rates and the unwinding of the discount is included in interest expense. The provision is reviewed on an annual basis for changes to obligations, legislation or discount rates that impact estimated costs or lives of operations.

At the time of establishing the provision, a corresponding asset is capitalized by increasing the carrying amount of the related mining assets. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate and the adjusted cost of the asset is depreciated prospectively.

Additional disturbances or changes in rehabilitation costs are recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to profit or loss. If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the revised mine assets net of rehabilitation provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Any rehabilitation obligations arising through the production of inventory are expensed as incurred. Costs related to restoration of site damage (subsequent to start of commercial production) which is created on an ongoing basis during production are provided for at their net present values and recognized in profit or loss as extraction progresses.

For closed sites, changes to estimated costs are recognized immediately in profit or loss.

Other provisions

Provisions are recognized when there is a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and that amount can be reliably estimated. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate. Over time, the discounted liability is increased for the change in present value based on the discount rates and the unwinding of the discount is included in interest expense.

3.18 Taxes

Current Taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax legislation used to compute the tax obligation are those that are enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred taxes

Deferred income tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

• where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
• in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, investor or joint venturer and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

• where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
• in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances arise. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill), if it occurred during the measurement period, or in profit or loss.

Current and deferred tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

3.19 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred, which is considered to occur when title or economic interest passes to the customer. At this point the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the commodities and the costs incurred, or to be incurred, in respect of the sale can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable. Sales revenue is recognized at the fair value of consideration received, which in most cases corresponds to the invoiced amounts, with most sales being priced free on board (FOB), free on rail (FOR) or cost, insurance and freight (CIF). Revenues from the sale of by-products are also included in sales revenue. Revenue excludes treatment and refining charges unless payment of these amounts can be enforced at the time of the sale.

For some commodities the sales price is determined provisionally at the date of sale, with the final price determined at a mutually agreed date, generally at a quoted market price at that time. This contractual feature has the character of a commodity derivative. As a result, the invoice price on these sales is marked-to-market at balance sheet date based on the forward coal prices for the relevant quotational period. This ensures that revenue is recorded at the fair value of consideration to be received. All mark-to-market adjustments are recorded in sales revenue.

3.20 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalized up to the date when the qualifying asset is ready for its intended use as part of the cost of the respective asset and amortized over the useful life of the asset. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4. ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the presentation of assets and liabilities, the disclosure of contingent liabilities at the balance sheet date, and the presentation of income and expenses. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Actual results may differ from these estimates under different assumptions and conditions.

4.1 Coal resource estimates

The Group estimates its South African coal reserves and resources in line with the "South African Code for the reporting of exploration results, mineral resources and mineral reserves" (SAMREC Code), which is prepared by the South African Mineral Resource Committee. The SAMREC code requires the use of information, compiled by appropriately qualified persons, relating to the geological and technical data on the size, depth, shape and grade of the coal body and suitable production techniques and recovery rates. Further, the SAMREC Code requires estimates of foreign exchange rates, commodity prices, future capital requirements and production costs. Due to the change of such information over time as well as additional data are collected, estimates of reserves and resources may change and may subsequently affect the financial results and positions of the Group, including:

- The carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, and goodwill may be affected due to changes in estimated future cash flows.
- Depreciation and amortization charges in profit or loss may change where such charges are determined using the units of production method, or where the useful life of the related assets change.
- Provisions for rehabilitation and environmental provisions may change where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities.
- Contingent liabilties may change were the level of future obligations and economic outflows are based on reserve estimates.

4.2 Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires estimates and assumptions to determine whether future commercial exploitation or sale are likely. This requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalised is written off in profit or loss in the reporting period when the new information becomes available.

4.3 Deferred stripping expenditures

The Group defers stripping costs incurred during the production phase of its operations. This requires the use of judgements and estimates relating to the expected tonnes of waste to be removed over the life of the mining area and the expected economically recoverable reserves to be extracted as a result. This information is used to calculate the average life of mine strip ratio (expected waste to expected mineral reserves ratio). Changes in a mine's life and design will usually result in changes to the average life of mine strip ratio. These changes are accounted for prospectively.

4.4 Units of production depreciation

Estimated economically recoverable reserves are used in determining the depreciation of mine specific assets proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has limitations resulting from either its physical life and the present assessment of economically recoverable reserves to which the asset is related. This requires the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The Group uses a coal Run of the Mine (ROM) methodology.

4.5 Mine rehabilitation provision

The Group assesses its mine rehabilitation provision at each reporting date. Significant estimates and assumptions are made including the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and discount rates. Estimates and assumptions may change if new information becomes available, which could have a material effect on the carrying value of the mine rehabilitation provision and the related mineral asset.

4.6 Impairment of assets

The Group assesses each asset or cash generating unit (CGU) in each reporting period to determine whether any indication of impairment exists. These assessments require the use of estimates and assumptions such as commodity prices, discount rates, operating costs, future capital requirements, closure and rehabilitation costs, exploration potential, reserves and resources and operating performance. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

4.7 Recovery of deferred tax assets

Deferred tax assets require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred tax assets. This requires estimates of future taxable income based on forecasted cash flows as well as judgement about the application of existing tax legislation in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be adversaly impacted.

4.8 Inventories

Inventory stockpiles are measured by appropriately qualified persons, applying surveying methodologies, which consider the size and grade of the coal stockpile. The estimated recovery percentage is based on the expected processing method. In addition, net realizable value tests are performed at each reporting date and represent the estimated future sales price of the ROM coal the entity expects to realise when the ROM coal is processed and sold, less estimated costs to bring the the ROM coal to sale.

4.9 Fair value hierarchy

If the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, then fair value is determined using valuation techniques such as discounted cash flow or option price models. This may require judgements regarding inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.10 Contingencies

Management assesses the existence and the economic effects of contingencies at each reporting date. The estimate of the economic effect is based on the outcome and the possibly resulting obligation and outflow of economic benefits.

4.11 Pension Obligation

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Standards and interpretations issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing of standards and interpretations issued are those that the Group reasonably expects will have an impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards and interpretations when they become effective.

IAS 1 Presentation of Financial Statements

In June 2011, the IASB published Changes to IAS 1 – Presentation of Financial Statements. The option to present the income statement and the other income/loss either in a continuous presentation or alternatively in two subsequent presentations is fundamentally preserved. In the future, however, the items of the other result must be grouped in such a way that a separate presentation is created showing whether or not these items will have to be reclassified later into the income statement. The related income tax items must be assigned accordingly. These changes are required to be applied to fiscal years that begin on or after 1 July 2012. The application of the amended standard will lead to changes in the presentation of the statement of comprehensive income.

IAS 19 Employee Benefits – Recognition and Disclosure – Defined Benefit Plans

Changes to IAS 19 – Employee Benefits was published in June 2011. These changes lead to abolition of the corridor method and require the recognition of the actuarial gains and losses directly in other comprehensive income. In addition, the discount rate used for the obligation has to be used as expected return on plan assets, as well. In the future, the past service cost must be recognized entirely in the period of the plan change. The revised standard changes the rules for termination benefits and expands the disclosure obligations. These changes are required to be applied to fiscal years that begin on or after 1 January 2013. The Group currently does not apply the corridor approach. The changes will not have a significant influence on our financial position, liquidity and financial performance.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12 (refer below), what remains in IAS 27 is limited to accounting for subsidiaries, joint arrangements, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 28 Investments in Associates

This standard is supplemented by IFRS 12 as part of the revision of the rules on accounting for interests in joint ventures. It is effective for fiscal years beginning on or after 1 January 2013. The effects on the Groups consolidated financial statements are currently being investigated.

Amendments to IAS 32/IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

The IASB issued amendments to IAS 32 and IFRS 7 on 16 December 2011. The amendments clarify certain details with regard to the offsetting of financial assets and liabilities and require entities to make additional disclosures. The revised IAS 32 is effective for fiscal years beginning on or after 1 January 2014. The revised IFRS 7 is effective for fiscal years beginning on or after 1 January 2013.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In the future, financial assets must be assigned only to the two valuation categories "at amortized cost" and "at fair value" and measured accordingly. Due to an amendment published in December 2011, IFRS 9 is only required to be applied to fiscal years beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. These amendments have not yet been incorporated into European law. The application of the new standard will lead to changes in the presentation and recognition of financial assets and liabilities.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities

In May 2011, the IASB published three new and two revised standards, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, amendments to IAS 27 Consolidated and Separate Financial Statements, and amendments to IAS 28 Investments in Associates.

IFRS 10 supersedes the previous regulations on consolidated financial statements (parts of IAS 27 Consolidated and Separate Financial Statements) and special purpose entities (SIC-12 Consolidation – Special Purpose Entities) and prescribes a single consolidation model that identifies control as the basis for consolidation for all types of entities. The standard additionally includes guidelines for assessing control in cases of doubt. The currently applicable regulations for recognizing shares in joint ventures (IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers) will be replaced by IFRS 11 in the future. The disclosure obligations previously included in IAS 27, IAS 28, and IAS 31 are combined into IFRS 12 and expanded with additional particulars. Due to these amendments, IAS 27 only still contains regulations on the recognition of shares in subsidiaries, affiliates, and joint ventures in the separate financial statements of the parent company. IAS 28 is being expanded to include regulations on the recognition of shares in joint ventures and prescribes the use of the equity method for affiliates and joint ventures.

These changes are required to be applied to fiscal years that begin on or after 1 January 2013, with earlier application permitted. We assume that the new and revised standards will have no material influence on our financial position, liquidity and financial performance.

IFRS 13 Fair Value Measurement

In May 2011, the IASB published IFRS 13. IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRS require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value. IFRS 13 is required to be applied to fiscal years that begin on or after 1 January 2013, with earlier application permitted. The standard will have no material influence on our financial position, liquidity and financial performance.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation focuses on how to account for the costs of waste removal activity that are incurred in the production phase of a surface mine. The interpretation addresses the accounting for the benefit from the stripping activity. It is effective for fiscal years beginning on or after 1 January 2013.

6. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1 Intangible assets

The changes in intangible assets were as follows:

	Purchased rights EUR k	Goodwill EUR k	Exploration and Evaluation Asset EUR k	Marketing Agreements EUR k	Customer Relationship EUR k	Brand Name EUR k	Total EUR k
Acquisition or production cost							
1 Jan. 2012	5,321	6,416	327	1,148	138	1,162	14,511
Addition through business combination	6	0	0	0	4,864	0	4,870
Additions	49	0	696	0	0	0	745
Currency effects	–501	0	0	0	0	0	–501
31 Dec. 2012	**4,875**	**6,416**	**1,023**	**1,148**	**5,002**	**1,162**	**19,625**
Depreciation and impairments							
1 Jan. 2012	444	0	0	0	0	0	444
Additions	263	0	0	0	461	0	724
Impairment Charges	0	0	0	1,021	138	0	1,159
Currency effects	–56	0	0	0	0	0	–56
31 Dec. 2012	**651**	**0**	**0**	**1,021**	**599**	**0**	**2,271**
Carrying amounts							
31 Dec. 2012	4,224	6,416	1,023	127	4,403	1,162	17,355
1 Jan. 2012	4,877	6,416	327	1,148	138	1,162	14,067

Purchased rights

The purchased right has been acquired in prior years and relates to a right for the use of a port operation in Kintap, South Kalimantan, Indonesia, by transfer of economic risks and benefits.

