ICHOR COAL N.V. GROUP 2014 / 033119 / 10

Consolidated Annual Financial Statements

31 December 2014

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Report of the supervisory board

Dear Shareholders

2014 was a pivotal year for IchorCoal. This year our company completed the transformation initiated the previous year, having successfully transferred its headquarters from Berlin to Rosebank, Johannesburg. This year IchorCoal also took its next important step towards becoming the leading South African mid-cap pure-play coal miner under the leadership of chief executive officer Nonkululeko Nyembezi-Heita and chief operating officer Andries Engelbrecht by acquiring a 29.9% stake in Universal Coal.

Universal Coal focuses exclusively on the development and operation of coal mines in South Africa and its projects contain over 2 billion tonnes (gross in-situ before losses) of JORC-compliant coal resources. The funds accruing to Universal Coal from our investment were used to complete the financing of that company's acquisition of the New Clydesdale Colliery from Exxaro Coal Mpumalanga and to part-fund the development of the combined New Clydesdale/Roodekop complex.

To strengthen its equity base, IchorCoal this year raised its share capital by 12.9 percent by issuing 7.1 million new shares against the contribution of EUR33 million of the EUR35 million nominal corporate bonds issued in June and October 2013. In addition to this capital increase, we financed the investment in Universal Coal through raising the share capital of our company by 8.6 percent by issuing 5.4 million new shares with a nominal value of EUR 0.1 for EUR 4.65 per share.

Cooperation with the management board

During the period under review, the supervisory board performed all of its obligations required by law and the company's articles of association. The management board informed us regularly, promptly and comprehensively about business policy and other fundamental issues related to corporate management and planning. Moreover, the supervisory board was kept informed about the financial position and development of the company as well as transactions and events of significance. We have advised the management board and monitored its management of the business – in particular the acquisition made this year and the refinancing undertaken through the corporate bond conversion and equity capital increase.

Important subjects and pending decisions were discussed at regular board meetings.

Furthermore, the supervisory board had insight into the assets, earnings and financial position of the company at all times. Proposals and reports of the management board were carefully reviewed, discussed in detail and approved insofar as this is required by law and the company's articles of association. Between meetings, the management board kept the supervisory board informed by written or verbal reports about ongoing business developments, projects, and the assets, earnings and financial position of the company.

Annual audit and consolidated financial statements

The auditing company selected by shareholders at the annual general meeting was Ernst & Young, as was the case the previous year. Ernst & Young has audited the annual financial statements and management report prepared by the management board of IchorCoal as at 31 December 2014 and has issued an unqualified audit certificate. The annual financial statements of IchorCoal and the audit reports from the auditors were submitted upon completion to the supervisory board. These were discussed extensively at the supervisory board meeting held on 21 April 2015. After careful review, no objections were raised and the supervisory board approved the annual financial statements of IchorCoal for the year ended 31 December 2014.

Changes in the management board

The reappointment of Sebastian Giese, chief financial officer of IchorCoal, as a member of the management board on 17 December 2013, expired on 31 December 2014. Reinhardt van Wyk took over Sebastian's duties with effect from 1 January 2015. Reinhardt has had a successful career as a chartered accountant and auditor and has been with the company since September 2014. Suitable arrangements have been made to ensure a smooth transition.

On 31 May 2011 the Dutch Parliament adopted new legislation to amend the Dutch Civil Code in connection with the rules on management and supervision within public limited liability companies (N.V.). The Act on Management and Supervision came into force on 1 January 2013. In 2014 IchorCoal's supervisory board did not meet the new guidelines in terms of gender diversity but it commits itself to striving to achieve adequate and balanced board composition when making future appointments. This will be done taking into account all relevant selection criteria, including but not limited to gender balance and executive experience.

On behalf of the supervisory board of IchorCoal, I thank all of you for your continuing support. I am confident that the operational and financial performance of the company will continue to improve significantly in 2015.

London, 21 April 2015

For the supervisory board

Lars Windhorst

Report of the management board

Group structure and activities

Ichor Coal N.V. (IchorCoal) is a limited liability company incorporated in Amsterdam, Netherlands with its shares admitted for trading on the High Risk Market of the Hamburg Stock Exchange and the Entry Standard of the Frankfurt Stock Exchange. In 2014 IchorCoal moved its head office to South Africa; the new address of the registered office is 30 Jellicoe Avenue, Rosebank, Johannesburg, 2196, South Africa.

IchorCoal and its subsidiaries (IchorCoal Group) focus on thermal coal production in South Africa. With attributable mineable resources of approximately 380 million metric tonnes of coal on 16 properties, IchorCoal has a stated long-term ambition to increase its attributable output of around 2.1m tonnes per annum to 15m tonnes per annum by 2017 through both organic and acquisitive growth.

IchorCoal Group have strong existing relationships with Eskom and all relevant authorities and institutions in the South African market. The group has enviable access to experienced and capable management and operational teams and an unwavering commitment to achieving best-in-class safety, health, environmental and social development standards.

During the year, IchorCoal acquired a 29.99% stake in Universal Coal Plc, a United Kingdom registered company listed in Australia with operating coal mines in South Africa.

During the 2014 financial year, Ichor Coal N.V. issued 12,919,963 new shares with a nominal value of EUR 0.10 each which qualify for dividends from 1 January 2014. As of 31 December 2014, the issued and paid up capital therefore amounted to EUR 6,792 thousand compared to EUR 5,500 thousand as at 31 December 2013. Consequently, the number of issued shares increased to 67,919,963 ordinary shares. The authorised capital amounted to EUR 25,000,000 divided into 250,000,000 shares with a nominal value of EUR 0.10 each.

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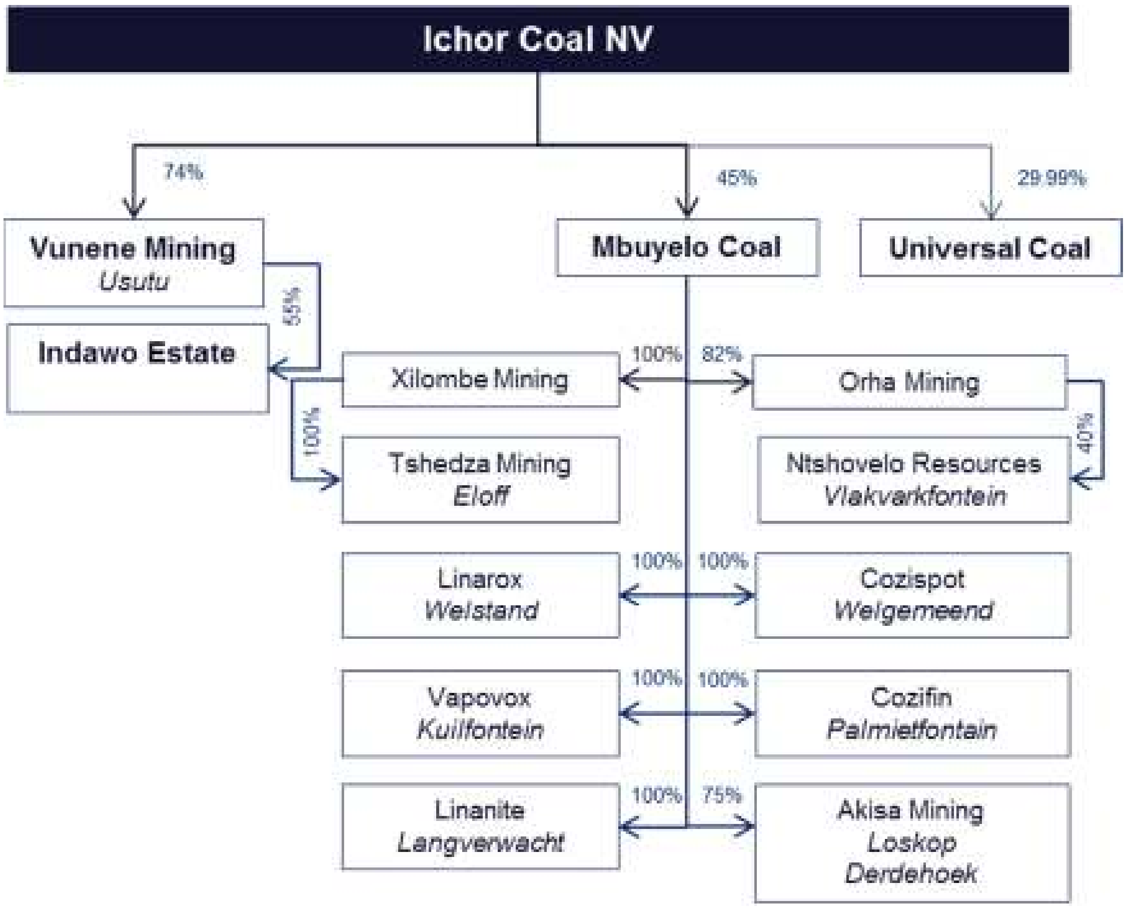
As of year-end 2014, Ichor Coal N.V. held interest in following active entities:



Financial review

<u>Analysis of consolidated statement of comprehensive income</u>

Revenues

The revenues of IchorCoal Group reached EUR 48,630 thousand in the year ended 31 December 2014 (2013: EUR 24,565 thousand). The significant change in revenues is the result of an increase in production and sales at Vunene mine. Production almost doubled in comparison with 2013 from 973 to 1,846 thousand tonnes of coal. Coal sales increased from 893 to a level of 1,864 thousand tonnes.

Cost of sales

Purchased goods and services amounted to EUR 36,520 thousand (2013: EUR 19,890 thousand). Similar to revenues, the increase is a result of the significant rise in production from 973 to 1,846 thousand tonnes of coal.

Other income

Other income mainly consists of foreign currency exchange gains. On 1 July 2014 the Group's functional currency changed from EUR to ZAR.

Depreciation, amortization and impairments

Depreciation and impairment charges amounted to EUR 7,374 thousand (2013: EUR 5,160 thousand) and mainly include depreciation of equipment and mineral assets of Vunene Mining.

Operating expenses

Mainly due to the positive result of foreign currency translations other operating expenses decreased from EUR 4,724 thousand to EUR 2,777 thousand.

General and administrative expenses

General and administrative expenses increased from EUR 2,656 thousand to EUR 4,110 thousand which is mainly due to costs related to the restructure of Ichor Coal N.V. and the move of the company's head office to South Africa.

EBIT and EBITDA for the year

During the year, the Group reported an EBIT of EUR -108 thousand and an EBITDA of EUR 7,266 thousand.

Financial result

Finance income decreased significantly compared to the prior year as in 2013 there was a revaluation gain on the conversion component of the Convertible Bonds of EUR 4,941 thousand.

Finance expense mainly consists of interest on Convertible and Corporate Bonds as well as a revaluation loss on the conversion component of EUR 1,341 thousand. During 2014 financial year EUR 2.0 million of Convertible Bonds and EUR 33.0 million Corporate Bonds were converted into the ordinary shares of Ichor Coal N.V.

Income taxes

Income tax benefit for the period of EUR 1,306 thousand (2013: benefit of EUR 375 thousand) is a result of deferred income taxes.

Result for the year

The Group reported a loss after tax of EUR 15,386 thousand for the year ended 31 December 2014 (2013: EUR 10,272 thousand including the results from the discontinued operations).

Analysis of consolidated balance sheet statement

Intangible Assets

Customer Relationship which had been recognized in the course of the acquisition of Vunene Mining has been further materialized in 2014 financial year and as such depreciated by EUR 701 thousand. The remaining book value as of year-end amounts to EUR 1,766 thousand.

Property, Plant and Equipment

Property plant and equipment increased during the year by EUR 7,537 thousand, mainly as a result of the production ramp up at Vunene Mining. Especially the opening of further open cast pits resulted in significant additions to the Mining Assets of EUR 11,067 thousand. The Mining Assets were depreciated by EUR 6,093 thousand, based on the ongoing operations.

Non-current Financial Assets

In October 2014 Ichor Coal N.V. aquired a 29.99% stake in Universal Coal Plc for EUR 17.5 million.

Net working capital

The following net working capital definition is used within the Group: 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 2014 amounted to EUR 247 thousand. The change can be analyzed as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k	Change EUR k
Inventories	866	1 848	-982
Trade and other receivables	4 324	4 260	64
Other current financial assets	1 360	13 095	-11 735
Other assets	506	535	-29
Other provisions	-1 350	-1 035	-315
Other current financial liabilities	-292	-306	14
Trade and other payables	-4 127	-1 810	-2 317
Liabilities from income taxes	-19	-245	226
Other non-financial liabilities	-1 021	-1 467	446
	247	**14 875**	**-14 628**

More detailed information on the individual items of net working capital is set out in the notes to the consolidated financial statements.