Goodwill and brand name

The goodwill and brand name arose from the contribution of HMS Bergbau AG to capital reserves of Ichor Coal N.V. with effect from 1 December 2011.

Management determines on an annual basis, whether goodwill and the brand name is impaired by assessing whether indicators exist that would affect the carrying value. As the formation of the Group only occurred on 1 December 2011, no imparíment tests were conducted by management at prior year end. At the end of the current financial year, management tested goodwill for impairment, the most significant assumption being the future growth of the company's market share in Asia and Africa.

For the impairment test of goodwill and the brand name, management has determined the value in use of the trading division, being the underlying cash-generating unit. The value in use has been calculated using the actual 3-year business plan, as approved by Management and Supervisory Board, for the cash generating unit to which the goodwill is allocated. For the periods beyond the actual business plan, projections have been used based on an extrapolation of the business plan and a growth rate of zero percent. A discount rate of 13.52 percent, accounting for time value of money as well as risks associated with the cash-generating unit was used.

As the value in use exceeds the carrying value, no impairment charge was recognized in respect of goodwill and the brand name.

Based on a sensitivity analysis, an increase of the discount rate by 1 percentage points or a decrease of the projected cash flows of 10 percentage points would have no adverse effect on the result of the impairment test.

Exploration and evaluation asset

The additions to the exploration and evaluation assets result from the current exploration program at Vunene Mining (Pty) Ltd.

Marketing agreements

The marketing agreements arise from the contribution of HMS Bergbau AG into Ichor Coal N.V. and mainly relate to an exclusive marketing relationship regarding coal products, produced in Indonesia. Group management has assessed indicators whether the carrying value of the marketing agreements is impaired.

For the impairment test, management has determined the value in use of the underlying agreements by assessing contract specific forecasted cash flows on a discounted basis and under the consideration of updated contract specific capital cost, tax and other information. Discount rates between 7.51 percent and 12.1 percent, accounting for time value of money as well as risks associated with the marketing agreements was used. As the carrying value exceeds the value in use, an impairment charge was recognized in respect of marketing agreements.

Customer relationship

The purchased customer relationship represents non-contracted interactions with a South African utility company. The amortization of the customer relationship is based on future deliveries, while the expected remaining amortisation period for customer relationship is based on the projected contract period at the time of the acquisition.

	Purchased rights EUR k	Goodwill EUR k	Exploration and Evaluation Asset EUR k	Marketing Agreements EUR k	Customer Relationship EUR k	Brand Name EUR k	Total EUR k
Acquisition or production cost							
13 Oct. 2011	0	0	0	0	0	0	0
Contribution of HMS Bergbau AG shares	5,073	6,416	0	1,148	138	1,162	13,937
Additions	0	0	327	0	0	0	327
Currency effects	248	0	0	0	0	0	248
31 Dec. 2011	**5,321**	**6,416**	**327**	**1,148**	**138**	**1,162**	**14,511**
Depreciation and impairments							
13 Oct. 2011	0	0	0	0	0	0	0
Contribution of HMS Bergbau AG shares	402	0	0	0	0	0	402
Additions	22	0	0	0	0	0	22
Currency effects	20	0	0	0	0	0	20
31 Dec. 2011	**444**	**0**	**0**	**0**	**0**	**0**	**444**
Carrying amounts							
31 Dec. 2011	4,877	6,416	327	1,148	138	1,162	14,067
13 Oct. 2011	0	0	0	0	0	0	0

6.2 Property, plant and equipment

The following table shows the development of property, plant and equipment:

	Mine Assets EUR k	Land and Buildings EUR k	Technical equipment and machinery EUR k	Other equipment, operational and office equipment EUR k	Advance payments and assets under con-struction EUR k	Total EUR k
Acquisition or production cost						
1 Jan. 2012	0	0	1,343	119	4	1,466
Addition through business combination	72,558	2,140	243	204	0	75,145
Additions	702	476	1,376	163	0	2,717
Disposals	0	0	0	–10	0	–10
Transfers	0	4	0	0	–4	0
Currency effects	–168	–41	–146	–19	0	–374
31 Dec. 2012	**73,092**	**2,579**	**2,816**	**457**	**0**	**78,944**
Depreciation and impairments						
1 Jan. 2012	0	0	287	13	0	300
Additions	719	0	237	93	0	1,049
Disposals	0	0	–9	–10	0	–19
Currency effects	–71	0	–37	–15		–123
31 Dec. 2012	**648**	**0**	**478**	**81**	**0**	**1,207**
Carrying amounts						
31 Dec. 2012	**72,444**	**2,579**	**2,338**	**376**	**0**	**77,737**
1 Jan. 2012	0	0	1,056	106	4	1,166

Mine assets

As a result of the acquisition of Vunene Mining (Pty) Ltd., mine assets of EUR 71,147 thousand relating to the coal reserves and resources included in the Usutu mine of Vunene Mining (Pty) Ltd. have been recognized. Further EUR 1,411 thousand of mine assets, arising as well from the acquisition of Vunene Mining (Pty) Ltd., primarily relate to transfered exploration expenditures; capitalized mining infrastructure; development expenditures and environmental assets relating to future rehabilitation cost. The amortization of mine assets is based on a unit of production method.

Land and buildings

The land and buildings have been purchased in the course of the acquisition of Indawo Estate (Pty) Ltd. and secure continued access to infrastructure for future mining activities.

Technical equipment and machinery

The technical equipment and machinery mainly relates to mining equipment and to the port operations in Indonesia. Furthermore, technical equipment includes the machinery of Vunene Mining (Pty) Ltd. purchased for its open cast mining activities.

	Technical equipment and machinery EUR k	Other equipment, operational and office equipment EUR k	Advance payments and assets under construction EUR k	Total EUR k
Acquisition or production cost				
13 Oct. 2011	0	0	0	0
Contribution of HMS Bergbau AG shares	1,281	117	4	1,402
Additions	0	1	0	1
Currency effects	62	1	0	63
31 Dec. 2011	**1,343**	**119**	**4**	**1,466**
Depreciation and impairments				
13 Oct. 2011	0	0	0	0
Contribution of HMS Bergbau AG shares	260	10	0	270
Additions	14	3	0	17
Currency effects	13	0		13
31 Dec. 2011	**287**	**13**	**0**	**300**
Carrying amounts				
31 Dec. 2011	1,056	106	4	1,166
13 Oct. 2011	0	0	0	0

6.3 Inventories

Inventories of EUR 469 thousand consist solely of coal stockpiles of Vunene Mining (Pty) Ltd.

6.4 Investments accounted for using the equity method

On 30 November 2012, Ichor Coal N.V. concluded the purchase of 30 percent of the shares from a capital increase in Mbuyelo Coal (Pty) Ltd., a South African holding company, which in turn owns stakes in a group of coal mining companies operating in varying stages from green field projects to producing mines.

The transaction was initially structured via a convertible bond issued by Mbuyelo Coal (Pty) Ltd. and subscribed by Ichor Coal N.V. With the finalization of a corporate restructuring and the completion of a comprehenisve due diligence including a positive assessment of different expert opinions with regard to the validation and the evaluation of the coal resources, Ichor Coal N.V. converted the bond into equity and initiated a share capital increase.

As of 31 December 2012, the carrying amount of the investment in associates is EUR 17,903 thousand. The Group's share of realized losses of Mbyuelo Coal (Pty) Ltd. for the period between 30 November 2012 and 31 December 2012 is EUR 47 thousand. No dividend has been received by Ichor Coal N.V. from Mbyuelo Coal (Pty) Ltd. in 2012.

Summarized 31 December 2012 financial statement information of Mbyuelo Coal (Pty) Ltd., which are not adjusted for the percentage of ownership held by Ichor Coal N.V., is disclosed below:

EUR thousand	**31 Dec. 2012**
Current assets	15,567
Non- current assets	31,914
Total assets	**47,481**
Current liabilities	1,301
Non-current liabilities	51
Total liabilities	1,352
Equity	**46,129**
Revenues	0
Share of profit or loss of associates	10,457
Net profit after tax	8,378

As the financial year of Mbyuelo Coal (Pty) Ltd. ends on 28 February, disclosures of financial information and the Group's share in loss has been derived from interim financial statements ending 31 December 2012.

6.5 Other non-current financial assets

The purchase of shares in Vunene Mining (Pty) Ltd., which included the advance payment of EUR 945 thousand in 2011, was concluded in 2012. Consequently, the advance payment has been charged against the final share purchase price.

6.6 Trade and other receivables

Trade and other receivables as of 31 December 2012 amounted to EUR 10,542 thousand. Allowances for doubtful trade receivables amounted to EUR 6 thousand resulting from additions recorded during the financial year.

As of 31 December 2012 receivables of EUR 63 thousand were past due, out of which EUR 6 thousand were subject to valuation allowances. No valuation allowance has been recorded in 2011. With regard to the remaining receivables not subject to valuation allowances, there were no indications at the balance sheet date that would suggest that the customers would not fulfill their payment obligations.

The past-due trade receivables at the balance sheet date for which no valuation allowance has been charged are presented in the table below:

	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
up to 30 days	43	117
31 to 90 days	20	145
91 to 180 days	0	14
181 days and longer	0	0
Total trade receivables past due	**63**	**276**

6.7 Other current financial assets

Other current financial assets are composed as follows:

	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
Rehabilitation Investment Fund	906	0
Senior Secured Convertible Note	0	3,232
Miscellaneous	127	552
Other current financial assets	**1,033**	**3,784**

The Rehabilitation Investment Funds are held by a subsidiary in relation to the funding of future environmental rehabilition requirements, as guaranteed to the South African Department of Mineral Resources.

The Senior Secured Convertible Note has been issued by Mbuyelo Coal (Pty) Ltd. and solely subscribed by Ichor Coal N.V. in 2011. The note, which was redeemed on 30 November 2012, was fully converted into shares of Mbyuelo Coal (Pty) Ltd.

6.8 Other assets

The following table summarises the components of other assets:

	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
Advance payments	4,213	1.792
Receivables from value added tax	296	0
Miscellaneous	399	251
Other non-financial assets	**4,908**	**2,043**

The advance payments have been solely made to coal suppliers and were mainly realized in the beginning of 2013.

As of 31 December 2012, an additional valuation allowance of EUR 224 thousand has been recorded against advanced payments due to the non-performance of an Indonesian supplier. The development of the allowance is as follows:

	Total EUR k	Individually impaired EUR k
31 Dec. 2011	159	159
Additions	224	224
Addition due to consolidation	0	0
Disposal due to deconsolidation	0	0
Utilisation	0	0
Reversals	0	0
31 Dec. 2012	**383**	**383**

6.9 Deferred tax assets and deferred tax liabilities

The Group's net deferred tax asset and liability recognised in the balance sheet is as follows.

	31 Dec. 2012		31 Dec. 2011	
	Deferred tax assets EUR k	Deferred tax liabilities EUR k	Deferred tax assets EUR k	Deferred tax liabilities EUR k
Intangible assets	0	21,503	0	734
Property, plant and equipment	0	327	0	0
Non-current financial assets	64	0	0	19
Other assets	0	0	18	0
Provisions for pensions	881	0	400	0
Other provisions	137	0	0	0
Other liabilities	0	260	0	0
Temporary differences	**1,082**	**22,090**	**418**	**753**
Tax loss carry-forwards	**1,497**	**0**	**830**	**0**
Total	**2,579**	**22,090**	**1,248**	**753**
Offsetting	–260	–260	–19	–19
Amounts as per balance sheet	**2,319**	**21,830**	**1,229**	**734**

IchorCoal Group management assesses the future utilization of the tax loss carry-forward as given, based on the current Group forecasts of revenues and expenditures.

The Group's deferred tax balances were subject to following changes during the financial year.

	2012 EUR k	2011 EUR k
Deferred tax assets at the beginning of the period	1,229	0
Deferred tax liabilities at the beginning of the period	–734	0
Net tax position at the beginning of the period	**495**	**0**
Deferred tax benefit/ (expense) of current year	705	160
Changes in deferred taxes recognized in other comprehensive income	422	0
Changes to deferred tax assets due to group consolidation	0	1,068
Changes to deferred tax liabilities due to group consolidation	–21,133	–734
Net tax position as of 31 December	**–19,511**	**494**
Deferred tax assets at the end of the period	2,319	1,228
Deferred tax liabilities at the end of the period	–21,830	734

6.10 Cash and cash equivalents

As of 31 December 2012, IchorCoal Group's cash and cash equivalents are made up as follows:

	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
Cash at banks	17,155	4,429
Cash on hand	10	6
Cash and cash equivalents	**17,165**	**4,435**

Within cash at banks, a balance of EUR 531 thousand is held by a subsidiary and only available for specified purposes in relation to infrastructure care and maintenance purposes.

6.11 Equity

The components and changes in consolidated equity are summarised in the consolidated statement of changes in equity.

Issued capital

The issued capital of EUR 5,000,000 is divided into 50,000,000 (2011: 50,000,000) common shares, with a nominal value of EUR 0.10 each. The issued capital as of 31 December 2012 consisted entirely of fully paid-up ordinary shares.

As at 31 December of 2012, all of the shares were admitted for trading on the Entry Market of the Frankfurt Stock Exchange, the Open Market of the Berlin Stock Exchange and on the High Risk Market of the Hamburg Stock Exchange. The first listings occured on 28 December 2011 on the Berlin Stock Exchange, on 30 December 2011 on the Hamburg Stock Exchange and on 28 June 2012 on the Frankfurt Stock Exchange.

Each fully paid ordinary share carries the right to dividends as declared and carries the right to one vote at a shareholders meeting.

The authorised capital amounted to EUR 25,000,000 and is divided into EUR 250,000,000 shares, with a nominal value of EUR 0.10 each.

Capital reserves

The IchorCoal Group was formed, effective 1 December 2011, as a result of transfer of the shares in HMS Bergbau AG to Ichor by means of a contribution to capital reserves of EUR 9,953 thousand.
During the current financial year, Ichor Coal N.V. purchased a further 289,957 shares in HMS Bergbau AG for a total consideration of EUR 1,669 thousand. The difference between the consideration paid and the adjustment of the non-controlling interest, amounting to EUR 1,362 thousands, has been recognised in capital reserves and as such has been attributed to the owners of the company.

In addition, the Group re-purchased 1,678,000 own treasury shares for a total consideration of EUR 5,789 thousand resulting in a decrease of capital reserves of EUR 5,621 thousand. The treasury shares have been sold prior to year end for fully paid up proceeds of EUR 5,873 thousand, resulting in an increase of capital reserves of EUR 5,705 thousand. The net yield on the transactions of EUR 84 thousand is recognized directly in capital reserves. The treasury shares have been purchased on the expectation that part of the purchase price of an investment in South Africa would have to be paid in shares. However, final negotiations lead to a full cash-based payment structure.

Capital reserves are not distributable to equity holders of the parent.

Accumulated retained earnings

The accumulated retained earnings include the net loss of the prior year, which is attributable to the owners of the parent company.

Accumulated other comprehensive income

The accumulated other comprehensive income comprises differences from currency translation as well as actuarial gains of defined pension benefit plans, net of tax.

Non-controlling interest

As per 31 December 2012 the following entities were consolidated in the Group's consolidated financial statements whereas non-controlling interest stakes were held by third parties:

	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
HMS Bergbau AG, Berlin, Germany	340	535
Vunene Mining (Pty) Ltd., South Africa	16,101	0
Indawo Estate (Pty) Ltd., South Africa	17	0
HMS Bergbau AG Oil & Gas Division, Germany	0	47
Non-controlling interest	**16,458**	**582**

6.12 Provision for pensions

A provision for pensions was recognised to cover the obligation arising from vested pension rights for an active director of the Group. The pension plan is organised in accordance with the legal, tax-related, and economic conditions of the respective country. The provision for defined benefit pension plan corresponds to the present value of the obligation at the balance sheet date net of the fair value of the plan assets. Plan assets solely consist of a liability insurance.

The amount of the provision was calculated as follows:

	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
Fair value of plan assets	1,374	1,338
Present value of defined benefit obligations	–7,394	–5,423
	–6,020	–4,085
Unrecognized actuarial (gains) and losses	1,397	0
Net obligation	**–4,623**	**–4,085**

The present value of the pension obligation showed the following changes:

	2012 EUR k	2011 EUR k
Obligation at the beginning of the period	–5,423	0
Contribution of HSM Bergbau AG shares	0	–5,372
Current service cost	–333	–28
Interest expense	–271	–23
Actuarial (gains) and losses	–1,367	0
Obligation at the end of the period	**–7,394**	**–5,423**

The Group expects no further contributions to its defined benefit pension plan in 2013.

The changes in the fair value of the plan assets are presented in the table below:

	2012 EUR k	2011 EUR k
Plan assets at the beginning of the period	1,338	0
Contribution of HSM Bergbau AG shares	0	1,332
Expected income from plan assets	67	6
Actuarial (gains) and losses	–31	0
Plan assets at the end of the period	**1,374**	**1,338**

As of 31 December 2012, the actual income from plan assets amounts to EUR 3 thousand.

The expenses for defined benefit pension plans broke down as follows:

	2012 EUR k	2011 EUR k
Current service cost	333	28
Interest expense	271	23
Expected income from plan assets	–67	–6
Pension expenses	**537**	**45**

6.13 Other provisions

Current provisions are composed as follows:

	2012 EUR k	2011 EUR k
Environmental rehabilitation current operations	493	0
Environmental rehabilitation past operations	625	0
Current other provisions	**1,118**	**0**

The rehabilitation provision relates to the mining activities of Vunene Mining (Pty) Ltd. As per South African legal requirements, mining companies are required to provide for rehabilitation work as part of their ongoing operations. An annual estimate of the closure costs is made by management, which are expected to meet the mines Environmental Management Program obligation. As at 31 December 2012, EUR 1,640 thousand total cost were provided for restoration and rehabilitation relating to operating sites. The expected timing of the cash outflows in respect of the provision is on the closure of the mining operations. Out of the total cost provided for expenditures amounting to EUR 493 thousand are expected to be paid in 2013 and are therefore included in the current provisions.

The provision for environmental rehabilitation on past operations relates to Vunene Mining (Pty) Ltd.'s previous mining activities and is expected to be utilized in 2013.

The non-current provisions of EUR 1,147 thousand solely represents the non-current portion of the rehabilitation provision amounting.

6.14 Interest-bearing loans and borrowings

Financing of the IchorCoal Group is mainly obtained by the parent company Ichor Coal N.V. Direct external financing to the subsidiaries of Ichor Coal N.V. is obtained in form of trade or project finance facilities provided it is advantegous to the Group.

Current interest bearing loans and borrowings are composed as follows:

	2012 EUR k	2011 EUR k
Promissory note loan	0	1,500
Trade finance facilities	491	5,480
Ichor Coal N.V. Convertible Bond	409	0
Miscellaneous	25	0
Current interest bearing loans and borrowings	**925**	**6,980**

At balance sheet date, the Group is liable to current interest-bearing loans and borrowings of EUR 491 thousand (2011: EUR 5,480 thousand) as a result of trade financing within the scope of current operating activities. During the financial year, the EUR 1,500 thousand promissory note loan, which matured in November 2012, was repaid by a Group entity. The current portion of the Ichor Coal N.V. Convertible Bond originates from accrued interest expenses to be paid at the next quarterly interest day.

The interest rates on the short term loans are based on current market rates and are equivalent to the effective rates of interest.

Non-current interest bearing loans and borrowings are composed as follows:

	2012 EUR k	2011 EUR k
Ichor Coal N.V. Convertible Bond	77,084	0
Non-Current interest bearing loans and borrowings	**77,084**	**0**

In June 2012, Ichor Coal N.V. issued EUR 50 million of up to EUR 80 million convertible bonds. In November 2012, the remaining EUR 30 million were issued. The convertible bonds were issued at par and will be - subject to early prepayment or conversion – mature in June 2017. The convertible bonds carry a fixed interest rate of 8% per annum, to be paid quarterly in arrears.

The bonds have a nominal value of EUR 100,000 and an initial conversion price of EUR 4.50, which entitles each bond holder to convert into 22.222 new ordinary bearer shares of Ichor Coal N.V.

Under certain conditions, such as the issuance of new shares or payments of dividends in the form of ordinary shares, standard adjustment mechanisms would apply to the conversion share price. As of 31 December 2012, no such events occurred, which would have triggered an adjustment to the conversion share price.

If at any point the outstanding principal falls under 20 percent of the principal amount or if at any time after 7 June 2014, the ten consecutive days average opening price of the ordinary shares of the issuer amounts to 140% of the conversion price on each such day, Ichor Coal N.V. has the right to pay back all - but not part – of the outstanding notes including the accrued interest as of the day on which such clean-up option is exercised.
The interest rate of the convertible bond is fixed until the maturity date.

Management determined that the convertible bond is a combined financial instrument, which contains two components: the bond liability (host component) and a conversion option (conversion component).
Based on accounting standards, the conversion component was classified as a financial instrument at fair value through profit or loss and was initially recognized as a liability at the fair value of EUR 25,100 thousand. The Group used a binomial options pricing model for the initial and subsequent determination of the fair value. Significant input factors for the model are Ichor Coal N.V.'s share price, the volatility of the share price and the remaining time to expiry. The fair value of the conversion component as of 31 December 2012 has been changed due to the decrease in the remaining time to expiry as well as a decreased volatility. At 31 December 2012, the fair value of the conversion component was EUR 23,225 thousand. The resulting gain of EUR 1,875 thousand has been recognized in the statement of comprehensive income.