Shareholder Equity

During 2014, Ichor Coal N.V. has issued 12,919,963 new shares with a nominal value of EUR 0.10 via a number of different transactions. Majority of the share issue relates to the conversion of Convertible Bonds and Corporate Bonds into the company's ordinary shares. A detailed analysis of movements in equity during the year is presented in the "Consolidated Statement of Changes in Equity" in the Group financial statements.

Shareholder's equity attributable to the owners of the parent as of 31 December 2014 amounts to EUR 52,891 thousand (2013: EUR 6,232 thousand). A detailed analysis of movements in equity during the year is presented in the "Consolidated Statement of Changes in Equity" in the Group financial statements.

The stand-alone financial statements as at 31 December 2014 report a positive net equity of EUR 63,208 thousand (2013: EUR 17,007 thousand) and a loss for the financial year of EUR 16,487 thousand (2013: loss of EUR 10,627 thousand).

Financing and Liquidity

In addition to the share capital increase, during 2014 financial year, the future liquidity and financial flexibility of the Group is provided through a combination of operational cash flows, its own current liquidity as well as access to financing facilities provided by financial institutions.

Financial risk management policy

The Group is exposed to various financial risks which arise out of its business activities. 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 business, any research and development activities in 2015.

Subsequent events

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

Outlook

Ichor Coal N.V. was founded in 2011, with the intension to develop and participate in the value chain from coal production and logistics to national and international markets. Although this has proved to be a successful strategy, it also turned out that the specific demands on a coal mining operation are far different from those of a coal marketing business. We have therefore realigned our strategy and are now focusing on coal mining in South Africa entirely. Going forward, Ichor Coal N.V. will be concentrating exclusively on the expansion of coal production. This emphasis will ensure a greater focus on a cost efficient production and a consistent development and growth of our current assets to generate attractive returns on our investments.

For our existing participations, we continue to review the performance against set targets to ensure the strategic development of the Group.

Even further, Ichor Coal N.V. will continue to actively look for new prospective resource assets in South Africa to expand our project portfolio. Of particular interest will be projects that are near or already in production and provide opportunities for production increases. New investment opportunities are constantly evaluated against our strict investment criteria, which promise significant return rates.

In 2015, we will continue the implementation of our strategy and we believe that the conditions to achieve our goals are positive. We expect that during the year, 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 Ichor Coal N.V. will continue to increase both in size and classification through our geological and engineering activities. As such, we expect significant value creation from mining and selling these resources.

Dutch Act on Management and Supervision

On 31 May 2011 the Dutch Parliament adopted a new legislation to amend Book 2 of the Dutch Civil Code in connection with the rules on management and supervision within public limited liability companies (N.V.). The Act on Management and Supervision came into force on 1 January 2013.

The Dutch Act on Management and Supervision provides a guideline for gender diversity with no sanctions imposed for non-compliance with the guideline. The act indicates target figures for a balanced gender distribution on boards with at least 30% occupied by women and at least 30% by men.

After the shareholders meeting on 27 March 2014 Ichor Coal N.V. complied with the guidelines of the act.

Compliance statement

The board of management hereby declares that, to the best of its knowledge the financial statements for the year ended 31 December 2014 give a true and fair view of the assets, liabilities, financial position and profits or losses of Ichor Coal N.V. , 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 of the Company during the 2014 financial year 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.

Johannesburg, 26 March 2015

Nonkululeko Nyembezi-Heita
Chief Executive Officer

Andries Engelbrecht
Chief Operating Officer

Independent auditor's report

To: the shareholders of Ichor Coal N.V.

Report on the financial statements

We have audited the accompanying financial statements 2014 of Ichor Coal N.V., Amsterdam, which comprise the consolidated and company statement of financial position as at December 31, 2014, 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 Clvii Code and for the preparation of the report of the management board in accordance with Part 9 of Book 2 of the Dutch Clvii 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 December 31, 2014 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 t of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the management board, 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 report of the management board, to the extent we can assess, is consistent with the financial statements as required by Section 2:39 1 sub 4 of the Dutch Civil Code.

Amsterdam, March 26, 2015

Ernst & Young Accountants LLP

signed by J.J. Vernooij

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Statement of financial position

	Note	31 Dec 2014 EUR k	Restated 31 Dec 2013 EUR k
Assets			
Non-current assets			
Intangible assets	6.1	2 166	2 776
Property, plant and equipment	6.2	74 826	67 289
Investments accounted for using the equity method	6.3	72 347	53 733
Other financial assets		94	0
Deferred tax	6.4	999	200
		150 432	123 998
Current assets			
Inventories	6.5	866	1 848
Trade and other receivables	6.6	4 324	4 260
Other financial assets	6.7	1 360	13 095
Other assets	6.8	506	535
Cash and cash equivalents	6.9	19 140	9 335
		26 196	29 073
Total Assets		176 629	153 071
Equity and liabilities			
Equity			
Issued capital	6.10	6 792	5 500
Capital reserves	6.10	87 562	27 156
Share based payment reserve	6.10	216	
Accumulated retained earnings	6.10	-13 352	-4 083
Profit or loss for the year		-15 784	-9 269
Other reserves	6.10	-12 543	-13 072
Equity attributable to owners of the parent		52 892	6 232
Non-controlling interest	6.10	11 345	10 950
		64 236	17 182
Non-current liabilities			
Other provisions	6.11	6 909	3 640
Interest-bearing loans and borrowings	6.12	80 545	110 246
Other financial liabilities	6.13	956	1 251
Deferred tax	6.4	14 789	14 964
		103 199	130 101
Current liabilities			
Other provisions	6.11	1 350	1 035
Interest-bearing loans and borrowings	6.12	2 384	925
Other financial liabilities	6.13	292	306
Trade and other payables	6.14	4 127	1 810
Liabilities from income taxes		19	245
Other liabilities	6.15	1 021	1 467
		9 193	5 788
Total liabilities		112 392	135 889
Total equity and liabilities		176 629	153 071

The accompanying notes form part of these financial statements.

The comparative information for the period 1 January until 31 December 2013 reflects restatements made in connection with the retrospective application of functional currency adjustments related to assets acquired in a business combination. See note 1.2 for further explanations.

Ichor Coal N.V. Group
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Statement of comprehensive income

	Note	1 Jan - 31 Dec 2014 EUR k	Restated 1 Jan - 31 Dec 2013 EUR k
Revenue	7.1	48 630	24 565
Cost of sales	7.2	-36 520	-19 890
Gross profit		**12 110**	**4 674**
Income from investments	7.3	-246	801
Other income	7.4	2 369	3 254
Depreciation, amortization and impairments	7.5	-7 374	-5 160
Selling and distribution expenses		-81	-142
Other operating expenses	7.6	-2 777	-4 724
General and administrative expenses	7.7	-4 110	-2 656
Operating profit		**-108**	**-3 952**
Finance revenue	7.8	394	5 145
Finance costs	7.8	-16 978	-12 516
Profit or loss before income taxes		**-16 693**	**-11 324**
Income taxes	7.9	1 306	375
Profit or loss from continuing operations		**-15 386**	**-10 949**
Profit or loss after tax from discontinued operations		0	677
Profit or loss for the year		**-15 386**	**-10 272**
Other comprehensive income			
Items that can be reclassified to profit or loss			
Differences from currency translation		526	-12 154
Other comprehensive income from continuing operations		**526**	**-12 154**
Other comprehensive income from discontinued operations		0	922
Other comprehensive income after income taxes		**526**	**-11 232**
Total comprehensive income		**-14 860**	**-21 504**
Profit or loss attributable to:			
Owners of the parent		-15 784	-9 269
Non-controlling interest		397	-1 003
		-15 386	**-10 272**
Total comprehensive income attributable to:			
Owners of the parent		-15 255	-17 362
Non-controlling interest		395	-4 142
		-14 860	**-21 504**
Basic earnings/ Diluted earnings per share from continuing operations in EUR	7.10	**-0,27**	**-0,23**
Basic earnings/ Diluted earnings per share from total operations in EUR	7.10	**-0,27**	**-0,09**

The accompanying notes form part of these financial statements.

The comparative information for the period 1 January until 31 December 2013 reflects restatements made in connection with the retrospective application of functional currency adjustments related to assets acquired in a business combination. See note 1.2 for further explanations.

Statement of changes in equity 2014

		Equity attributable to owners of the parent											
		Issued capital			Profit or loss for the period		Other reserves				Non-controlling interest		
	Note	Ordinary shares EUR k	Capital reserves EUR k	Accumulated retained earnings EUR k	Continuing operations EUR k	Discontinued operations EUR k	Continuing operations EUR k	Discontinued operations EUR k	Share based payment reserve	Total EUR k	Continuing operations EUR k	Discontinued operations EUR k	Total equity EUR k
1 Jan 2014 Restated		**5 500**	**27 156**	**-4 083**	**-10 162**	**893**	**-13 072**	**0**	**0**	**6 232**	**10 950**	**0**	**17 182**
Appropriation of prior year results	6.10	0	0	-9 269	10 162	-893	0	0	0	0	0	0	0
		5 500	27 156	-13 352	0	0	-13 072	0	0	6 232	10 950	0	17 182
Profit or loss for the period	6.10	0	0	0	-15 784	0	0	0	0	-15 784	397	0	-15 386
Other comprehensive income	6.10	0	0	0	0	0	529	0	0	529	-3	0	526
Total comprehensive income		**0**	**0**	**0**	**-15 784**	**0**	**529**	**0**	**0**	**-15 255**	**395**	**0**	**-14 860**
Conversion of Ichor Coal N.V. Bonds	6.10	754	36 226	0	0	0	0	0	0	36 980	0	0	36 980
Share capital increase		538	24 180	0	0	0	0	0	0	24 718			24 718
Share based Payment		0	0	0	0	0	0	0	216	216	0	0	216
		1 292	60 406	0	0	0	0	0	216	61 914	0	0	61 914
31 Dec 2014	6.10	**6 792**	**87 562**	**-13 352**	**-15 784**	**0**	**-12 543**	**0**	**216**	**52 891**	**11 345**	**0**	**64 236**

The accompanying notes form part of these financial statements.

The comparative information for the period 1 January until 31 December 2013 reflects restatements made in connection with the retrospective application of functional currency adjustments related to assets acquired in a business combination. See note 1.2 for further explanations.

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Statement of changes in equity 2013

		Equity attributable to owners of the parent											
		Issued capital		Accumulated	Profit or loss for the period		Other reserves				Non-controlling interest		
	Note	Ordinary shares EUR k	Capital reserves EUR k	retained earnings EUR k	Continuing operations EUR k	Discontinued operations EUR k	Continuing operations EUR k	Discontinued operations EUR k	Share based payment reserve	Total EUR k	Continuing operations EUR k	Discontinued operations EUR k	Total equity EUR k
1 Jan 2013	6.10	**5 000**	**8 675**	**-451**	**-1 127**	**-2 505**	**-608**	**-1 027**	**0**	**7 957**	**16 119**	**339**	**24 415**
1 Jan 2013 Restated		**5 000**	**8 675**	**-451**	**-1 127**	**-2 505**	**-4 080**	**-1 027**	**0**	**4 485**	**14 899**	**339**	**19 723**
Appropriation of prior year results	6.10	0	0	-3 632	1 127	2 505	0	0	0	0	0	0	0
		5 000	8 675	-4 083	0	0	-4 080	-1 027	0	**4 485**	14 899	339	19 723
Profit or loss for the period	6.10	0	0	0	-10 162	893	0	0	0	-9 269	-787	-216	-10 272
Other comprehensive income (restated)	6.10	0	0	0	0	0	-8 992	899	0	-8 093	-3 162	23	-11 232
Total comprehensive income		**0**	**0**	**0**	**-10 162**	**893**	**-8 992**	**899**	**0**	**-17 362**	**-3 949**	**-193**	**-21 504**
Share capital increase	6.10	500	18 849	0	0	0	0	0	0	19 349	0	0	19 349
Purchase of shares in subsidiaries		0	-368	0	0	0	0	0	0	-368	0	-176	-544
Disposal of shares in HMS AG and HMS Niwka		0	0	0	0	0	0	128	0	128	0	30	158
		500	18 481	0	0	0	0	128	0	19 109	0	-146	18 963
31 Dec 2013	6.10	**5 500**	**27 156**	**-4 083**	**-10 162**	**893**	**-13 072**	**0**	**0**	**6 232**	**10 950**	**0**	**17 182**

The accompanying notes form part of these financial statements.