The fair value of the host component of EUR 52,155 thousand at inception date has been derived as the residual amount of the issue price less the conversion component and pro rata transaction cost. Transaction costs of 2.5 percent of the convertible bond face value have been apportioned between the host and the conversion component based on the allocation of proceeds to the components. The host component is subsequently carried at the amortized cost using the effective interest method. As of 31 December 2012, the carrying value of the host component was EUR 54,268 thousand, including accrued interest.

There were no conversions of the bonds during the year.

The movement of the convertible bond during the year was as follows:

	2012 EUR k	2011 EUR k
Host instrument at inception	52,155	0
Conversion component at inception	25,100	0
Fair value movement of conversion component	–1,875	0
Accrued interest	2,113	0
Ichor Coal N.V. Convertible Bond	**77,493**	**0**

6.15 Other financial liabilities

Other current financial liabilities of EUR 4,291 thousand represent the contingent consideration liability that relates to payment obligations resulting from the acquisition of shares in Vunene Mining (Pty) Ltd. and a contingent contribution arrangement, which is contingent on the outcome of an exploration program at Vunene Mining (Pty) Ltd. The liability will become payable upon completion of all conditions precedent to that final payment.

Other non-current financial liabilities of EUR 803 thousand represent liabilities due to the minority shareholder of Indawo Estate (Pty) Ltd.

6.16 Trade and other payables

The trade and other payables of EUR 9,388 thousand solely relate to trade payables.

6.17 Other non-financial liabilities

The other non-financial liabilities broke down as follows:

	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
Liabilities from other taxes	1,524	29
Accrued liabilities	398	240
Advance payments	2	852
Miscellaneous	159	73
Other non-financial liabilities	**2,083**	**1,194**

The liabilities from other taxes mainly comprise tax expenses on revenues generated in 2012 as well as royalty taxes of Vunene Mining (Pty) Ltd.

6.18 Maturity analysis of financial and non-financial liabilities

The contractually agreed (undiscounted) payment terms relating to financial and non-financial liabilities are presented in the following table:

EUR k	Carrying amount 31 Dec. 2012	Undiscounted cash outflows 2013	2014 - 2017	2018 ff.
Non-current loans and borrowings	77,084	0	80,000	0
Current loans and borrowings	925	925	0	0
Trade and other payables	9,388	9,388	0	0
Other non-current financial liabilities	803	0	803	0
Other current financial liabilities	4,291	4,291	0	0
Other liabilities and liabilities from income taxes	2,411	2,411	0	0

EUR k	Carrying amount 31 Dec. 2011	Undiscounted cash outflows 2012	2013 - 2016	2017 ff.
Other current loans and borrowings	6,980	6,980	0	0
Trade and other payables	1,273	1,273	0	0
Other liabilities	1,194	1,194	0	0

7. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

7.1 Revenue

The following table provides information regarding the split up of revenues:

	2012 EUR k	2011 EUR k
Revenues from coal trade	88,032	2,996
Revenues from mining	12,507	0
Services revenues	2,485	83
Other revenues	0	33
Revenue	**103,024**	**3,112**

The revenues from sale of goods were generated from the national and international trade, beneficiation and handling of purchased and internally produced coal products such as steam coal, coking coal and anthracite. Revenues from mining were generated from the groups mining activities and the sale of the run-of-mine coal to direct customers. Service revenues are generated on a care and maintenance agreement to maintain infrastructure in a South African mine on behalf of a third party, as well as by the port operations in Indonesia.

7.2 Other operating income

The following table provides an overview of the material items of other operating income:

	2012 EUR k	2011 EUR k
Gain from remeasuring of associate	3,943	0
Gain from investment acquisition	156	0
Indemnification income	126	0
Foreign exchange gains	114	126
Non-performance compensation supplier	101	28
Miscellaneous	96	87
Other operating income	**4,536**	**241**

As at the majority acquisition date of the investment in Vunene Mining (Pty) Ltd., the previously held minority share had been remeasured. The resulting gain of EUR 3,943 thousand has been recognized in other operating income. The total contribution value of that acquisition has been allocated to the provisional fair values of the identifiable assets and liabilities of Vunene Mining (Pty) Ltd. resulting in a additional gain of EUR 156 thousand.

The income from indemnification relates to a pre-acquisition contingency out of the acquistion of shares in Vunene Mining (Pty) Ltd., of which Ichor Coal N.V.'s financial implications have been contractually indemnified.

7.3 Purchased goods and services

The following table provides information regarding the split up of purchased goods and services:

	2012 EUR k	2011 EUR k
Purchased goods from coal trade	84,879	3,018
Purchased services from mining	7,568	0
Purchased other services	1,310	156
Purchased goods and services	**93,757**	**3,174**

Costs of purchased goods from coal trade resulted from the national and international purchase of steam coal, coking coal and anthracite as well as from potential beneficiation and handling cost. Purchased service costs from mining were incurred by the mining activities of the group and relate to contractors as well as operating supplies and consumables.

7.4 Personnel expenses

Personnel expenses are composed as follows:

	2012 EUR k	2011 EUR k
Wages and salaries	2,879	188
Social security	459	28
Pension expenses	334	28
Personnel expenses	**3,672**	**244**

The number of employees in the group increased from 29 in 2011 to 140 in 2012, mainly resulting from the acquisition of Vunene Mining (Pty) Ltd.

7.5 Depreciation, amortization and impairments

The depreciation, amortization and impairments split up as follows:

	2012 EUR k	2011 EUR k
Impairment of intangible assets	1,159	0
Write off of current assets	1,268	0
Depreciation of property, plant and equipment	955	17
Amortization of intangible assets	807	22
Others	30	0
Depreciation, amortization and impairments	**4,219**	**39**

As the carrying value of marketing agreements and customer relationships, originating from the contribution of HMS Bergbau AG into Ichor Coal N.V. in 2011, exceeds the value in use, an impairment charge of EUR 1,159 thousand has been recorded. The impairment charge on current assets relates to coal stock piles, which were rendered unmarketable, amounting to EUR 749 thousand. Furthermore advances and other receivables of EUR 519 thousand, which have been defaulted and where management asseses recoverabilty as unlikely, were fully written off.

7.6 Other operating expenses

The following table provides an overview of the material items of other operating expenses:

	2012 EUR k	2011 EUR k
Legal and consulting costs	1,799	115
Advertising and travel expense	825	194
Foreign exchange losses	750	10
Rental and leasing expenses	476	7
Commissions	311	14
Bank charges	244	8
Compliance expenses	244	0
Audit and Accounting Service Expenses	213	85
Other taxes	196	0
Vehicle costs	118	13
Insurances and contributions	86	0
Miscellaneous	798	46
Other operating expenses	**6,060**	**492**

7.7 Financial result

The financing cost and income can be analyzed as follows:

	2012 EUR k	2011 EUR k
Effective interest on Convertible Bond	4,213	0
Interest on debts and borrowings	283	40
Interest expenses on provisions for pensions, less reimbursements	204	17
Interest on rehabilitation provision	24	0
Other	41	0
Total interest and similar expenses	**4,765**	**57**
Transaction cost Convertible Bond	1,255	0
Total finance costs	**6,020**	**57**

	2012 EUR k	2011 EUR k
Interest income from bank accounts	95	6
Interest on other loans and borrowings	372	17
Other	62	0
Total interest income	**529**	**23**
Gain on conversion option Convertible Bond	1,875	0
Total finance income	**2,404**	**23**

7.8 Share of profit or loss of associates accounted for using the equity method

For the period between February 2012, when Ichor Coal N.V. purchased 20 percent of the shares in Vunene Mining (Pty) Ltd., and July, when Ichor Coal N.V. purchased an additional 54 percent, an at-equity gain of EUR 441 thousand had been recognized based on the results of Vunene Mining (Pty) Ltd. during that period.

For the month of December 2012, when Ichor Coal N.V. held 30% of the shares in Mbuyelo Coal (Pty) Ltd., an at equity loss of EUR 47 thousand has been recognized based on the results of Mbuyelo Coal (Pty) Ltd. in that period.

7.9 Income tax and deferred tax

Total taxation benefit/ (expense) comprises as follows:

	2012 EUR k	2011 EUR k
Current taxes	–638	0
Deferred taxes	705	160
Income taxes	**67**	**160**

The factors affecting income tax expense for the period are listed below:

	2012 EUR k	2011 EUR k
Income before income taxes	–3,367	–628
Tax rate	30.18%	30.18%
Expected tax (expense)/ benefit	**1,016**	**190**
Differing tax rates	–6	–3
Permanent differences	1,366	0
Adjustments to carrying amounts of deferred taxes	40	–19
Current income taxes for prior years	–122	0
Deferred income taxes for prior years	163	0
Unrecognized tax losses and interest carryforward	–2,048	–12
Non-deductible expenses for tax purposes	–517	–1
Tax-exempt income	1	0
Trade tax additions/deductions	182	0
Other effects	–8	5
Income taxes	**67**	**160**

Out of the unrecognized tax losses and interest carryforward, EUR 779 thousand expire earliest in 2017 and EUR 1,269 thousand do not expire.

7.10 Earnings per share

Basic earnings per share

The basic earnings per share for the financial year 2012 amounted to EUR -0.07 (2011: -0.01). The basic earnings per share calculation is based on the profit and loss attributable to the owners of the company and the number of shares outstanding during the period, adjusted by the weighted average number of own treasury shares held by the Group during the period. The profit and loss attributable to the owners of the company and the weighted average number of shares outstanding was calculated as follows:

Profit and loss attributable to the owners of the company (in EUR thousand)

	2012	2011
Profit and loss for the period	–3,300	–468
Non-controlling interest	–332	16
Profit and loss attributable to the owners of the company	–3,632	–452

Weighted average number of shares outstanding (in 000s)

	2012	2011
Shares issued and fully paid as of 1 January (2011: 1 December)	50,000	50,000
Effect of own treasury shares held during the period	–667	0
Weighted average number of shares outstanding	49,333	50,000

Diluted earnings per share

During the financial year, Ichor Coal N.V. issued a convertible bond of EUR 80 million, which resulted in an adjustment to the weighted average shares outstanding of 6,961 thousand. Those shares, as well as any income or loss adjustment in relation to those shares, were excluded from the computation of diluted earnings per share as their effect is anti-dilutive.

7.11 Other comprehensive income

The other comprehensive income can be broken down as follows. Due to the nature of the consolidation currency translation differences, no tax effect has been considered.

	2012		
	Before tax EUR k	Tax effect EUR k	Net EUR k
Actuarial gains and losses on defined benefit plans	–1,398	422	–976
Currency translation differences	–471	0	–471
Other current financial assets	**–1,869**	**422**	**–1,447**

	2011		
	Before tax EUR k	Tax effect EUR k	Net EUR k
Currency translation differences	–48	0	–48
Other comprehensive income	**–48**	**0**	**–48**

8. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

The cash flow statement was prepared using the indirect method.