The comparative information for the period 1 January until 31 December 2013 reflects restatements made in connection with the retrospective application of functional currency adjustments related to assets acquired in a business combination. See note 1.2 for further explanations.

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Statement of cash flow

	Note(s)	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Profit or loss for the period		**-15 386**	**-10 272**
from continuing operations		*-15 386*	*-10 949*
from discontinued operations		*0*	*677*
Reconciliation of profit or loss to the cash flow from operating activities:			
Depreciation, amortization and impairments	7.5	7 374	6 423
Profit or loss from investments in associates	7.3	-256	-77
Gain on disposal of consolidated subsidiaries	5	0	-7 122
Loss/ Gain on conversion component of Convertible Bonds	7.8	1 341	-4 941
Effective interest on Bonds	7.8	13 032	4 502
Other interest on debts and borrowings		2 605	0
Interest income		-394	
Changes due to foreign currency changes		-2 630	-100
Other non-cash items		0	-1 356
Changes in deferred taxes	6.4	-624	858
Changes in inventories	6.5	982	-1 674
Changes in trade and other receivables	6.6	-64	-3 056
Changes in trade and other payables	6.14	2 317	1 177
Changes in provisions	6.11	3 584	2 994
Changes in other working capital items		-1 975	6 316
Cash flow from operating activities		**9 906**	**-6 328**
Proceeds from disposals of intangible assets and property, plant and equipment	6.1 / 6.2	98	3 943
Cash flow from disposals of consolidated subsidiaries	5	12 072	-562
Purchases of intangible assets and property, plant and equipment	6.1 / 6.2	-12 684	-16 443
Purchase of shares in consolidated subsidiaries, less cash acquired		0	-2 038
Exploration expenditure and mining activities		0	-85
Purchases of investments in associates and other non-current financial assets	6.3	-17 766	-35 753
Cash flow from investing activities		**-18 280**	**-50 938**
Proceeds from share capital increased	6.10	25 000	20 000
Transaction cost of share capital increase		0	-900
Proceeds from interest-bearing loans and borrowings received		0	2 770
Repayment of interest-bearing loans and borrowings received		0	-2 424
Cash-inflow from interest-bearing loans and borrowings given		202	4 190
Cash-outflow from interest-bearing loans and borrowings given		-7 024	-4 100
Proceeds from Bond issuance		0	35 000
Transaction cost Bond issuance		0	-1 400
Cash flow from financing activities		**18 178**	**53 136**
Cash flow-related changes in cash and cash equivalents		**9 804**	**-4 130**
Changes in cash and cash equivalents due to exchange rates		0	-120
Changes in cash and cash equivalents due to changes in companies included in consolidation		0	-3 580
Cash and cash equivalents at beginning of period	6.9	9 335	17 165
Cash and cash equivalents at end of period	6.9	**19 140**	**9 335**
Cash flows contained in the cash flow from operating activities:			
Interest paid		7 024	3 208
Interest received		202	56
Income taxes paid		0	4

The accompanying notes form part of these financial statements.

The comparative information for the period 1 January until 31 December 2013 reflects restatements made in connection with the retrospective application of functional currency adjustments related to assets acquired in a business combination. See note 1.2 for further explanations.

1 GENERAL INFORMATION

1.1 Corporate Information

Ichor Coal N.V. is a limited liability company incorporated in Amsterdam, Netherlands. The shares of Ichor Coal N.V. are admitted for trading on the High Risk Market of the Hamburg Stock Exchange and the Entry Standard of the Frankfurt Stock Exchange. In 2014 Ichor Coal N.V. moved it head office to South Africa, the new address of the Registered office is 30 Jellicoe Avenue, Rosebank 2196, South Africa.

Ichor Coal N.V. ("the Company") and its subsidiaries ("IchorCoal Group" or the "Group") is an internationally operating mineral resource company specializing in investments in coal resources. The Company has secured its own coal-resources in South Africa and currently holds three participations in South African mining companies. The Group continues to invest in coal resources in Southern Africa to further secure own coal resources and remains with a domestic and international sales focus.

1.2 Basis of Preparation

This section provides additional information about the overall basis of preparation that the directors consider is useful to be relevant in understanding these financial statements.

Overview

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 subsidiary 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 the associates Mbuyelo Coal and Universal Coal, which have February and June year ends respectively. The consolidated financial statements comprise the period from 1 January 2014 until 31 December 2014. The comparative figures have been restated due to the foreign currency calculation correction. The current consolidated financial statements include the at-equity results of Mbuyelo Coal for the entire financial year and Universal Coal for two and a half month, following the acquisition of the participation in October 2014. Due to the sale of all shares in HMS Bergbau AG in late December 2013, HMS Bergbau AG and its subsidiaries remain fully consolidated for the period from 1 January 2013 until 27 December 2013 and are presented in results from discontinued operations in the comparative figures.

The Group's consolidated financial statements are presented in Euro. The functional currency of the group is South African Rand. All figures are stated in thousands of EUR (EUR thousand or EUR k) unless otherwise indicated. Amounts are rounded to the nearest thousand EUR which may cause rounding differences.

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

Accounting Policies

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its annual financial statements as at 31 December 2013, except for the following aspects.

Standards and interpretations effective as of 1 January 2014 were applied accordingly and may represent a change to the standards and interpretations applied in the Group's annual financial statements as at 31 December 2013.

Changes of functional currency and classification of expenses recognised in profit or loss, and restatement of previously reported statement of financial position

The primary economic environment in which the Company operates has been changed to South Africa in the first half of 2014. The new management board members, who joined the Company during the first six months of 2014, are South African citizens and run the operations from the new head office in Rosebank, South Africa. The sale of the investment in HMS

Bergbau AG, the Group's previous globally operating marketing division, and the shifted focus to South African coal mining investments have transformed IchorCoal into a dedicated South African mining company. Therefore the functional currency of the Company and as such of the reporting entity has changed to South African Rand (ZAR) as of 30 June 2014.

To ensure optimal comparability, the Group's consolidated financial statements as at 31 December 2014 continue to use the presentation currency Euro (EUR).

Following the realignment of the IchorCoal strategy and the focus on coal production in South Africa, the components of IchorCoal's financial performance now significantly differ, compared to previous years, in terms of frequency, potential for gain and loss and predictability. In order to provide more reliable and relevant information to the reader, which better represent industry factors, the presentation of the profit and loss accounts has been changed to the expense by function classification. The presentation of the statement of comprehensive income for the period 1 January until 31 December 2013 has been represented in these consolidated financial statements to provide for enhanced disclosure of the effects of the change of expense classification. Major changes in the statement of comprehensive income for the period 1 January until 31 December 2013 include reclassification of changes in inventory of EUR 1,623 thousand into cost of goods sold. Furthermore, production related personnel expenses of EUR 999 thousand were allocated to cost of goods sold and administration related personnel expenses of EUR 1,798 thousand were allocated to general and administrative expenses. Furthermore, all selling and distribution expenses of EUR 142 thousand previously shown in cost of goods sold and other operating expenses are now presented separately.

During the acquisition of the majority of the shares in Vunene Mining in 2012, the Group recognized certain mining related non-current assets. These non-current assets had been translated each year at the ZAR-EUR exchange rate at the acquisition date. However, according to IFRS, the non-current assets should have been translated at the ZAR-EUR exchange rate at the balance sheet date. The retrospective restatement to this has the following impact on the 2013 balance sheet. The adjustments do not have any impact on the expectations with regards to future cash flows and neither represent a write-off nor an impairment. As such they have no impact on the profit and loss and are recorded directly in the other comprehensive income in the Group's equity.

The reconciliation to the previously reported consolidated statement of financial position as at 1 January 2013 and 31 December 2013 is as follows:

	1 Jan 2013 EUR k	*Restatement* *EUR k*	Restated 1 Jan 2013 EUR k
Intangible assets	17 356	*-402*	16 954
Property, plant and equipment	77 737	*-6 113*	71 624
Other reserves	-1 635	*-3 472*	-5 107
Non-controlling interest	16 458	*-1 220*	15 238
Deferred tax liabilities	21 830	*-1 823*	20 007

	31 Dec 2013 EUR k	*Restatement* *EUR k*	Restated 31 Dec 2013 EUR k
Intangible assets	3 988	*-1 212*	2 776
Property, plant and equipment	87 950	*-20 661*	67 289
Other reserves	-1 414	*-11 658*	-13 072
Non-controlling interest	15 046	*-4 096*	10 950
Deferred tax liabilities	21 083	*-6 119*	14 964

The reconciliation of the previously reported other comprehensive income and the adjusted other comprehensive income for the year ended 31 December 2013 is as follows:

	1 Jan - 31 Dec 2013 EUR k	*Restatement* *EUR k*	Restated 1 Jan - 31 Dec 2013 EUR k
Other comprehensive income			
Differences from currency translation	-1 092	*-11 062*	-12 154
Total comprehensive income attributable to:			
Owners of the parent	-9 176	*-8 186*	-17 362
Non-controlling interest	-1 266	*-2 876*	-4 142
	-10 442	*-11 062*	-21 504

1.3 Basis of consolidation

The consolidated financial statements comprise Ichor Coal N.V. and its subsidiaries and associates as at 31 December 2014.

The annual financial statements of the consolidated subsidiaries were prepared on 31 December 2014, the same balance sheet date as the parent company. Mbuyelo Coal has a 28 February year-end and Universal Coal a 30 June year end. Disclosures of financial information and the Group's share in profits has been derived from interim financial statements ending 31 December. The annual financial statements of the subsidiary and associates were prepared in accordance with the applicable laws of the corresponding country. Where necessary, the statutory financial statements of the subsidiary 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 the Company is able to control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. 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 parent.

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 December 2014 Share-holding in %	31 December 2013 Share-holding in %
Ichor Coal N.V.	Netherlands		
Subsidiaries			
Vunene Mining	South Africa	74.00	74.00
Buena Vista Trade 69	South Africa	74.00	74.00
Indawo Estates	South Africa	40.70	40.70
Associates			
Mbuyelo Coal	South Africa	45.16	45.16
Akisa Mining Resources	South Africa	33.87	33.87
Xilombe Mining	South Africa	45.16	45.16
Thsedza Mining	South Africa	45.16	45.16
Orha Mining Resources	South Africa	37.03	37.03
Ntshovelo Resources	South Africa	14.81	14.81
Linanite	South Africa	45.16	45.16
Cozifin	South Africa	45.16	45.16
Vapovox	South Africa	45.16	45.16
Cozispot	South Africa	45.16	45.16
Linarox	South Africa	45.16	45.16
Universal Coal Plc	United Kingdom	29.99	0

2 ACCOUNTING POLICIES

2.1 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 Rand are translated at the exchange rate prevailing at the balance sheet date.

Income and expenses of these entities are translated into Rand 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 Rand, that are relevant for the Group, were subject to following changes:

1 Rand in foreign currency	Average exchange rate	Exchange rate at balance sheet date	
	2014	31 Dec 2014	31 Dec 2013
US Dollar	0.10	0.09	0.10
Euro	0.08	0.07	0.07

2.2 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 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 fair value or 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. 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. Subsequent changes in the contingent consideration are recognised in profit or loss. 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 any existing onwnership of The Company 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 annual 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.

2.3 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.

2.4 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 phase 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.

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

2.5 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.

2.6 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.

2.7 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.

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.

2.8 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 of disposal 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 of disposal, 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, 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.

2.9 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, long-term restricted 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 classifid as held for trading unless they are designated as effecive 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 presented as finance costs (negative net changes in fair value) or finance revenue (positive net changes in fair velue) in the statement of profit or loss and other comprehensive income. The Group has not designted any financial asstes at fair value through profit or loss.

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 recognised in profit or loss. Reassessment occurs only if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or there is a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

This category is the most relevant to the Group. 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 amortised cost using the effective interest rate (EIR) method, less impairment. Amortised 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 amortisation is included in finance income in the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 6.6.

Derecognition

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

The rights to receive cash flows from the asset have expired or 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises 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.

Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include: indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account, and the loss is recognised in the statement of profit or loss and other comprehensive income. Interest income (recorded as finance income in the statement of profit or loss and other comprehensive income) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss and other comprehensive income.

2.10 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, 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. All financial liabilities are recognised initially at fair value and, in the case of interest-bearing loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, interest-bearing loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below.

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. The Group has not designated any financial liability 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 fortrading are recognised in the statement ofprofit or loss and other comprehensive income.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the 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 recognised in profit or loss and other comprehensive income.

2.11 Derivative financial instruments

The Group uses derivative financial instruments, such as forward commodity contracts, to hedge its commodity price risks. However, such contracts are not accounted for as designated hedges under IAS 39. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss and other comprehensive income.

Commodity contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group’s expected purchase, sale or usage requirements fall within the exemption from IAS 32 and IAS 39, which is known as the ’normal purchase or sale exemption’.

For these contracts and the host part of the contracts containing embedded derivatives, they are accounted for as executory contracts. The Group recognises such contracts in its statement of financial position only when one of the parties meets its obligation under the contract to deliver either cash or a non-financial asset.

2.12 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.

2.13 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the date of inception. The arrangement is assessed to determine whether fulfilment is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that right is not explicitly specified in an arrangement. The Group is not a lessor in any transactions, it is only a lessee.

Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group, are capitalised 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. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss and other comprehensive income.

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.

Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Embedded leases

All take-or-pay contracts are reviewed at inception to determine whether they contain any embedded leases. If there are any embedded leases, they are assessed as either finance or operating leases and accounted for accordingly.

2.14 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and shortterm deposits with an original maturity of three months or less, but exclude any restricted cash. Restricted cash is not available for use by the Group and therefore is not considered highly liquid — for example, cash set aside to cover rehabilitation obligations. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.15 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.

2.16 Convertible Bonds

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.

2.17 Provisions

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 mine 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 to the corresponding mine 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.

2.18 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.

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

2.19 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. Service revenues are generated on a monthly basis on a care and maintenance service agreement upon the performance of the agreed service activities.

2.20 Stripping cost

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine are capitalized as set out in Section 2.4 Mine development assets. For the accounting of stripping cost during the production phase of a mine, the Interpretations Committee issued IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (IFRIC 20), effective 1 January 2013. 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 and addresses the accounting for the benefit from the stripping activity. It is effective for fiscal years beginning on or after 1 January 2013.

Prior to the issuance of IFRIC 20, the accounting for production stripping costs had been based on general IFRS principles and the Framework, as IFRS had no specific guidance. Where there were fluctuations in stripping ratios over the life of the mine, the Group's accounting policy was to capitalise production stripping costs for those operations where this was considered to be the most appropriate basis for matching the cost against the related economic benefits and the effect was material.

With the issuance of IFRIC 20, the accounting policy of the Group for such cost has been specified as follows. Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the coal to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realized in the form of improved access to coal to be mined in the future, the costs are recognized as a non-current asset, referred to as a "stripping activity asset", if the following criteria are met:

- Future economic benefits (being improved access to the coal body) are probable
- The component of the coal body for which access will be improved can be accurately identified
- The costs associated with the improved access can be reliably measured

If one of the criteria is not met, the production stripping costs are charged to the statement of profit or loss as operating costs as they are incurred.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of coal, plus an allocation of directly attributable overhead costs.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the coal body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the "Mine asset" in the statement of financial position.

The stripping activity asset is subsequently depreciated using the units of production method over the life of the identified component of the coal body that became more accessible as a result of the stripping activity. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

2.21 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.

Where funds are borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalized and deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

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

3 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.

3.1 Coal resource estimates

For accounting purposes, 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

3.2 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.

3.3 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.

3.4 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.

3.5 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.

3.6 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.

3.7 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 run-of-mine (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.

3.8 Fair value measurement

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.

3.9 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.

3.10 Share based payment reserve

The Company issued stock options to the managing directors of the company as a long-term incentive scheme. The option agreements have a term of 10 years from the date of the agreement and vest over a period of 3 years in 3 equal instalments at the end of each calendar year from the agreements. The options may be exercised at any time during the term. At the end of the term the options expire.
In transactions with employees and others providing similar services the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted, because typically it is not possible to estimate reliably the fair value of the services

received. The term “employees and others providing similar services” is defined as follows: Individuals who render personal services to the entity and either (a) the individuals are regarded as employees for legal or tax purposes, (b) the individuals work for the entity under its direction in the same way as individuals who are regarded as employees for legal or tax purposes, or (c) the services rendered are similar to those rendered by employees.

In this case the beneficiaries are managing directors of the Company and therefore providing services as defined above. Therefore the service is measured at the fair value of the options granted.

For transactions measured by reference to the fair value of the equity instruments granted, an entity shall measure the fair value of equity instruments granted at the measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted.

If market prices are not available, the entity shall estimate the fair value of the equity instruments granted using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties.

Employee options with long lives are usually exercisable during the period between vesting date and the end of the options' life, and are often exercised early. These factors should be considered when estimating the grant date fair value of the options. This might preclude the use of the Black-Scholes-Merton formula, which does not allow for the possibility of exercise before the end of the option's life and may not adequately reflect the effects of expected early exercise, which applies. Therefore the binomial model is chosen which is usually applied to American style options which allow for exercise over a period of time.

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

4.1 Changes in accounting policies and interpretations

The Group applied, for the first time in 2014, certain standards and amendments. The standard and interpretations have no impact on the Group’s disclosures, financial position or financial performance.

IFRS 10 Consolidated Financial Statements

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the portion of IAS 27 ‘Consolidated and Separate Financial Statements’ that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 ‘Consolidation - Special Purpose Entities’. IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The standard became effective for financial years beginning on or after 1 January 2014.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity’s interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previous existing disclosure requirements for subsidiaries. The standard became effective for financial years beginning on or after 1 January 2014.

IFRS 10-12 - Transition Guidance

The amendments clarify the transition guidance in IFRS 10 ‘Consolidated Financial Statements’ and also provide additional transition relief in IFRS 10, IFRS 11 ‘Joint Arrangements’ and IFRS 12 ‘Disclosure of Interests in Other Entities’. The transition guidance became effective for financial years beginning on or after 1 January 2014.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The revised standard became effective for financial years beginning on or after 1 January 2014.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard became effective for financial years beginning on or after 1 January 2014.

IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. As the Group is not setting off financial instruments in accordance with IAS 32 and does not have relevant offsetting arrangements, the amendment will not have an impact on the presentation of the financial assets and financial liabilities of the Group. The amendments became effective for financial years beginning on or after 1 January 2014.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novations.

4.2 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.

IFRS 9 Financial Instruments

IFRS 9 as issued reflects the first and the third phase of the IASBs' work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39 (first phase) and hedge accounting (third phase). In subsequent phases, the IASB is addressing impairment of financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued. The standard becomes effective for financial years beginning on or after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, as issued in May 2014, establishes a new five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue or industry. The principles in IFRS 15 provides a more structured approach to measuring and recognising revenue and will be applied using the following five steps:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

This new revenue standard, which has been jointly issued by the IASB and the US Financial Accounting Standards Board (FASB), is applicable to all entities and will supersede the current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017, but early adoption is permitted under IFRS. As the standard was recently issued, the Group is still currently assessing the impact on the entities within the Group.

Improvements to IFRSs 2010-2012 Cycle (Issued December 2013)

The IASB issued the 2010-2012 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording.

- IFRS 2 Share-based Payment: The performance condition and service condition definitions were clarified to address several issues.
- IFRS 3 Business Combinations: It was clarified that contingent consideration in a business combination that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 'Financial Instruments'.
- IFRS 8 Operating Segments:
    - It was clarified that if operating segments are combined, the economic characteristics used to assess whether the segments are similar must be disclosed.

- It was clarified that the reconciliation of segment assets to total assets is only required to be disclosed if this reconciliation is reported to the chief operating decisions maker, similar to the required disclosure for segment liabilities.

- IFRS 13 Fair Value Measurement: It was clarified in the Basis for Conclusions that short-term receivables and payables with no stated interest can be held at invoice amounts when the effect of discounting is immaterial.
- IAS 16 Property, Plant & Equipment and IAS 38 Intangible Assets: The revaluation method was clarified: accumulated depreciation or amortisation is eliminated so that the gross carrying amount and carrying amount equal the market value.
- IAS 24 Related Party Disclosures: It was clarified that a management entity - an entity that provides key management personnel services - is a related party subject to related party disclosure requirements. An entity that uses a management entity is required to disclose the expenses incurred for management services.

The improvements became effective for financial years beginning on or after 1 July 2014.

Improvements to IFRSs 2011-2013 Cycle (Issued December 2013)

The IASB issued the 2011-2013 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording.

- IFRS 3 Business Combinations: It was clarified that joint arrangements, and not only joint ventures, are outside the scope of IFRS 3. It was further clarified that the scope exemption only applies to the accounting in the financial statements of the joint arrangement itself.
- IFRS 13 fair Value measurement: It was clarified that the portfolio exception can be applied to financial assets, financial liabilities and other contracts.
- IAS 40 Investment Property: The interrelationship between IFRS 3 and IAS 40 was clarified. The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property. IFRS 3 is used to determine if the transaction is the purchase of an asset or a business combination.

The improvements become effective for financial years beginning on or after 1 July 2014.

5 BUSINESS COMBINATIONS

On 27 December 2013, the Company, fully disposed of its investments in HMS Bergbau AG and HMS Niwka Coal Production Company Sp. z o.o. and Pszczyna Coal Production Company Sp. z o.o. The disposal of HMS Bergbau AG, IchorCoal's trading segment, came as a result of a strategic realignment and the future focus of the Company on coal production in Southern Africa and is presented as a discontinued operation under IFRS 5 in the 2013 financial results.

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 2014	315	0	154	0	3 449	0	3 918
Additions due to consolidation		0	0	0	0	0	0
Additions	102,29	0	109,11	0	0	0	211
Disposals	-16	0	0	0	0	0	-16
Transfers		0		0	0	0	0
Disposal due to deconsolidation			0				0
Currency effects	9	0	5	0	60	0	74
31 Dec 2014	**410**	**0**	**268**	**0**	**3 509**	**0**	**4 187**
Amortization and impairments							
1 Jan 2014	108	0	0	0	1 034	0	1 142
Additions	166	0	0	0	701	0	867
Impairment Charges	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Disposal due to deconsolidation	0	0	0	0	0	0	0
Currency effects	4	0	0	0	7	0	12
31 Dec 2014	**278**	**0**	**0**	**0**	**1 743**	**0**	**2 021**
Carrying amounts							
31 Dec 2014	**132**	**0**	**268**	**0**	**1 766**	**0**	**2 166**
1 Jan 2014 Restated	207	0	154	0	2 415	0	2 776
1 Jan 2014	207	0	154	0	3 627	0	3 988

	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 2013	4 876	6 416	1 023	1 148	5 002	1 162	19 627
Additions due to consolidation	22	0	0	0	0	0	22
Additions	276	0	85	0	0	0	361
Disposals	-3 682	0	0	0	0	0	-3 682
Transfers	0	0	-804	0	0	0	-804
Disposal due to deconsolidation	-31	-6 416	0	-1 148	-138	-1 162	-8 895
Restated	0	0	0	0	-1 415	0	-1 415
Currency effects	-1 146	0	-150	0	0	0	-1 296
31 Dec 2013	**315**	**0**	**154**	**0**	**3 449**	**0**	**3 918**
Amortization and impairments							
1 Jan 2013	651	0	0	1 021	599	0	2 271
Additions	148	0	0	0	776	0	924
Impairment Charges	696	0	0	0	0	0	696
Disposals	-568	0	0	0	0	0	-568
Disposal due to deconsolidation	-15	0	0	-1 021	-138	0	-1 174
Restated	0	0	0	0	-203	0	-203
Currency effects	-804	0	0	0	0	0	-804
31 Dec 2013	**108**	**0**	**0**	**0**	**1 034**	**0**	**1 142**
Carrying amounts							
31 Dec 2013 Restated	**207**	**0**	**154**	**0**	**2 415**	**0**	**2 776**
1 Jan 2013	4 225	6 416	1 023	127	4 403	1 162	17 356

Purchased rights

The purchased rights in 2014 relate to accounting software used by the parent company and the subsidiary for its daily accounting and office functions. In 2013 the purchased rights were mainly related to a right for the use of a port operation in Kintap, South Kalimantan, Indonesia. By way of an asset deal, the port operations were sold effective 17 June 2013.

Goodwill and brand name

The goodwill and brand name arose from the contribution of HMS Bergbau AG into the Company in 2011 and have been disposed of as part of the investment in HMS Bergbau AG in 2013 financial year.

Exploration and evaluation asset

The exploration and evaluation asset results from the current exploration activities at Vunene Mining. management determines on an annual basis, whether the exploration and evaluation asset is impaired by assessing whether indicators exist that would affect the carrying value. No indications of impairment have been identified and activities to recoup the current costs through successful development of the pits continue.