IchorCoal Group's cash and cash equivalents as of 31 December 2012, which was unencumbered, amounted to EUR 17,165 thousand.

The Group's cash flows from operating and investing activities was mainly influenced by the acquisition of 74 percent of the shares of Vunene Mining (Pty) Ltd. and the subscription of the entire share capital increase of 30 percent of Mbuyelo Coal (Pty) Ltd. The cash flow from financing activities in turn was driven by the issuance of the up to EUR 80 million convertible bonds of Ichor Coal N.V. as well as the further purchase of shares in HMS Bergbau AG.

9. NOTES TO THE CONSOLIDATED SEGMENT REPORT

9.1 Basic principles of segment reporting

The core business of the Group is the investment in coal resources as well as in other projects in the field of coal logistics, coal handling and coal trading. The Group focuses on the development of coal resources in Southern Africa as well as Southeast Asia. Through its investment in HMS Bergbau AG, serving as the exclusive marketing arm of the Group, it also engages in international coal trading, with main trading partners being major power plants and other industrial customers worldwide.

Ichor Coal N.V. is the parent company of IchorCoal Group, being responsible for all investments in coal resources as well as all central control functions such as strategy, finance, accounting/controlling. In 2012, mining activities were conducted by Vunene Mining (Pty) Ltd., whereas all major trade activities were conducted via HMS Bergbau AG. The segments are based on the reports as reviewed by management in order to form a basis for strategic decisions.

Sales between group companies are based on transfer prices adhering to the arms- length principle. Segment performance is measured at a margin contribution level.

For management purposes, the Group is organised into reporting segments based on its production and trading activities and as such has two reportable segments, as follows:

- Trading
- Mining

The segment reporting reflects the internal management and reporting structures.

The geographic focus of the group's investment and trading activities is Asia, Europe and Africa.

9.2 Segment information

Division information

	Mining EUR k	Trading EUR k	Other EUR k	Totals Consolidated EUR k
External revenue	12,507	88,032	2,485	103,024
Purchased goods and services	–7,568	–84,879	–1,310	–93,757
Gross margin	**4,939**	**3,153**	**1,175**	**9,267**
Other operating income				4,536
Personnel expenses				–3,672
Depreciation, amortisation and impairments				–4,219
Other operating expenses				–6,060
Finance costs				–6,029
Finance income				2,404
Income from investments in associates				394
Profit / loss before tax				**–3,367**
Income taxes				67
Profit / loss				**–3,300**

During the financial year, impairment charges of EUR 1,159 thousand on non-current assets and EUR 223 thousand on current assets, pertaining to the Trading segment of the Group have been recorded. Furthermore, impairment charges of EUR 296 thousand have been recorded on current assets pertaining to the Mining segment of the Group have been recorded. The segment allocation of non-current assets – other than financial instruments, deferred tax assets, post-employment benefit assets and contract rights – and non-current liabilities – other than post-employment benefit obligations and deferred tax liabilities – is as follows:

	Mining EUR k	Trading EUR k	Other EUR k	Totals Consolidated EUR k
Segment non-current assets	99,765	15,492	58	115,315
Segment non-current liabilities	23,780	6,021	77,084	106,884

Geographical information

	Asia EUR k	Africa EUR k	Europe EUR k	Other EUR k	Totals Consolidated EUR k
External revenue	73,355	24,132	5,524	13	103,024
Purchased goods and services	–70,007	–17,963	–5,400	–387	–93,757
Gross margin	3,348	6,169	124	**–374**	**9,267**

10. OTHER DISCLOSURES

10.1 Capital management

The Group aims on owning and operating medium sized coal assets which are expandable and promise upstream development potential. Group management selects assets in accordance to those criteria and continually reviews existing assets to identify whether they remain within set financial limits. The Group will continue to review further potential assets which fit the strategy and only invest capital in those who meet the investment criteria. The Group's requirements for investments are projects that carry sufficient rates of return, generate consistent cash flows and have potential for future value creation to ultimately allow the Group to return excess capital to its shareholders.

Group management monitors capital in the light of economic changes and significant transactions. Capital requirements are assessed and evaluated in conjunction with the Supervisory Board for capital structure impacts. IchorCoal Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. Taking account of significant changes of the capital structure, it is management's policy to maintain the gearing ratio constant. The Group includes within its net debt, interest bearing loans and borrowings, trade and other payables, less cash and short term deposits.

	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
Interest bearing loans and borrowings	78,009	6,980
Accounts payable and accrued liabilities	9,786	1,513
Less Cash and cash equivalents	–17,165	–4,435
Net Debt	**70,630**	**4,058**
Equity	24,415	15,042
Equity and Net Debt	95,045	19,100
Gearing Ratio	**74 %**	**21 %**

10.2 Financial assets and liabilities

Presentation by categories

The balance sheet items comprising financial assets and liabilities can be attributed to the measurement categories according to IAS 39 as follows:

31 Dec. 2012	Carrying amount EUR k	Loans and receivables EUR k	Financial liabilities measured at amortised cost EUR k	Financial liabilities at fair value through profit & loss EUR k
Assets				
Trade and other receivables	10,543	10,543	0	0
Other current financial assets	1,033	1,033	0	0
Cash and cash equivalents	17,165	17,165	0	0
Liabilities				
Interest-bearing loans and borrowings	78,009	0	54,784	23,225
Other non-current financial liabilities	803	0	803	0
Trade and other payables	9,388	0	9,388	0
Other current financial liabilities	4,291	0	4,291	0

31 Dec. 2011	Carrying amount EUR k	Loans and receivables EUR k	Financial liabilities measured at amortised cost EUR k
Assets			
Other non-current financial assets	945	945	0
Trade and other receivables	2,048	2,048	0
Other current financial assets	3,784	3,784	0
Cash and cash equivalents	4,435	4,435	0
Liabilities			
Interest-bearing loans and borrowings	6,980	0	6,980
Trade and other payables	1,273	0	1,273

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 31 December 2012, the Group held the conversion component of the convertible bond at fair value through profit or loss in the statement of financial position. The conversion component has been valued using an option price model and as such is classified as a Level 3. At inception the conversion option has been valued at EUR 25,100 thousand. As of year end, a gain of EUR 1,875 thousand has been recognised and recorded in profit and loss.

Other disclosures for financial assets and liabilities

Except for the convertible bond, the financial assets and liabilities have mainly short terms to maturity. Therefore, carrying amounts at the reporting date approximate the fair value. The convertible bond has a maturity beyond one year. The carrying amount of the host component represents the discounted nominal amount. The carrying amount of the conversion component represents the fair value of the conversion option as of 31 December 2012.

The results from the various categories of financial assets and liabilities are composed as follows. Net gains on financial liabilities at fair value through profit and loss were EUR 1,875 thousand. Total interest income and total interest expense for financial assets and liabilities that are not at fair value through profit or loss were EUR 2,404 thousand and EUR 6,020 thousand, respectively. In addition, impairment losses of EUR 1,268 thousand were recognized for other financial assets. The Group realized net losses of EUR -636 thousand from currency translation differences.

10.3 Financial risk management

The Group is exposed to various financial risks which arise out of its business activities. The main risks identified include investment risks, financial market risks such as currency and interest rate risks, liquidity risks, credit risks and commodity price risks. The Group manages these risks in accordance to its risk strategy to mitigate material negative effects on the financial performance and to secure the financial position of IchorCoal Group. The risk management system of the Group is segregated to fit its diverse operations, being investments in coal resources and coal trading activities. In addition, the risk management system is two tier organized into an internal review process as well as a controlling activity scheme.

The Group's investment activities and associated risk management involves various activities such as investment opportunities. Associated risks must be identified, classified, evaluated, controlled and monitored by management and presented to the Supervisory Board as part of the investment decision process. All identified risk is quantified to assess the magnitude of its financial impact and if necessary to implement mitigating measures.

The Group's trading activities and associated risk management involves the identification of inherent risks as well as the classification, evaluation, controlling and monitoring of trading opportunities. Trading activities with potential material effects to the financial performance are presented to the Supervisory Board of HMS Bergbau AG. It is the Group's policy to only accept risks if they are associated with significant earnings potential. Where possible, risks are minimised or transferred to third parties.

The following sections describe opportunities and risks that could have a significant impact on the Group's net assets, financial position and results of operations:

Investment risks

IchorCoal Group is exposed to investment risks, which originate in the selection of investment projects. Investments may not meet expected return rates in the future, which would have a negative impact on the Group's financial results. IchorCoal Group's management board in conjunction with the Supervisory Board, mitigates such risks by employing a thorough assessment and approval process, which is supported by detailed due diligence reports which examine for instance the size of the deposit, logistics infrastructure, financial situation, legal requirements, management and political situation. Final investment decisions above certain thresholds require the approval of the Ichor Coal N.V. Supervisory Board. Furthermore, significant cost and timeline overruns in production ramp ups subsequent to an acquisition also pose risks to IchorCoal Group. These risks are mitigated by IchorCoal Group's project controlling run by experienced inhouse staff.

Financial market risks

Because of its international activities the Group is exposed to a variety of financial market risks. Although, the effects of movements in foreign exchange and interest rates might have unwanted effects on the financial position of IchorCoal Group, the risk from an underlying single transactions is not considered significant due to the short term nature of all trading transactions.

The functional currency of Ichor Coal N.V. is Euro. Most of the transactions are foreign currency transactions and therefore the Group is exposed to fluctuation risks. Revenue and expenditure transaction, which arise in a currency other than the functional currency, are translated in Euro at the time of the transaction. The resulting currency risk exposure is included in the Group's risk management system. IchorCoal Group management considers entering into forward exchange contracts should the circumstances require securitization of revenue or expenditure streams subject to unwanted currency fluctuation.In such instances, forward transactions are presented to and approved by the Supervisory Board of Ichor Coal N.V. Any financial asset or liability of Ichor Coal N.V., which is denominated in a currency other than the functional currency is periodically restated. Any associated gain or loss is taken to the income statement.

In the case of coal trade contracts, the natural hedging relationship of "back to back" contracts results in foreign currency transaction risks only occuring between the cash out-flow and the cash in-flow of the underlying business transaction. As such, these transactions carry minimal timing risks. As a further measure to offset the exchange rate transaction risk on coal trade contracts, the Group enters into trade financing facilities denominated in US Dollar in a volume which generates interest payments and repayments in US Dollar. As a consequence, the cash flows match those from its trade contracts.

The trade finance credit facilities are provided on a fixed interest rate basis, which may vary from transaction to transaction. Further interest rate risks may originate from variable interest rates on the Group's possible future borrowings for investments. Any such risk is evaluated within the Group and may be mitigated by interest derivatives, if deemed necessary.