Marketing agreements

The marketing agreements arose from the contribution of HMS Bergbau AG into the Company and have been disposed of as part of the investment in HMS Bergbau AG in 2013 financial year.

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. During the year, the customer relationship has been further depreciated by EUR 701 thousand.

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 EUR k	Total EUR k
Acquisition or production cost						
1 Jan 2014	88 163	2 309	1 761	690	0	92 923
1 Jan 2014 Restated	67 469	2 309	1 761	690	0	72 229
Additions	11 067	1 015	103	0	0	12 185
Borrowing costs	389	0	0	0	0	389
Transfers	0	0	15	530	0	545
Disposal due to deconsolidation	0	0	0	-2	0	-2
Other disposals	-624	0	0	-101	0	-726
Effect of translation to presentation currency	1 754	66	45	19	0	1 884
31 Dec 2014	**80 055**	**3 391**	**1 923**	**1 136**	**0**	**86 505**
Depreciation and impairments						
1 Jan 2014	4 437	3	186	347	0	4 973
1 Jan 2014 Restated	4 404	3	186	347	0	4 940
Additions	6 093	13	275	179	0	6 560
Effect of translation to presentation	160	0	7	11		179
currency						0
31 Dec 2014	**10 657**	**16**	**468**	**537**	**0**	**11 679**
Carrying amounts						
31 Dec 2014	**69 398**	**3 374**	**1 455**	**599**	**0**	**74 826**
1 Jan 2014 Restated	63 065	2 306	1 575	343	0	67 289
1 Jan 2014	88 163	2 309	1 761	690	0	92 923

	Mine Assets	Land and Buildings	Technical equipment and machinery	Other equipment, operational and office equipment	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
Acquisition or production cost					
1 Jan 2013	73 092	2 579	2 816	457	78 944
Additions due to consolidation	0	0	0	59	59
Additions	14 258	679	815	415	16 167
Disposals	0	0	-1 250	-62	-1 312
Transfers	804	0	0	0	804
Disposal due to deconsolidation	0	-469	0	-490	-959
Restated	-20 694	0	0	0	0
Currency effects	9	-480	-620	311	-780
31 Dec 2013	**67 469**	**2 309**	**1 761**	**690**	**72 229**
Depreciation and impairments					
1 Jan 2013	648	0	478	81	1 207
Additions	3 917	4	254	248	4 423
Impairment charges	0	0	380	0	380
Disposals	0	0	-430	-54	-484
Disposal due to deconsolidation	0	0	0	-283	-283
Restated	-33	0	0	0	-33
Currency effects	-128	-1	-496	355	-270
	4 404	**3**	**186**	**347**	**4 940**
Carrying amounts					
31 Dec 2013 Restated	**63 065**	**2 306**	**1 575**	**343**	**67 289**
1 Jan 2013	72 444	2 579	2 338	376	77 737

Mine assets

The current production ramp up at the Vunene Mining operations and the opening of three further pits during 2013 has resulted in further capital expenditure on mine assets in 2014 financial year. The depreciation of mine assets is based on a unit of production method.

Land and buildings

The land and buildings relate to Indawo Estate and secure continued access to infrastructure for future mining activities.

Technical equipment and machinery

The technical equipment and machinery includes the machinery of Vunene Mining purchased for its open cast mining activities. Due to the sale of the port operations in Kintap, South Kalimantan, Indonesia, HMS Bergbau Group recognized an impairment charge of EUR 380 thousand on technical equipment and machinery prior to disposal in 2013. This impairment charge is presented in in discontinued operations.

6.3 Investments accounted for using the equity method

In October 2014, the Company acquired a 29.99% stake in Universal Coal which is a UK company listed in Australia and operating coal mines in South Africa. Under the terms of the transaction, the Company paid a total consideration of A$ 24.5 million. The transaction has completed at 16 October 2014.

Universal issued the following instruments to Ichor Coal NV:

- 80,440,000 ordinary shares at a purchase price of AU$ 0.145 per share, in total AU$ 11,663,800

- 71,220,000 non-voting, non-cumulative convertible preferred shares at a price of AU$ 0.18 per share.

- 71,220,000 warrants to receive ordinary shares, exercisable for a period of 18 months at a strike price of AU$ 0.36 per share.

- The value at initial acquisition amounted to EUR 16,868 thousands including acquisition costs of EUR 457 thousand which were capitalized. As of 31 December 2014, the carrying amount of the investment in Universal Coal Plc is EUR 17,236 thousand (2013: nil). The Group's share of realized losses of Universal Coal Plc for the period between 16 October 2014 and 31 December 2014 is EUR 89 thousand. No dividend has been received by the Company from Universal Coal Plc in 2014.

Summarized 31 December 2014 financial statement information of Universal Coal Plc, which are not adjusted for the percentage of ownership held by the Company, is disclosed below:

	31 Dec 2014 in ZAR	**31-Dec-14 EUR k**
Current assets	311 578	22 098
Non-current assets	1 147 209	81 364
Total assets	**1 458 787**	**103 462**
Current liabilities	52 110	3 696
Non-current liabilities	485 414	34 427
Total liabilities	**537 524**	**38 123**
Equity	**921 263**	**65 339**
Revenue	260 944 281	18 117
Loss after tax	39 552	2 780
Other comprehensive income	40 136 993	2 787
Total comprehensive income	**332 762**	**23**

On 30 November 2012, the Company concluded the purchase of 30 percent of the shares from a capital increase in Mbuyelo Coal , 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. In 2013, the shareholding in Mbuyelo Coal has been increased via a share capital increase that was fully subscribed by Ichor Coal N.V and meanwhile raising the shareholding to 38 percent. In addition, various share purchase transactions have been

concluded to acquire shares in Mbuyelo during 2013 which resulted in shareholding in Mbuyelo Coal of approximately 45 percent as at the 2014.

The Group's share of realized losses of Mbyuelo Coal for the period between 1 January 2014 until 31 December 2014 was EUR 157 thousand.

As of 31 December 2014, the carrying amount of the investment in Mbuyelo Coal is EUR 55,111 thousand (2013: EUR 53,733). No dividend has been received by the Company from Mbyuelo Coal in 2013 and 2014.

Summarized 31 December 2014 financial statement information of Mbyuelo Coal, which are not adjusted for the percentage of ownership held by the Company, is disclosed below:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Current assets	12 732	17 564
Non-current assets	50 811	44 932
Total assets	**63 543**	**62 496**
Current liabilities	250	162
Non-current liabilities	0	3
Total liabilities	**250**	**164**
Equity	**63 293**	**62 332**
Revenue	358	0
Share of profit or loss of investments	516	911
Loss after tax	347	171
Other comprehensive income	0	0
Total comprehensive loss	**347**	**171**

The financial year of Mbyuelo Coal ends on 28 February. Disclosures of financial information and the Group's share in profits has been derived from interim financial statements ending 31 December 2014.

6.4 Deferred tax

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

	31 Dec 2014		31 Dec 2013 Restated	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	EUR k	EUR k	EUR k	EUR k
Property, plant and equipment	25	14 789	24	14 964
Non-current financial assets	72	0	64	34
Other provisions	110	0	99	0
Other liabilities	792	0	43	1 434
Temporary differences	**999**	**14 789**	**230**	**16 432**
Tax loss carry-forwards	0	0	1 438	0
Total	**999**	**14 789**	**1 668**	**16 432**
Offsetting	0	0	-1 468	-1 468
Amounts as per balance sheet	**999**	**14 789**	**200**	**14 964**

Ichor Coal Group management assesses the future utilization of the tax loss carry-forwards 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:

	2014	Restated 2013
	EUR k	EUR k
Deferred tax assets at the beginning of the period	200	2 319
Deferred tax liabilities at the beginning of the period	-14 964	-15 711
Net deferred tax position at the beginning of the period	**-14 764**	**-13 392**
Deferred tax benefit/ (expense) of current year	985	-889
Foreign exchange difference	-344	
OCI	0	-15
Changes to deferred tax due to group consolidation	334	-468
Net deferred tax position as of 31 December	**-13 790**	**-14 764**
Deferred tax assets at the end of the period	999	200
Deferred tax liabilities at the end of the period	-14 789	-14 964

6.5 Inventories

Inventories of EUR 866 thousand (2013: EUR 1,848 thousand) consist solely of coal stockpiles of Vunene Mining.

6.6 Trade and other receivables

Trade and other receivables as at 31 December 2014 amounted to EUR 4,324 thousand (2013: EUR 4,260 thousand). Trade receivables are mainly related to a major South African utility company. There are no valuation allowances recorded for doubtful trade receivables in the 2014 and 2013.

As at 31 December 2014 receivables of EUR 277 thousand were up to 90 days past their due date. There were no indications at the balance sheet date that would suggest that the customers would not fulfill their payment obligations. Trade receivables are mainly related to a major South African utility company as well as HMS Bergbau AG, previous memebr of the Group.

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 2014 EUR k	**31 Dec 2013 EUR k**
up to 30 days	735	791
31 to 90 days	22	0
91 to 180 days	277	0
181 days and longer	0	0
Total trade receivables past due	**1 034**	**791**

6.7 Other current financial assets

Other current financial assets are composed as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Receivable from the disposal of investments	0	12 073
Rehabilitation Investment Fund	1 085	746
Miscellaneous	275	276
Other current financial assets	**1 360**	**13 095**

The receivable from the disposal of investments in 2013 represents the remaining balance of the sale of the investment in HMS Bergbau AG. The amount was fully received in 2014.

The rehabilitation investment funds are held by Vunene Mining in relation to the funding of future environmental rehabilition requirements, as guaranteed to the South African Department of Mineral Resources.

6.8 Other assets

The following table summarises the components of other assets:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Receivables from value added tax	451	294
Advance payments	0	144
Miscellaneous	55	97
Other non-financial assets	**506**	**535**

The advance payments made in the previous years to coal suppliers were fully realized.

6.9 Cash and cash equivalents

As at 31 December 2014, Ichor Coal Group's cash and cash equivalents are made up as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Cash at banks	19 140	9 335
Cash on hand	0	0
Cash and cash equivalents	**19 140**	**9 335**

Included in cash at banks, is a balance of EUR 128 thousand held by Vunene Mining which is only available for specified purposes in relation to infrastructure care and maintenance purposes.

6.10 Equity

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

Issued capital

The issued capital of EUR 6,792 thousand is divided into 67,919,963 (2013: 55,000,000) common shares, with a nominal value of EUR 0.10 each.

During 2014, the Company has issued 12,919,963 new shares with a nominal value of EUR 0.10. The new share issue composed as follows:

	Number of shares	EUR per share
Conversion of convertible bonds (23 January 2014)	44 444	5,13
Exchange of corporate bonds (29 July 2014)	7 121 400	4,68
Conversion of convertible bonds (10 December 2014)	377 774	4,92
Share issue (2 October 2014)	5 376 345	4,65
Total shares issued	**12 919 963**	

On 23 January 2014, the Company issued 44,444 new shares with a nominal value of EUR 0.10 for a consideration of EUR 4.50 per share (conversion price). The new shares were issued upon the execution of the conversion option of two Convertible Bonds.

On 29 July 2014, the Company signed an exchange agreement with the holders of a total amount of EUR 33,000 thousand of outstanding principal amount of Corporate Bonds to exchange their respective Bonds for ordinary shares in the company's share capital, effective as of 31 July 2014. The Company has therefore issued 7,121,400 new shares with a nominal value of EUR 0.10 at an issue price of EUR 4.68 per share. The total fair value of the contribution received for the share capital increase, above the nominal value of the shares and after issuance cost, has been recorded to Capital Reserves thereby increasing Ichor Coal's equity attributable to the owners of the parent by EUR 34,185 thousand.

On 2 October 2014, the Company has issued 5,376,345 new shares with a nominal value of EUR 0.10 for a consideration of EUR 4.65 per share.

On 10 December 2014, the Company issued 377,774 new shares with a nominal value of EUR 0.10 for a consideration of EUR 4.50 per share (conversion price). The new shares were issued upon the execution of the conversion option of seventeen Convertible Bonds.

The issued capital as of 31 December 2014 consisted entirely of fully paid-up ordinary shares. 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 amounts to EUR 25.0 million (2013: EUR 25.0 million) and is divided into 250,000,000 (2013: 250,000,000) shares, with a nominal value of EUR 0.10 each.

Capital reserves

The capital reserve comprises of the consideration beyond the nominal value of the shares of EUR 60,406 thousand, which has been received for the share capital increase and after issuance cost has been recorded to Capital Reserves.

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

Accumulated retained earnings

The accumulated retained earnings including the net loss of prior years, is attributable to the owners of the parent company.

Other reserves

The other reserves reflect differences from currency translation.

Share based payment reserve

The Company issued equity-settled instruments to certain qualifying employees under an employee share option scheme to purchase shares in the Company's authorized but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instrument at the date of the grant, which was EUR 216 thousand. Deferred share- based compensation is expensed over the vesting period, based on the Company's estimate of the shares that are expected to eventually vest.

Employee options with long lives are usually exercisable during the period between vesting date and the end of the options' life, and are often exercised early. These factors should be considered when estimating the grant date fair value of the options.

All option pricing models take into account, as a minimum, the following factors:

(a) the exercise price of the option;-> 4.8 €

(b) the life of the option; -> 10 years maximum

(c) the current price of the underlying shares; -> Ichor is listed, therefore price is available

(d) the expected volatility of the share price;-> to be derived from historical prices over a period of similar length as the options

(e) the dividends expected on the shares (if appropriate); and-> to be derived from Ichor's financial forecasts and dividend history

(f) the risk-free interest rate for the life of the option.-> German bond yield

As the option has no fixed term, a potential early exercise needs to be estimated. Factors to consider in estimating early exercise include:

(a) the length of the vesting period, because the share option typically cannot be exercised until the end of the vesting period. Hence, determining the valuation implications of expected early exercise is based on the assumption that the options will vest

(b) the average length of time similar options have remained outstanding in the past. Since there is no history, empirical data was used

(c) the employee's level within the organization. Beneficiaries are managing directors

(d) expected volatility of the underlying shares

This needs to be assessed on the basis of the stock price movements

Non-controlling interest

As at 31 December 2014 the following entities were consolidated in the Group's consolidated financial statements whereas non-controlling interest stakes were held by third parties:

	31 Dec 2014 EUR k	Restated 31 Dec 2013 EUR k
Vunene Mining (Pty) Ltd., South Africa	11 344	10 942
Indawo Estate (Pty) Ltd., South Africa	12	8
Foreigh currency loss	-11	0
Non-controlling interest	**11 345**	**10 950**

6.11 Other provisions

The environmental rehabilitation provisions relates to the mining activities of Vunene Mining. 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 activities and associated costs is made by management, which are expected to meet the mines Environmental management Program obligation. The total provision varies, depending on the development and depletion stage of open cast pits of Vunene Mining.

As at 31 December 2014, EUR 8,259 thousand (2013: EUR 4,675 thousand) total cost - discounted at prime rate of 8.5 percent (2013: 9.5 percent) - were provided for restoration and rehabilitation relating to past and current mining operations. Out of the total provision, EUR 1,094 thousand are expected to be paid within the next 12 months and are therefore included in the current provisions.

Current provisions are composed as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Environmental rehabilitation current operations	1 094	785
Environmental rehabilitation past operations	256	250
Current other provisions	**1 350**	**1 035**

The provision for environmental rehabilitation on past operations relates to Vunene Mining's previous mining activities and is expected to be fully utilized in 2015.

The non-current provisions of EUR 6,909 thousand (2013: EUR 3,640 thousand) solely represents the non-current portion of the rehabilitation provision for current mining operations.

During the current financial year, EUR 3,599 thousand have been additionally provisioned for and EUR 559 thousand were charged against the environmental rehabilitation provisions based on the progress of ongoing rehabilitation activities.

6.12 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 the Company is obtained in form of trade or project finance facilities provided it is advantageous to the Group.

As at 31 December 2014, current interest bearing loans and borrowings are composed as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Ichor Coal N.V. Convertible Bonds	399	409
Ichor Coal N.V. Corporate Bonds	1 985	158
Miscellaneous	0	358
Current loans and borrowings	**2 384**	**925**

The current portion of the Company Convertible Bonds as well as of the Corporate Bonds originates from accrued interest expenses to be paid at the next quarterly interest day. The settlment date of the Corporate Bonds is June 2015. The short term portion represents interest and the principle portion of EUR 2.0 million.

As per 31 December 2014, non-current interest bearing loans and borrowings are composed as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Ichor Coal N.V. Convertible Bonds	80 545	76 309
Ichor Coal N.V. Corporate Bonds	0	33 937
Non-current loans and borrowings	**80 545**	**110 246**

Convertible Bonds

In 2012, the Company issued EUR 80.0 million Convertible Bonds at par, which - 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. 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 or the Company would obtain the right to pay back all - but not part – of the outstanding notes including the accrued interest. Furthermore, there were conversion of 19 Bonds during 2014. (Refer to note 6.10).

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 the Company

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, the Company 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.

As at 31 December 2014, no events occurred, which would have triggered an adjustment to the conversion share price or a clean-up option.

At issuance in 2012, management determined that the Convertible Bonds 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 the Company's share price, the volatility of the share price and the remaining time to expiry. Although the the Company share price had an increasing effect, the fair value of the conversion component as of 31 December 2014 has been increased due to the reduced remaining time to expiry as well as a lower volatility. At 31 December 2014, the fair value of the conversion component was EUR 19,625 thousand (2013: EUR 18,284 thousand). The resulting loss of EUR 1,341 thousand (2013: gain of EUR 4,941 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 Bonds 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 2014, the total carrying value of the host component was EUR 61,319 thousand (2013: EUR 58,434 thousand), including accrued interest.

The movement of the Convertible Bonds during the year was as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Host instrument opening balance	58 434	54 268
Conversion component opening balance	18 284	23 225
	76 718	77 493
Cash-effective movements		
Interest for the period	6 374	6 400
Interest payments during the period	-6 374	-6 400
Non-cash-effective movements		
Fair value movement of conversion component	1 341	-4 941
Accrued effective interest portion	4 970	4 166
Conversion of nineteen bonds into equity	-2 085	0
Ichor Coal N.V. Convertible Bonds	**80 944**	**76 718**

Corporate Bonds

In June 2013, the Company issued EUR 25.0 million of up to EUR 40.0 million unsecured and unsubordinated Corporate Bonds. A further EUR 10.0 million was issued in October 2013. The Bonds were issued at par and will - subject to early prepayment – mature in June 2015. The Bonds have a nominal value of EUR 100,000 and carry a fixed interest rate of 6.5% per annum until the maturity date, to be paid quarterly in arrears.

If at any point the outstanding principal falls under 20 percent of the principal amount, the Company 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 carrying value of the Corporate Bonds of EUR 33.6 million at inception date has been derived as the residual amount of the issue price less transaction cost of 4.0 percent of the corporate bond’s face value. The Corporate Bonds are subsequently carried at amortized cost using the effective interest method. During 2014 EUR 33.0 million Corporate Bonds were converted into the ordinary shares of the Company (Refer to note 6.10).
As at 31 December 2014, the carrying value of the Corporate Bonds was EUR 2.0 million, including accrued interest.

The movement of the Corporate Bonds during the year was as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Opening balance	34 095	33 600
Conversion of corporate bonds	-32 677	
Cash-effective movements		
Interest for the period	1 352	1 133
Interest payments during the period	-1 207	-975
Non-cash-effective movements		
Accrued effective interest portion	423	337
Ichor Coal N.V. Corporate Bonds	**1 985**	**34 095**

6.13 Other financial liabilities

Other non-current financial liabilities of EUR 638 thousand (2013: EUR 623 thousand) represent liabilities due to the minority shareholder of Indawo Estate. The remaining EUR 318 thousand (2013: EUR 628 thousand) pertain to outstanding access fees for mining activities on farmland.

The other current financial liabilities of EUR 292 thousand (2013: EUR 306 thousand) also pertain to outstanding access fees.

6.14 Trade and other payables

The trade and other payables of EUR 4,127 thousand (2013: EUR 1,810 thousand) mainly relate to payables to mining contractors.

6.15 Other liabilities

The other liabilities composed as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Accrued liabilities	988	1 260
Accrued income	0	152
Liabilities from other taxes	0	43
Miscellaneous	33	12
Other non-financial liabilities	**1 021**	**1 467**

The accrued liabilities mainly arise from mining contractor services obtained in December, which have not been invoiced before year end.

6.16 Maturity analysis of financial and non-financial liabilities

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

	Carrying amount	Undiscounted cash outflows		
	31-Dec-14	2015	2016 - 2019	2020 ff.
	EUR k	EUR k	EUR k	EUR k
Non-current loans and borrowings	80 545	0	78 100	0
Current loans and borrowings	2 384	2 000	0	0
Trade and other payables	4 127	4 127	0	0
Other non-current financial liabilities	956	0	956	0
Other current financial liabilities	292	292	0	0
Other liabilities and liabilities from income taxes	1 040	1 040	0	0

	Carrying amount	Undiscounted cash outflows		
	31 Dec 2013	2014	2015 - 2018	2019 ff.
	EUR k	EUR k	EUR k	EUR k
Non-current loans and borrowings	110 246	0	115 000	0
Current loans and borrowings	925	925	0	0
Trade and other payables	1 810	1 810	0	0
Other non-current financial liabilities	1 251	0	1 309	0
Other current financial liabilities	306	374	0	0
Other liabilities and liabilities from income taxes	1 712	1 712	0	0

7 NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

7.1 Revenue

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

	1 Jan - 31 Dec 2014 EUR k	1 Jan - 31 Dec 2013 EUR k
Mining revenues	47 524	23 378
Care and maintenance services	1 104	1 184
Other services	2	2
Revenue	**48 630**	**24 565**

Revenue from mining were generated from the groups mining activities and the sale of the run-of-mine coal to national and international customers. Service revenues are generated on a care and maintenance agreement to maintain the Vunene Mining underground mine infrastructure on behalf of a third party.

7.2 Cost of sales

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

	2014 EUR k	2013 EUR k
Equipment rental	16 573	9 862
Consumables	7 834	4 707
Labour	1 416	999
Outsourced mining services	4 924	3 165
Change in coal at stock	978	-1 624
Other services	4 004	2 001
Cost of rendering care and maintenance services	790	779
Cost of sales	**36 520**	**19 891**

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. Other service costs are incurred on the care and maintenance of the Vunene Mining underground mine infrastructure on behalf of a third party.

Furthermore, a change in inventory of EUR 978 thousand has been realized, based on a reduction of coal stock piles.

7.3 Income from investments

Total income from investments contains the Group's share of losses of Mbyuelo Coal for the period between 1 January 2014 until 31 December 2014 (EUR 157 thousand) and its share of losses of Universal Coal for the period between 16 October 2014 and 31 December 2014 (EUR 89 thousand).

7.4 Other income

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

	2014 EUR k	Restated 2013 EUR k
Gain on contingent liability adjustment	0	1 639
Foreign exchange gain	2 114	934
Miscellaneous	256	681
Other income	**2 369**	**3 254**

The gain on the release of contingent liability, relating to payment obligations from the acquisition of shares in Vunene Mining has been recorded as a result of the settlement of the obligation EUR 1,639 thousand below book value.

7.5 Depreciation, amortization and impairments

Depreciation, amortization and impairments composed as follows:

	2014 EUR k	Restated 2013 EUR k
Depreciation of property, plant and equipment	6 481	4 936
Amortization of intangible assets	852	223
Impairment	42	
Depreciation, amortization and impairments	**7 374**	**5 159**

7.6 Other operating expenses

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

	2014 EUR k	Restated 2013 EUR k
Consulting and legal expenses	1 191	1 667
Royalty tax	777	0
Audit and accounting service expenses	199	259
Other professional services	186	523
Foreign exchange losses	170	-522
Insurance contributions	51	78
Loss from disposal of shares in affiliates	16	1 371
Advertising expenses	9	79
Write off of loans to affiliates	0	1 089
Miscellaneous	179	180
Other operating expenses	**2 777**	**4 724**

7.7 General and administrative expenses

General and administrative expenses are composed as follows:

	1 Jan - 31 Dec 2014 EUR k	1 Jan - 31 Dec 2013 EUR k
Salaries	3 252	1 598
IT and Communication	59	53
Head office expenses	799	1 004
General and administrative expenses	**4 110**	**2 656**

General and admin expenses increased from EUR 2,656 thousand to EUR 4,110 thousand which is mainly due to costs related to the restructuring of the company and the move of the Company's head office to South Africa.