Liquidity Risk

The Group's liquidity risk arises from the possibility that it may not be able to meet its financial obligations as they fall due. The risk is managed as part of the Group's overall risk management. Operational and capital cash requirements are monitored taking forecast information into account and presented to the Supervisory Board. The main sources of liquidity comes from the operating business and external borrowings. Management continually monitors the availability of financial resources to fund the Group's operating activities and investments by means of Group-wide liquidity planning. The liquidity and financial flexibility of the Group is provided by trade finance facilities in the amount of USD 20,000 thousand. The monitoring also contains an analysis of the due dates of the Group's financial obligations. Payment obligations for financial obligations that have been contractually agreed but not yet recorded are presented in note "Contingent liabilities and commitments". The Group did not default on payment obligations during the financial period.

Credit Risk

Credit risks arise from business relationships with customers and suppliers. Financial assets may be impaired if business partners do not adhere to their payment obligations. The maximum exposure to risk from financial assets, which are fundamentally subject to credit risk, is limited to the total carrying value of relevant financial assets on the balance sheet as at the reporting date. Significant risk items are contained in trade receivables and other assets and cash and cash equivalents. To reduce the credit risk on revenues, the Group's risk management aims to utilize secured payment mechanisms or risk mitigation instruments. For example, payments may be secured prior to delivery by the use of letters of credit. In addition, risks from performance failures or poor performance of deliveries may arise. Such risks may not be completely passed on to customers. Management mitigates these risks appropriately by selecting creditworthy parties and by assessing individual conditions and structuring contracts accordingly. Prior to business relationships, management evaluates its potential customers using available financial information or its own trading records.

A further component of credit risk management is the constant monitoring of countries (and customers in the respective countries) for political instability and/or which may be or come under financial distress. Through its expansion of the investments as well as the trade business to Africa and Asia means that the Group may be exposed to legal or regulatory risks, such as from political influence, disruptions in the supply chain, riots, or disadvantageous economic policy strategies. Environmental and other geographical influences are also taken into account in these decisions. There are also uncertainties from the given legal condition that are and will be subject to change. In Asia in particular, above-average opportunities are associated with higher risks. To counter individual risks, the Group's risk management attempts to stipulate corresponding contractual rules or eliminate them completely by involving experienced local partners.

Commodity Price Risk

The majority of the Group's coal trading activities uses "back to back" contracts and index-based purchasing and sales agreements. As such, by definition these type of agreements secures the contractually-agreed margins of individual transactions. If, on the other hand, fixed prices are agreed upon price risks could occur. HMS Group management evaluates such risks on a daily basis as part of the risk management system, taking into account current forward prices and expected volatility. HMS Group's management will continue the attempt to realise genuine "back to back" transactions with top rated suppliers and customers.

10.4 Relationships with related parties

Related parties are defined as those persons and companies that control IchorCoal Group, or that are controlled or subject to significant influence by IchorCoal Group. Intercompany transactions within IchorCoal Group have been eliminated within the consolidated financial statements. During the financial year, Ichor Coal N.V. received short term financing from one of its shareholders Kore Coal B.V., Netherlands. The financing facilities were agreed at on an arms-length basis and fully repaid during the year. Besides the business relationships with the consolidated subsidiaries, no business relationships existed with related parties.

Key management personnel are also related parties and comprise the directors of IchorCoal N.V and HMS Bergbau AG. No transactions with key management personnel occurred in the financial year, beyond the short-term employee compensation of EUR 1,060 thousand. Further, the Group's defined benefit pension plan has been set up for a key management member of HMS Bergbau AG. Please refer to Note 6.12 "Provisions for pensions".

10.5 Contingent liabilities and commitments

As of 31 December 2012, the Group's purchase obligations from coal trade contracts amounted to EUR 5,719 thousand, all relating to 2013. Further payment obligations amounting to approximately EUR 2,160 thousand.

The maturity of other financial obligations resulting from rental and lease agreements of EUR 714 thousand split up as follows:

	31 Dec. 2012 EUR k	**31 Dec. 2011 EUR k**
Due within one year	243	128
Due in one to five years	471	61
Due in more than five years	0	0
Total	**714**	**189**

The pension obligation of IchorCoal Group amounting to EUR 7,395 thousand is offset by pledged plan assets. As of 31 December 2012, the fair value of the plan assets was EUR 1,375 thousand.

The Group is currently not involved as a defendant in any litigations. The Group is not liable to any contingent liability, other than as described in this report.

10.6 Treasury shares

Unchanged from prior year end, HMS Bergbau AG, a subsidiary of Ichor Coal N.V., holds 248,307 treasury shares corresponding to 5.7 % of its issued capital. The treasury shares are fully consolidated and are not presented in the equity statement of IchorCoal Group.

10.7 Audit Fees

The total audit fees of EUR 184 thousand have been incurred by Ernst & Young, Europe (EUR 111 thousand), KPMG, South Africa (EUR 53 thousand) and SizweNtsalubaGobodo, South Africa (EUR 20 thousand).

10.8 Events after the balance sheet date

Other than the events described in this report, no event with significant influence to the financial position of IchorCoal Group, which arose subsequent to the financial statement date, came to our attention.

Berlin, 2 April 2013

Heinz Schernikau	Sebastian Giese
Chief Executive Officer	Chief Financial Officer

Stand-alone Statement of Financial Position for the Year ended 31 December 2012

	Note	31 Dec. 2012 EUR	31 Dec. 2011 EUR
Assets			
Non-current assets			
Intangible assets	3.1	358,876.18	326,745.36
Property, plant and equipment	3.2	8,119.00	789.00
Shares in affiliates	3.3	56,217,898.00	9,953,000.00
Investments accounted for using the equity method	3.4	17,949,900.15	0.00
Other non-current financial assets	3.5	0.00	945,196.93
Deferred tax assets	3.9	0.00	149,585.50
		74,534,793.33	11,375,316.79
Current assets			
Trade and other receivables	3.6	109,179.26	0.00
Other current financial assets	3.7	3,560,226.06	3,231,902.39
Other assets	3.8	157,792.25	60,347.53
Cash and cash equivalents	3.10	12,655,001.30	472,125.54
		16,482,198.87	3,764,375.46
Total Assets		**91,016,992.20**	**15,139,692.25**
Equity and liabilities			
Equity			
Issued capital	3.11	5,000,000.00	5,000,000.00
Capital reserves	3.11	10,036,900.00	9,953,000.00
Accumulated retained earnings	3.11	–346,141.11	0.00
Profit or loss for the year	3.11	–6,405,816.56	–346,141.11
Total equity		8,284,942.33	14,606,858.89
Non-current liabilities			
Interest-bearing loans and borrowings	3.12	77,084,347.72	0.00
Current liabilities			
Interest-bearing loans and borrowings	3.12	408,888.87	0.00
Other current financial liabilities	3.13	4,291,443.36	0.00
Trade and other payables	3.14	748,439.31	468,713.21
Other liabilities	3.15	198,930.61	64,120.15
		5,647,702.15	532,833.36
Total liabilities		82,732,049.87	532,833.36
Total equity and liabilities		**91,016,992.20**	**15,139,692.25**

The accompanying notes form part of these financial statements.

Stand-alone Statement of Comprehensive Income for the Year ended 31 December 2012

	Note	1 Jan. - 31 Dec. 2012 EUR	13.Oct. - 31 Dec. 2011 EUR
Revenue	4.1	127,095.11	0.00
Other operating income	4.2	164,701.30	46,152.45
Purchased services	4.3	–387,123.04	–138,906.80
Personnel expenses	4.4	–798,566.25	–73,322.14
Depreciation		–8,118.82	–42.84
Other operating expenses	4.5	–2,020,518.75	–346,679.08
Finance costs	4.6	–5,595,142.91	0.00
Finance income	4.6	2,261,442.32	17,071.80
Profit or loss before income taxes		–6,256,231.04	–495,726.61
Income taxes	4.7	–149,585.52	149,585.50
Profit or loss for the year		**–6,405,816.56**	**–346,141.11**
Other comprehensive income		0.00	0.00
Total comprehensive income		**–6,405,816.56**	**–346,141.11**

The accompanying notes form part of these financial statements.

Stand-alone Statement of Changes in Equity for the Year ended 31 December 2012

	Note	Issued capital Ordinary shares EUR k	Capital reserves EUR k	Accumulated retained earnings EUR k	Profit or loss for the year EUR k	Total equity EUR k
31 Dec. 2011	3.11	5,000	**9,953**	**–346**	**0**	**14,607**
Profit or loss for the year	3.11	0	0	0	–6,406	–6,406
Total comprehensive income		0	**0**	**0**	**–6,406**	**–6,406**
Purchase of treasury shares	3.11	–168	–5,621	0	0	–5,789
Reissuance of treasury shares	3.11	168	5,705	0	0	5,873
		0	84	0	0	84
31 Dec. 2012	3.11	5,000	**10,037**	**–346**	**–6,406**	**8,285**

The accompanying notes form part of these financial statements.

Stand-alone Statement of Changes in Equity for the Year ended 31 December 2012

	Note	Issued capital Ordinary shares EUR k	Capital reserves EUR k	Accumulated retained earnings EUR k	Total equity EUR k
13 Oct.. 2011	3.11	**45**	**0**	**0**	**45**
Profit or loss for the period	3.11	0	0	–346	–346
Total comprehensive income		0	**0**	**–346**	**–301**
Issue of shares	3.11	4,955	0	0	4,955
Contribution of HMS Bergbau AG shares	3.11	0	9,953	0	9,953
		4,955	9,953	0	14,908
31 Dec. 2011	3.11	**5,000**	**9,953**	**–346**	**14,607**

The accompanying notes form part of these financial statements.

Stand-alone Statement of Cash Flow for the Year ended 31 December 2012

	Note	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
PROFIT OR LOSS		–6,406	–346
Reconciliation of profit or loss to the cash flow from operating activities			
Depreciation and amortization of fixed assets	3.1/ 3.2	8	0
Gain on conversion component of Convertible Bond	4.6	–1,874	0
Effective interest on Convertible Bond	4.6	1,704	0
Changes due to foreign currency changes		–43	0
Other non-cash items	4.6	895	0
Changes in deferred taxes	3.9	150	–150
Changes in trade and other receivables	3.6	–109	0
Changes in trade and other payables	3.14	80	469
Changes in other financial assets and liabilities	3.7/ 3.13	388	–3,232
Changes in other assets and liabilities	3.8/ 3.15	37	4
CASH FLOW FROM OPERATING ACTIVITIES		**–5,170**	**–3,255**
Purchases of intangible assets and property, plant, equipment		–17	–1
Purchases of investments in subsidiaries, associates and other non-current financial assets	3.3	–55,188	–945
Exploration expenditure	3.1	–30	–327
CASH FLOW FROM INVESTING ACTIVITIES		**–55,235**	**–1,273**
Proceeds from share capital increase		0	4,955
Purchase of treasury shares	3.11	–5,789	0
Reissuance of treasury shares	3.11	5,873	0
Proceeds from interest-bearing loans and borrowings		12,500	0
Repayments of interest-bearing loans and borrowings		–12,500	0
Proceeds from Convertible Bond issuance	3.12	80,000	0
Transaction cost of Convertible Bond issuance	3.12	–4,000	0
Payments on loans to subsidiaries	3.7	–3,539	0
CASH FLOW FROM FINANCING ACTIVITIES		**72,545**	**4,955**
Cash flow-related changes in cash and cash equivalents		**12,140**	**427**
Changes in cash and cash equivalents due to exchange rates		43	0
Cash and cash equivalents at beginning of period		472	45
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3.10	**12,655**	**472**
CASH FLOWS CONTAINED IN THE CASH FLOW FROM OPERATING ACTIVITIES			
Interest received		15	17
Interest paid		2,636	0

The accompanying notes form part of these financial statements.