7.8 Financial result

Financing revenue and cost split down as follows:

	1 Jan - 31 Dec 2014 EUR k	1 Jan - 31 Dec 2013 EUR k
Interest income from bank accounts	348	88
Interest on other loans and borrowings	0	116
Interest income	**348**	**204**
Gain on option adjustment	46	0
Gain on conversion component Convertible Bonds	0	4 941
Finance revenue	**394**	**5 145**

	1 Jan - 31-Dec-14 EUR k	1 Jan - 31-Dec-13 EUR k
Effective interest on Convertible Bonds	11 235	10 566
Effective interest on Corporate Bonds	1 797	1 256
Interest on debts and borrowings	2 333	228
Interest on rehabilitation provision	426	200
Other	-154	266
Interest and similar expenses	**15 637**	**12 516**
Loss on conversion component of Convertible Bonds	1 341	0
Finance costs	**16 978**	**12 516**

During the 2013, Vunene Mining significantly increased its mining operations by the development of three further open cast pits. Until the respective pits commenced their production phase, the borrowing cost that are directly attributable to the activities of the box cut openings have been capitalized and as such added to the mining asset. During the year borrowing cost of EUR 389 thousand incurred.

7.9 Income tax

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

	2014 EUR k	2013 EUR k
Income before income taxes	-16 922	-9 367
Tax rate	*28%*	*30%*
Expected tax (expense)/ benefit	**4 738**	**2 827**
Differing Tax Rate	71	-220
Permanent differences	-3 679	3 261
Adjustments to carrying amounts of deferred taxes	785	-528
Current Income Taxes for prior years	0	-2
Deferred income taxes for prior years	0	-10
Unrecognized tax losses and interest carry forwards	-2 675	-6 236
Trade Tax	2 090	0
Other effects / Change in Tax Rate	-23	3
Income taxes	**1 306**	**-905**
Effective tax rate	*-8%*	*10%*

Based on the management seat of the Company in Johannesburg, South Africa, the enacted tax rate of 28% is applicable for the Company taxation in 2014. Based on the management seat of Ichor Coal N.V. in Belin, Germany in 2013, the enacted tax rate of 30,18% was applicable for the Company's taxation in Germany.

Total taxation benefit/ (expense) can be broken down as follows:

	2014 EUR k	2013 EUR k
Current taxes	0	-4
Deferred taxes	1 306	379
Income taxes from continued operations	**1 306**	**375**
Current taxes	0	-11
Deferred taxes	0	-1 269
Income taxes from discontinued operations	**0**	**-1 280**
Income tax for the year	**1 306**	**-905**

7.10 Earnings per share

Basic earnings per share

The basic earnings per share for the continued operations for the 2014 amount to EUR -0.27 (2013: EUR -0.23). The basic earnings per share calculation is based on the profit and loss of the continued operations attributable to the owners of the parent and the number of shares outstanding during the period. The basic earnings per share for the continued operations for the comparative period has been additionally adjusted by the weighted average number of own treasury shares held by the Group during that period. The profit and loss for the continued operations attributable to the owners of the parent and the weighted average number of shares outstanding has been calculated as follows:

Profit and loss from continued operations attributable to the owners of the parent (in EUR thousand)

	2014	2013
Profit or loss	-15 386	-10 949
Non-controlling interest	397	-1 003
	-15 784	**-11 952**
Basic earnings per share	***-0,27***	***-0,23***

Weighted average number of shares outstanding (in 000s)

	2014	2013
Shares issued and fully paid as of 1 January	55 000	50 000
Effect of share capital increase	4 413	1 822
Effect of own treasury shares held during the period	0	0
Weighted average number of shares outstanding	**59 413**	**51 822**

The basic earnings per share for the discontinued operations, including the gain on sale of the HMS Bergbau AG investment of EUR 6,398 thousand, for the 2013 amount to EUR 0.02 (2012: EUR -0.05).

Diluted earnings per share

During 2012, the Company issued a convertible bond of EUR 80.0 million, which resulted in an adjustment to the weighted average shares outstanding of 17,714 thousand (2013: 17,778 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 relates solely to currency translation differences.

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 at 31 December 2014, which was unencumbered, amounted to EUR 19,140 thousand.

The Group's cash flows from operating activities was mainly influenced by the Vunene Mining operations. The investment cash flows were mainly driven by the receipt of the proceeds from disposal of shares in affiliates (HMS Bergbau AG investment) as well as the acquisition of 29.99% of stake in Universal Coal Plc The cash flow from financing activities was driven by the proceeds from the Company's share capital increase in October 2014.

9 NOTES TO THE CONSOLIDATED SEGMENT REPORT

9.1 Basic principles of segment reporting

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 2013, mining activities were performed by Vunene Mining, whereas all major trade activities were conducted via HMS Bergbau AG. Up until disposal of the investment in HMS Bergbau AG, the IchorCoal Group activities were organized in segments, which in turn were managed by segment management functions. Financial performance, operating activities and budgets and forecasts were compiled for both segments and reviewed by the IchorCoal management board on a regular basis.

Following the strategic realignment of Ichor Coal N.V. and the disposal of the investment in HMS Bergbau AG, the Group's coal trading division, the core business of the IchorCoal Group is the investment in coal resources in South Africa. Subsequent to the disposal, the Group is organized into one reporting segment being coal production in South Africa. Going forward, the Group focuses on the acquisition and subsequent development of coal resources in Southern Africa.

The Group's mining activities, included in the continued operations, generated EUR 30,633 thousand of its sales with Eskom, a South African utility company. Furthermore, EUR 17,222 thousand of sales have been mainly generated on a coal supply agreement with a subsidiary of the former Group's trading division HMS Bergbau AG. The coal supply agreement had a duration until October 2014 and continued to be in force subsequently to the disposal of the investment in HMS Bergbau AG. All intra- group sales had been concluded on transfer prices adhering to the arms- length principle. In order to present a true and fair view on the Group's continued and discontinued results margins generated by the Group on sales to HMS Bergbau AG in 2013 are presented in continued operations, while the margin generated by HMS Bergbau AG on the external sales is presented in discontinued operations in comparative figures. Being aware of the requirements of IFRS 5, this treatment however ensures comparability of Revenues as well as Gross Margins to previous and future periods and avoids missleading information in the Group's Statement of Comprehensive Income.

OTHER DISCLOSURES

10.1 Capital management

To provide the financial stakeholders of the Group with satisfactory returns, Group management aims on owning and operating medium sized coal assets which are expandable and promise upstream development potential. Vunene Mining still represents the Group's major mining asset as at 31 December 2014.

Throughout the year, Group management continually reviews existing assets to identify whether they remain within set financial limits. It also continues to review further assets, mainly in South Africa, which potentially fit the strategy and only invest capital in those who are in accordance to certain financial 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.

To ensure consistent and secured funding for the development of its projects, 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 and any additional debt or equity issuance to meet those requirements is assessed for the impacts on the capital structure of the Group. As at 31 December 2014, the Group has issued EUR 6,792 thousand in share capital, EUR 81.0 million in Convertible Bonds and EUR 2.0 million in Corporate Bonds.

IchorCoal Group monitors capital using a gearing ratio, which is net debt – including interest bearing loans and borrowings, trade and other payables, less cash and short term deposits – divided by equity plus net debt. Notwithstanding the significant changes of the capital structure throughout the year, it remains management's focus to maintain the gearing ratio constant.

	31-Dec-14 EUR k	Restated 31 Dec 2013 EUR k
Interest bearing loans and borrowings	82 929	111 171
Accounts payable and accrued liabilities	5 148	3 125
Less cash and cash equivalents	-19 140	-9 335
Net debt	**68 937**	**104 961**
Equity	64 236	17 182
Equity and net debt	133 172	122 143
Gearing ratio	**52%**	**86%**

10.2 Financial assets and liabilities

Presentation by categories

The balance sheet items as at 31 December 2014, comprising financial assets and liabilities can be attributed to the measurement categories according to IAS 39 as follows:

	31 Dec 2014			
	Carrying amount EUR k	Loans and receivables EUR k	Financial instruments measured at amortised cost EUR k	Financial instruments at fair value through profit or loss EUR k
Assets				
Trade and other receivables	4 324	4 324	0	0
Other current financial assets	1 360	1 360	0	0
Cash and cash equivalents	19 140	19 140	0	0
Liabilities				
Interest-bearing loans and borrowings	82 929	0	63 304	19 625
Other non-current financial liabilities	956	0	956	0
Trade and other payables	4 127	0	4 127	0
Other current financial liabilities	292	0	292	0

	31 Dec 2013			
	Carrying amount EUR k	**Loans and receivables EUR k**	**Financial instruments measured at amortised cost EUR k**	**Financial instruments at fair value through profit or loss EUR k**
Assets				
Trade and other receivables	4 260	4 260	0	0
Other current financial assets	13 095	12 978	0	117
Cash and cash equivalents	9 335	9 335	0	0
Liabilities				
Interest-bearing loans and borrowings	111 171	0	92 887	18 284
Other non-current financial liabilities	1 251	0	1 251	0
Trade and other payables	1 810	0	1 810	0
Other current financial liabilities	306	0	306	0

As at 31 December 2014, the financial assets and liabilities measured at fair value are categorized in the following classes:

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 2014, 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 a binominal option price model, with share volatility and share price and time to maturity being significant input factors, 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 loss of EUR 1,341 thousand (2013: gain of EUR 4,941 thousand) has been recognised and recorded in profit and loss. For purposes of the conversion option valuation, management also took into account any adjustment necessary to measure the Company's default risk on its derivative liability. Consequently, the credit risk of the Company is incorporated into the fair value of the conversion option liability.

The gain on conversion would have increased by approximately EUR 0.5 million if the volatility decreased by 1 percent point and would have decreased by EUR 0.5 million if the volatility increased by 1 percent point. Similarly, the gain would have increased by approximately EUR 1.0 million if the share price would be EUR 0.10 lower and would have decreased by approximately EUR 1.0 million if the share price would be EUR 0.10 higher. The Group furthermore held a coal commodity derivative, at fair value through profit or loss, to mitigate price risks from fluctuations in the underlying coal price indice. The derivative is traded at a commodity derivative exchange and has been classified as Level 1.

	31 Dec 2014	
	Carrying amount EUR k	Fair Values EUR k
Assets		
Trade and other receivables	4 324	4 324
Other current financial assets	1 360	1 360
Cash and cash equivalents	19 140	19 140
Liabilities		
Interest-bearing loans and borrowings	82 929	77 657
Other current financial liabilities	956	956
Trade and other payables	4 127	4 127
Other current financial liabilities	292	292

Except for the Convertible Bond and the Corporate 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 matures in 2017 and is derived of a host component and a conversion component. The above fair value disclosure is based on the market value of the Convertible and Corporate Bonds as of 31 December 2014. However, for purposes of these financial statements, the carrying amount of the host component represents the discounted nominal amount and the carrying amount of the conversion component represents the fair value of the conversion option as of 31 December 2014. The Corporate Bond matures in 2015 and is recorded at the discounted nominal amount.

	31 Dec 2014			
	Carrying amount EUR k	Level 1 EUR k	Level 2 EUR k	Level 3 EUR k
Liabilities				
Interest-bearing loans and borrowings	82 929	77 657	0	0
Other current financial liabilities	956	0	0	0
Trade and other payables	4 127	0	0	0
Other current financial liabilities	292	0	0	0

Other disclosures for financial assets and liabilities

The results from the various categories of financial assets and liabilities are composed as follows. Net loss on financial liabilities at fair value through profit and loss were EUR 1,341 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 394 thousand (2013: EUR 204 thousand) and EUR 16,978 thousand (2013: EUR 12,516 thousand), respectively.

10.3 Group financial risk management

The Group is exposed to various financial risks which arise out of its business activities. In response, the Group has implemented risk management processes across all entities to identify risk exposures and to mitigate material negative effects on the financial performance or to secure achievement of Group objectives. In order to steer the Group's approach to risk mitigation from the top, an annual assessments of risk acceptance levels is performed by the management board and reviewed by the supervisory board. The risk management system of the Group is an integrated approach, segregated to fit its diverse operations, being coal mining and trading, beyond any investment activities that the Group constantly endeavors. In addition, the risk management system is two tier organized into an internal review process as well as a controlling activity scheme.

The risk management associated with the IchorCoal Group's coal mining and trading activities involves the identification, classification, evaluation, controlling and monitoring of risks inherent to coal mining and trading in a South African environment. Major trading activities with potential material effects to the financial performance are presented and discussed with supervisory board. It is the Group's policy to only accept risks if they are associated with significant earnings potential. Where possible, risks are minimized or transferred to third parties.

The Group's investment activities and associated risk management involves various activities such as careful review and analysis of investment opportunities. Here again, associated risks are identified, classified, evaluated, controlled and monitored by management and presented to the supervisory board as part of the investment decision process. Each identified risk is quantified to assess the magnitude of its financial impact and if necessary to implement mitigating measures.