Reconciliation of Consolidated and Stand-alone Equity for the Year ended 31 December 2012

The consolidated financial statements as at 31 December 2012 report a positive net equity position of EUR 24,415 thousand; the stand-alone financial statements as at 31 December 2012 report a positive net equity of EUR 8,285 thousand.

		31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
Total consolidated equity		24,415	15,042
Difference in accumulated retained earnings			
- Individual retained earnings	(1)	–346	0
- Consolidated retained earnings	(1)	451	0
Difference in net result			
- Individual result	(1)	–6,406	–346
- Consolidated result attributable to the shareholders	(1)	3,632	451
Non-controlling interest in the Group due to the contribution of HMS Bergbau AG shares	(2)	–605	–605
Changes in non-controlling interest in the Group due to changes in HMS Group	(2)	47	0
Acquisition of HMS Bergbau AG shares	(3)	1,362	0
Changes in non-controlling interest in the Group due to acquisition of HMS Bergbau AG shares	(3)	307	0
Non-controlling interest in the Group due to the acquisition of Vunene Mining Group	(4)	–15,737	0
Non-controlling interest in the Group due to the annual result and comprehensive income	(5)	–478	23
Accumulated other comprehensive income	(6)	1,635	42
Total stand-alone equity		**8,285**	**14,607**

(1) Ichor Coal N.V.'s investments in its subsidiaries are accounted for using the cost method. Under the cost method, the investments in the subsidiaries are carried in the stand-alone financial statement at cost.

(2) The non-controlling interest of EUR 605 thousand in the Group are due to the contribution of the shares in HMS Bergbau AG into Ichor Coal N.V. and the subsequent first time consolidation. In 2012, the investment of HMS Bergbau AG in HMS Oil & Gas Division, consisting of 51% of the shares, was sold, decreasing the non-controlling interest.

(3) In 2012 Ichor Coal N.V. purchased further 289,957 shares in HMS Bergbau AG for a total consideration of EUR 1,669 thousand, resulting in a relative adjustment of non-controlling interest of EUR 307 thousand and capital reserves of EUR 1,362 thousand.

(4) The non-controlling interest of EUR 15,738 thousand in the Group are due to the acquisition of shares in Vunene Mining (Pty) Ltd. by Ichor Coal N.V. and the subsequent first time consolidation of Vunene Mining Group.

(5) The non-controlling interest in the Group due to the annual result and comprehensive income represent the share of those items attributable to the minority shareholder.

(6) The comprehensive income results from translation differences as well as actuarial gains and losses on defined benefit plans and corresponding income taxes of other Group companies during the year-end consolidation.

Notes to the Stand-Alone Financial Statements

1. GENERAL INFORMATION

1.1 Corporate information

Ichor Coal N.V. is a limited liability company incorporated in Amsterdam, Netherlands, and whose shares are publicly traded. The address of the registered office of Ichor Coal N.V. is An der Wuhlheide 232, 12459 Berlin, Germany.

Ichor Coal N.V. is an internationally operating mineral-resource-company specializing in investments in coal resources as well as in other projects in the field of coal logistics, coal handling and coal trading. The company invests in coal resources in Southern Africa and Southeast Asia to secure own coal-resources, to gain control along the value chain and to sell the produced coal on the international markets.

The stand-alone financial statements of Ichor Coal N.V. for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 2 April 2013.

1.2 Basis of preparation

The stand-alone financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the interpretations of the IFRS Interpretations Committee (IFRS IC) approved by the IASB, in effect and recognized by the European Union (EU) at the balance sheet date as well as with the provisions of Part 9, Book 2, of the Netherlands Civil Code.

The same basis of preparation applies as described in the notes to the consolidated accounts. We therefore refer to note "1.2 Basis of preparation" of the consolidated financial statements.

Acquisitions

Vunene Mining (Pty) Ltd.

As of February 2012, Ichor Coal N.V. purchased 20% of the shares in Vunene Mining (Pty) Ltd., a South African based coal mining company. With further share purchase agreements, being signed in February and July, Ichor Coal N.V. purchased additional 54% in that same company in July 2012, making Ichor Coal N.V. the majority shareholder in Vunene Mining (Pty) Ltd.

HMS Niwka Coal Production Company Sp. z o.o.

As of December 2012, Ichor Coal N.V. purchased 100% of the shares in HMS Niwka Coal Production Company Sp. z o.o. from its subsidiary HMS Bergbau AG to further the alignment of IchorCoal Group structure to the corporate strategy. HMS Niwka Coal Production Company Sp. z o.o. is a Polish-based company established to develop a coal mining project and the licensing process for the re-opening of the mine Niwka-Modrzejow in Poland.

Mbuyelo Coal (Pty) Ltd.

As of November 2012, Ichor Coal N.V. concluded the purchase of 30% of the shares from a capital increase of Mbuyelo Coal (Pty) Ltd., a South African coal mining company, which in turn owns stakes in a group of mining companies operating in varying stages from green field projects to producing mines. The transaction was initially structured via a convertible bond issued by Mbuyelo Coal (Pty) Ltd. and subscribed by Ichor Coal N.V.. With the finalization of a corporate restructuring and the completion of a comprehenisve due diligence including a positive assessment of different expert opinions with regard to the validation and the evaluation of the coal resources, Ichor Coal N.V. converted the bond into equity and initiated a share capital increase.

Foreign currency translation

Transactions in foreign currencies

Purchases and sales in foreign currencies are translated at the exchange rate on the date of the transaction. Assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate on the balance sheet date. Any foreign exchange gains or losses resulting from such translations are recognised in income.

2. SIGNIFICANT ACCOUNTING AND VALUATION METHODS

The same accounting and valuation methods apply as described in the notes to the consolidated accounts. We therefore refer to note "3. Accounting policies" of the consolidated financial statements. Participating interests, over which significant influence (including control) is exercised, are stated applying the cost method.

3. NOTES TO THE STAND-ALONE STATEMENT OF FINANCIAL POSITION

3.1 Intangible assets

The changes in intangible assets were as follows:

	Purchased rights and licenses EUR k	Exploration and Evaluation EUR k	Total EUR k
Acquisition or production cost			
31 Dec. 2011	0	327	327
Additions	2	30	32
31 Dec. 2012	2	357	359
Depreciation and impairments			
31 Dec. 2011	0	0	0
Additions	0	0	0
31 Dec. 2012	**0**	**0**	**0**
Carrying amounts			
31 Dec. 2012	**2**	**357**	**359**
31 Dec. 2011	0	327	327

The exploration and evaluation asset represents the recognized cost for a drilling program related to the mining right of Vunene Mining (Pty) Ltd. and a more specific determination of mineral resources. The program was started in 2011 and will continue during the financial year 2013. During the reporting period, no facts and circumstances indicated that the carrying amount exceeds the recoverable amount.

	Exploration and Evaluation EUR k	Total EUR k
Acquisition or production cost		
13 Oct. 2011	0	0
Additions	327	327
31 Dec. 2011	327	327
Depreciation and impairments		
13 Oct. 2011	0	0
Additions	0	0
31 Dec. 2011	**0**	**0**
Carrying amounts		
31 Dec. 2011	**327**	**327**
13 Oct. 2011	0	0

3.2 Property, plant and equipment

The changes in property, plant and equipment were as follows:

	Office equipment EUR k	Total EUR k
Acquisition or production cost		
31 Dec. 2011	1	1
Additions	15	15
31 Dec. 2012	**16**	**16**
Depreciation and impairments		
31 Dec. 2011	0	0
Additions	8	8
31 Dec. 2012	**8**	**8**
Carrying amounts		
31 Dec. 2012	**8**	**8**
31 Dec. 2011	1	1

3.3 Shares in affiliates

Shares in affiliates are composed as follows:

	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
Shares in HMS Bergbau AG	14,618	9,953
Shares in Vunene Mining (Pty) Ltd.	40,300	0
Shares in HMS Niwka Sp. z o.o.	1,300	0
	56,218	**9,953**

During the financial year, Ichor Coal N.V. subscribed to 370,000 new common bearer shares (no-par shares) in HMS Bergbau AG for a total contribution of EUR 2,997 thousand. The new shares have full dividend rights for the financial year 2012. In addition, Ichor Coal N.V. purchased further 289,957 shares in HMS Bergbau AG for a total consideration of EUR 1,669 thousand.

In December 2012, Ichor Coal N.V. purchased the Polish subsidiary HMS Niwka Coal Production Sp. z o.o. from HMS Bergbau AG for a total consideration of EUR 1,300 thousand.

Regarding the shares in Vunene Mining (Pty) Ltd. we refer to note "2.1 Acquisitions" of the consolidated financial statements.

3.4 Investments accounted for using the equity method

Investments accounted for using the equity method of EUR 17,950 thousand solely represent the investment in Mbuyelo Coal (Pty) Ltd. We refer to note "6.4 Investments accounted for using the equity method" of the consolidated financial statements.

3.5 Other non-current financial assets

The purchase of shares in Vunene Mining (Pty) Ltd., in which relation the advance payment of EUR 945 thousand has been paid at prior year-end, has been concluded in 2012. Consequently, the advance payment has been charged against the final share purchase price.

3.6 Trade and other receivables

Trade and other receivables of EUR 109 thousand solely relate to receivables due from Vunene Mining (Pty) Ltd.

3.7 Other current financial assets

Other current financial assets are composed as follows:

	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
Loan to HMS Bergbau AG	2,505	0
Loan to HMS Niwka Sp. z o.o.	1,034	0
Convertible note Mbuyelo Coal (Pty) Ltd.	0	3,232
Miscellaneous	21	0
	3,560	**3,232**

The principal amount of the loans are interest bearing at 3-month-Euribor plus 2.5% margin and are equivalent to the effective rates of interest.

The convertible note issued by Mbuyelo Coal (Pty) Ltd. and solely subscribed by Ichor Coal N.V. in 2011 was converted into shares on 30 November 2012.

3.8 Other assets

Other assets of EUR 158 thousand mainly consist of an indemnification asset of EUR 132 thousand resulting from the acquisition of shares in Vunene Mining (Pty) Ltd. against one of the former shareholders.

3.9 Deferred tax assets and deferred tax liabilities

The company's net deferred tax asset and liability recognised in the statement of financial position is as follows.

	31 Dec. 2012		31 Dec. 2011	
	Deferred tax assets EUR k	Deferred tax liabilities EUR k	Deferred tax assets EUR k	Deferred tax liabilities EUR k
Non-current financial assets	64	0	0	19
Other liabilities	0	261	0	0
Temporary differences	**64**	**261**	**0**	**19**
Tax loss carry-forwards	**197**	**0**	**169**	**0**
Total	**261**	**261**	**169**	**19**
Offsetting	–261	–261	–19	–19
Deferred tax assets and liabilities	**0**	**0**	**150**	**0**

The company's deferred tax balances were subject to following changes during the financial year.

	2012 EUR k
Deferred tax assets at the beginning of the period	150
Deferred tax liabilities at the beginning of the period	0
Net tax position at the beginning of the period	**150**
Deferred tax expense of current year	–150
Net tax position as of 31 December	**0**
Deferred tax assets at the end of the period	0
Deferred tax liabilities at the end of the period	0

3.10 Cash and cash equivalents

As of 31 December 2012, the company's cash and cash equivalents of EUR 12,655 thousand solely represent cash at banks.

3.11 Equity

The components and changes in equity are summarised in the statement of changes in equity.

Issued capital

The issued capital of EUR 5,000,000 is divided into 50,000,000 (2011: 50,000,000) common shares, with a nominal value of EUR 0.10 each. The issued capital as of 31 December 2012 consisted entirely of fully paid-up ordinary shares.

As at 31 December of 2012, all of the shares were admitted for trading on the Entry Market of the Frankfurt Stock Exchange, the Open Market of the Berlin Stock Exchange and on the High Risk Market of the Hamburg Stock Exchange. The first listings occured on 28 December 2011 on the Berlin Stock Exchange, on 30 December 2011 on the Hamburg Stock Exchange and on 28 June 2012 on the Frankfurt Stock Exchange.

Each fully paid ordinary share carries the right to dividends as declared and carries the right to one vote at a shareholders meeting.

The authorised capital amounted to EUR 25,000,000 and is divided into EUR 250,000,000 shares, with a nominal value of EUR 0.10 each.

Capital reserves

Effective 1 December 2011, 86.53% of the shares of HMS Bergbau AG amounting to EUR 9,953 thousand were contributed to capital reserves of Ichor Coal N.V.

During the current financial year, the company re-purchased 1,678,000 own treasury shares for a total consideration of EUR 5,789 thousand resulting in a decrease of capital reserves of EUR 5,621 thousand. The treasury shares have been sold prior to year end for fully paid up proceeds of EUR 5,873 thousand, resulting in an increase of capital reserves of EUR 5,705 thousand. The net yield on the transactions of EUR 84 thousand is recognized directly in capital reserves. The treasury shares have been purchased on the expectation that part of the purchase price of an investment in South Africa would have to be paid in shares. However, final negotiations lead to a full cash-based payment structure.

Capital reserves are not distributable to equity holders of the company.

Accumulated retained earnings

The accumulated retained earnings include the net loss of the prior year.

3.12 Interest-bearing loans and borrowings

Interest-bearing loans and borrowings of EUR 77,084 thousand (non-current) and EUR 409 thousand (current), respectively, solely relate to a Convertible Bond of up to EUR 80 million that has been issued by Ichor Coal N.V. in 2012. We refer to note “6.14 Interest-bearing loans and borrowings” of the consolidated financial statements.

3.13 Other current financial liabilities

Current financial liabilities of EUR 4,291 thousand represent the contingent consideration liability that relates to payment obligations resulting from the acquisition of shares in Vunene Mining (Pty) Ltd. We refer to note "2.1 Acquisitions" of the consolidated financial statements.

3.14 Trade and other payables

Trade and other payables of EUR 749 thousand solely relate to trade payables.

3.15 Other liabilities

Other liabilities are composed as follows:

	31 Dec. 2012 EUR k	31 Dec. 2011 EUR k
Liabilities from other taxes	61	14
Accrued liabilities	131	50
Miscellaneous	7	0
	199	**64**

Accrued liabilities mainly comprise liabilities resulting from audit and accounting as well as other consulting services.

3.16 Maturity analysis of financial liabilities

The contractually agreed (undiscounted) payments relating to financial and non-financial liabilities are presented in the following table:

EUR k	Carrying amount		Undiscounted cash outflows	
	31 Dec. 2012	2013	2014 - 2017	2018 ff.
Interest-bearing loans and borrowings	77,493	409	80,000	0
Other current financial liabilities	4,291	4,291	0	0
Trade and other payables	749	749	0	0
Other liabilities	199	199	0	0

4. NOTES TO THE STAND-ALONE STATEMENT OF COMPREHENSIVE INCOME

4.1 Revenues

The revenues mainly comprise management fees and reimbursements for other services rendered to Vunene Mining (Pty) Ltd.

4.2 Other operating income

Other operating income primarily results from indemnification claims against one of the former shareholders of Vunene Mining (Pty) Ltd.

4.3 Purchased services

Purchased services primarily occurred in relation to the investment activities in South Africa.

4.4 Personnel expenses

Personnel expenses are composed as follows:

	1 Jan.-31 Dec. 2012 EUR k	13 Oct.-31 Dec. 2011 EUR k
Wages and salaries	763	70
Social security	36	3
	799	**73**

4.5 Other operating expenses

Other operating expenses are composed as follows:

	1 Jan.-31 Dec. 2012 EUR k	13 Oct.-31 Dec. 2011 EUR k
Legal and consulting costs	933	65
Travel expenses	382	167
Audit and accounting services	126	75
Advertising expenses	105	15
Foreign exchange losses	101	10
Listing fees	51	0
Rental and leasing expenses	31	1
Miscellaneous	291	14
	2.020	**347**

4.6 Financial result

The financial result is composed as follows:

	1 Jan. - 31 Dec. 2012 EUR k	13 Oct. -31 Dec. 2011 EUR k
Effective interest on Convertible Bond	4,213	0
Interest on debts and borrowings	127	0
Total interest and similar expenses	**4,340**	**0**
Transaction cost Convertible Bond	1,255	0
Total finance cost	**5,595**	**0**

	1 Jan. - 31 Dec. 2012 EUR k	13 Oct. -31 Dec. 2011 EUR k
Interest on other loans and borrowings, securities	386	17
Total interest income	**386**	**17**
Gain on conversion option Convertible Bond	1,875	0
Total finance income	**2,261**	**17**

4.7 Income taxes

Total taxation benefit is composed as follows:

	1 Jan. - 31 Dec. 2012 EUR k	13 Oct. -31 Dec. 2011 EUR k
Deferred taxes	–150	150
	–150	**150**

The factors affecting income tax expense for the period were as listed below:

	1 Jan. - 31 Dec. 2012 EUR k	13 Oct. -31 Dec. 2011 EUR k
Income before income taxes	−6,256	−496
Tax rate	30.18%	30.18%
Expected tax benefit	**1,888**	**167**
Adjustments to carrying amounts of deferred taxes	19	0
Unrecognized tax losses and interest carryforward	−2,048	0
Other effects	−9	0
Income taxes	**−150**	**150**

Out of the unrecognized tax losses and interest carryforward, EUR 779 thousand expire earliest in 2017 and EUR 1,269 thousand do not expire.

4.8 Earnings per share

Basic earnings per share

The basic earnings per share for the financial year 2012 amounted to EUR -0.13 (2011: -0.01). The basic earnings per share calculation is based on the profit or loss attributable to the shareholders of Ichor Coal N.V. and the number of shares outstanding during the period, adjusted by the weighted average number of own treasury shares held by the group during the period.

The weighted average number of shares outstanding was calculated as follows:

		2012	2011
Shares issued and fully paid as of 1 January (2011: 1 December)	000s	50,000	50,000
Effect of own treasury shares held during the period	000s	−667	0
Weighted average number of shares outstanding at 31 December	000s	49,333	50,000

The basic earnings per share was calculated as follows:

		2012	2011
Profit or loss attributable to shareholders of Ichor Coal N.V.	EUR thousand	−6,406	−346
Weighted average shares outstanding	000s	49,333	50,000
Basic earnings per share	EUR	−0.13	−0.01

Diluted earnings per share

During the financial year, Ichor Coal N.V. issued a convertible bond of EUR 80 million, which resulted in an adjustment to weighted average shares outstanding of 6,961 thousand. Those shares, as well as any income or loss adjustment in relation to those shares, were excluded from the computation of diluted earnings per share as their effect is anti-dilutive.

4.9 Basic principles of segment reporting and segment information

For a further analysis and discussion on basic principles of segment reporting and segment information, please refer to note "9.1 Basic principles of segment reporting" and "9.2 Segment information" of the consolidated financial statements.

5. OTHER DISCLOSURES

5.1 Capital management

For a further analysis and discussion on capital management, please refer to note "10.1 Capital management" of the consolidated financial statements.

5.2 Financial risk management

For a further analysis and discussion on financial risk management, please refer to note "10.3 Financial risk management" of the consolidated financial statements.

5.3 Relationships with related parties

Related parties are defined as those persons and companies that control the company, or that are controlled or subject to significant influence by the company. Ichor Coal N.V. carried out numerous transactions with related parties during the financial year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

Key management personnel are also related parties and comprise the directors of Ichor Coal N.V. No transactions with key management personnel occurred in the financial year, beyond the short-term employee compensation of EUR 582 thousand.

5.4 Other financial commitments

The maturity of other financial obligations resulting from rental and lease agreements of EUR 140 thousand splits up as follows:

	31 Dec. 2012 EUR k	**31 Dec. 2011 EUR k**
Due within one year	23	2
Due on one to five years	117	0
Due in more than five years	0	0
	140	**2**

The company is currently not involved as a defendant in any litigations. The company is not liable to any contingent liability, other than as described in this report.

5.5 Events after the balance sheet date

Other than the events described in this report, no event with significant influence to the financial position of Ichor Coal N.V., which arose subsequent to the financial statement date, came to our attention.

Berlin, 2 April 2013

Heinz Schernikau
Chief Executive Officer

Sebastian Giese
Chief Financial Officer

6. OTHER INFORMATION

6.1 Appropriation of result

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been recovered, other reserves and unappropriated results are at the disposal of the shareholder in accordance with the Company's articles of association. Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal and/or statutory reserves.

The management proposes to the Supervisory Board to add the result for the year to the retained earnings. This proposal has been reflected in the stand-alone financial statements and consolidated financial statements.

6.2 Independent Auditor's report

The auditor's report is included in the accounts.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders of Ichor Coal N.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2012 of Ichor Coal N.V., Amsterdam, which comprise the consolidated and company statement of financial position as at 31 December 2012, the consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Ichor Coal N.V. as at 31 December 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 2 April 2013
Ernst & Young Accountants LLP
signed by J.J. Vernooij

Financial calendar

Annual General Meeting	June 2013
Publication of Half Year Report	September 2013
Coaltrans Conference, Berlin	October 2013

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IchorCoal Share

ISIN	NL0010022307
WKN	A1JQEX
Stock Symbol	IO0
Domain Stock Exchange	Frankfurt
First trading day	29 June 2012
Transparency level	Entry Standard

Supervisory Board
Lars Windhorst (Chairman)
Dr. Lars Schernikau
Hans Hawinkels