Main exposures identified include investment risks, financial market risks such as currency and interest rate risks, liquidity risks, credit risks and commodity price risks.The following sections describe those risks and opportunities 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 financial, technical, geological and legal 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 Company supervisory board. Furthermore, significant cost and timeline overruns in asset development activities subsequent to an acquisition also pose risks to IchorCoal Group. These risks are mitigated by IchorCoal Group management via experienced in-house project controlling supported by professional local advisors.

Financial market risks

Because of its international activities the Group is exposed to a variety of financial market risks. For instance foreign exchange and interest rate fluctuations may have unwanted effects on the financial position of IchorCoal Group.

IchorCoal Group is exposed to unwanted effects of foreign exchange transactions and translation. The financial asset or liability, 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 but not hedged in general. Some of the transactions are foreign currency transactions and therefore the Group is exposed to currency fluctuation risks. IchorCoal Group management would enter into forward exchange contracts should the circumstances require and allow 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 the Company As of 31 December 2014, the Group has no foreign exchange derivatives.

In 2014, the Group realized net profit of EUR 2,114 thousand from currency translation differences. The Group's exposure to the volatility of the ZAR currency at year end is maximal. If the ZAR weakened by 10 percent, the Group's net currency loss would have increased by EUR 6,877 thousand. If the ZAR strengthened by 10 percent, the net currency loss would have decreased by EUR 6,877 thousand. The above fluctuations are mainly the result of the following:

- In the current economic conditions the ZAR continues to strengthened against the Euro
- The Group has Convertible and Corporate bond liabilities denominated in Euro and on which the foreign exchange loss / gain are recognized as at the year end

The Group's current finance facilities are provided on a fixed interest rate basis, which vary from facility to facility. Interest price risks may originate from finance facilities at fixed interest rates. Interest cash flow risks may originate from finance facilities at 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. As of 31 December 2014, the Group has no interest derivatives.

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. Mitigating activities include forecasting and monitoring of operational and capital cash requirements. 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 as well as its growth and

development aspirations. This monitoring also contains an analysis of the due dates of the Group’s financial obligations. The Group did not default on payment obligations during the financial period. The Group’s future significant payment obligations result from the Corporate Bonds and Convertible Bonds. The interest payment obligations, of the Corporate Bonds of EUR 2.0 million, until maturity in 2015 amount to EUR 65 thousand in 2015. The interest payment obligations, of the Convertible Bonds of EUR 81.0 million, until maturity in 2017 amount to EUR 6.2 million in 2015 and 2016 and to EUR 3.2 million in 2017, subject to conversion excercise.

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 losses on financial assets, which are fundamentally subject to credit risk, is limited to the total carrying value of relevant financial assets, as presented below.

	EUR k
Trade and other receivables	4 324
Other current financial assets	1 360
Other assets	506
Cash and cash equivalents	19 140

To reduce the credit risk on cash and cash equivalents, management carefully pre-evaluates and selects bank institutes before depositing cash. To reduce the credit risk on revenues, the Group’s management pre-evaluates and monitors counterparties. Group management further aims to utilize secured payment mechanisms or other risk mitigation instruments. In addition, risks from performance failures or poor performance of deliveries may arise. 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. During the 2014, the Group generated the majority of its sales with Eskom, a South African utility company which has not defaulted in 2014.

Commodity Price Risk

IchorCoal Group's commodity price risk exposure arises from transactions on the world coal market. Sale of coal transactions are either on a fixed price basis or index-based. Cash flow risks may originate from sales agreements at fixed rates. Price risks may originate from index based sales agreements. Price risks arising of fluctuations of applicable indices are mitigated by exchange traded commodity derivatives, if deemed necessary. Price escalation clauses are negotiated for fixed sales price agreements, to mitigate adverse input pricing developments. Group management evaluates such risks on a continuous basis as part of the risk management system and may be mitigated by hedging instruments, if deemed necessary. As of 31 December 2014, the Group has no hedging instruments.

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. Key management personnel of the Company and, up until disposal, HMS Bergbau AG as well as close family members of key management are also related parties.

Transactions with subsidiaries and associates

Intercompany transactions within IchorCoal Group have been eliminated in the consolidated financial statements. During the year, the Company has entered into various loan agreements with Vunene Mining for mine development purposes on a basis equal to third party agreements. As per year-end, EUR 15,165 thousand (2013: EUR 14,030 thousand), including accrued interest of EUR 1,845 thousand (2013: EUR 525 thousand), are outstanding. Furthermore, the Company performed certain group functions, which have been reimbursed by Vunene Mining via a management fee of EUR 312 thousand (2013: EUR 307 thousand).

Transactions with key management personnel

During the year, Nonkulukeko Nyembezi-Heita, Andries Engelbrecht and Sebastian Giese held director positions in the Company The directors received the following compensation during 2014:

EUR thousand	Short Term Compensation	Share Based Payments	Total
Nonkululeko Nyembezi-Heita	935	128	1,063
Andries Engelbrecht	405	88	493
Sebastian Giese	602	0	602
Total	1,942	216	2,158

The supervisory board of the Company consisted during the year of four individuals. The annual compensation for the supervisory board Chairman Lars Windhorst is EUR 10 thousand. The Vice Chairman receives a compensation of EUR 8 thousand and the compensation for the other supervisory board members is EUR 5 thousand. 10.5 Contingent liabilities and commitments.

As of 31 December 2014, the Group's purchase obligations from contract mining companies amounts to EUR 32,175 thousand. Further payment obligations for 2015 amount to approximately EUR 38 thousand.

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

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Due within one year	195	55
Due in one to five years	682	0
Due in more than five years	0	0
Total	**877**	**55**

The Group is currently not involved as a defendant in any litigations. The Group has no contingent lialbilites.

10.5 Audit Fees

The total audit fees of EUR 162 thousand have been incurred from Ernst & Young, Europe (EUR 86 thousand), KPMG, South Africa (EUR 23 thousand) and Sizwe, South Africa (EUR 53 thousand).

10.6 Events after the balance sheet date

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

Johannesburg, 26 March 2015

Nonkululeko Nyembezi-Heita
Chief Executive Officer

Andries Engelbrecht
Chief Operating Officer

Standalone financial statements

Statement of financial position

	Note	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Assets			
Non-current assets			
Intangible assets	3.1	9	23
Property, plant and equipment	3.2	192	4
Shares in affiliates	3.3	41 296	40 300
Investments in associates	3.4	72 563	53 703
Other non-current financial assets	3.5	8 890	7 775
Deferred tax	3.6	792	0
		123 742	101 805
Current assets			
Trade and other receivables	3.7	555	400
Other current financial assets	3.8	5 823	18 351
Other assets	3.9	129	97
Cash and cash equivalents	3.10	17 294	7 867
		23 801	26 715
Total Assets		**147 543**	**128 520**
Equity and liabilities			
Equity			
Issued capital	3.11	6 792	5 500
Capital reserves	3.11	89 291	28 886
Share based payment reserve	3.11	216	0
Accumulated retained earnings	3.11	-17 379	-6 752
Profit or loss for the year		-16 487	-10 627
Other reserves	3.11	774	0
Total equity		63 208	17 007
Non-current liabilities			
Interest-bearing loans and borrowings	3.12	80 545	110 246
Current liabilities			
Interest-bearing loans and borrowings	3.12	2 384	567
Trade and other payables	3.13	385	300
Other liabilities	3.14	1 021	400
		3 790	1 267
Total liabilities		84 335	111 513
Total equity and liabilities		**147 543**	**128 520**

The accompanying notes form part of these financial statements.

Ichor Coal N.V. Group
Consolidated Annual Financial Statements for the year ending 31 December 2014

Statement of comprehensive income

	Note	2014 EUR k	2013 EUR k
Other income	4.1	2 659	3 588
General and administrative expenses	4.2	-3 181	-1 660
Depreciation and impairment		-32	-10
Write off of current assets		-42	0
Other operating expenses	4.3	-1 301	-6 215
Finance costs	4.4	1 776	5 635
Finance income	4.4	-17 150	-11 965
Loss before income taxes		-17 272	-10 627
Income taxes	4.5	785	0
Loss for the year		**-16 487**	**-10 627**
Other comprehensive income			
Items that can be reclassified to profit or loss			
Differences from currency translation		774	0
Other comprehensive income after income taxes		**774**	**0**
Total comprehensive income		**-15 713**	**-10 627**

The accompanying notes form part of these financial statements.

Statement of changes in equity 2014

	Note	Ordinary shares EUR k	Capital reserves EUR k	Accumulated retained earnings EUR k	Profit or loss for the year EUR k	Other reserves EUR k	Share based payment reserve EUR k	Total EUR k
1 Jan 2014	3.11	**5 500**	**28 886**	**-6 752**	**-10 627**	**0**	**0**	**17 007**
Appropriation of prior year results		0	0	-10 627	10 627	0	0	0
Profit or loss for the year		0	0	0	-16 487	0	0	-16 487
Other comprehensive income	3.11	0	0	0	0	774	0	774
Total comprehensive income		**0**	**0**	**0**	**-16 487**	**774**	**0**	**-15 713**
Share capital increases	3.11	1 292	60 405	0	0	0	0	61 697
		1 292	**60 405**	**0**	**0**	**0**	**0**	**61 697**
Share based payment	3.11	0	0	0	0	0	216	216
		0	0	0	0	0	216	**216**
31 Dec 2014		**6 792**	**89 291**	**-17 379**	**-16 487**	**774**	**216**	**63 208**

The accompanying notes form part of these financial statements.

Statement of changes in equity 2013

	Note	Ordinary shares EUR k	Capital reserves EUR k	Accumulated retained earnings EUR k	Profit or loss for the year EUR k	Other reserves EUR k	Share based payment reserve EUR k	**Total** EUR k
1 Jan 2013	3.11	**5 000**	**10 037**	**-346**	**-6 406**	**0**	**0**	**8 285**
Appropriation of prior year results		0	0	-6 406	6 406	0	0	0
Profit or loss for the year		0	0	0	-10 627	0	0	-10 627
Other comprehensive income		0	0	0	0	0	0	0
Total comprehensive income		**0**	**0**	**0**	**-10 627**	**0**	**0**	**-10 627**
Share capital increase	3.11	500	18 849	0	0	0	0	19 349
		500	**18 849**	**0**	**0**	**0**	**0**	**19 349**
31 Dec 2013		**5 500**	**28 886**	**-6 752**	**-10 627**	**0**	**0**	**17 007**

The accompanying notes form part of these financial statements.

Ichor Coal N.V. Group
Consolidated Annual Financial Statements for the year ending 31 December 2014

Statement of cash flow

	Note(s)	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Profit or loss		-16 487	-10 627
Reconciliation of profit or loss to the cash flow from operating activities:			
Depreciation and amortization and impairment of fixed assets		32	10
Write off of current assets		42	1 089
Loss/ Gain on conversion component of Convertible Bonds	4.4	1 341	-4 941
Effective interest on Bonds	4.4	13 291	4 502
Other interest on debts and borrowings		2 518	0
Interest income		-1 776	0
Changes due to foreign currency changes		-2 448	-658
Changes in share based payment	3.11	216	0
Loss from disposal of shares in affiliates		0	1 371
Other non-cash items		0	-1 390
Changes in deferred taxes		-792	0
Changes in trade and other receivables	3.7	-155	-291
Changes in trade and other payables	3.13	85	-448
Changes in other working capital items		-1 012	-101
Cash flow from operating activities		**-5 144**	**-11 484**
Proceeds from disposal of intangible assets and property, plant and equipment	3.1 / 3.2	17	365
Proceeds from disposal of shares in affiliates	3.8	12 073	3 018
Purchases of intangible assets and property, plant, and equipment	3.1 / 3.2	-224	-35
Purchases of investments in affiliates, associates and other non-current financial assets	3.4	-17 532	-38 335
Cash flow from investing activities		**-5 666**	**-34 987**
Proceeds from share capital increase	3.11	25 104	20 000
Purchase of treasury shares		0	-900
Proceeds from interest-bearing loans and borrowings received		0	1 477
Repayments of interest-bearing loans and borrowings received		0	-1 477
Cash-outflow from interest-bearing loans and borrowings given	3.12	-7 740	-17 704
Cash-inflow from interest-bearing loans and borrowings given	3.8	2 873	6 806
Proceeds from Bond issuance		0	35 000
Transaction cost of Bond issuance		0	-1 400
Cash flow from financing activities		**20 237**	**41 802**
Cash flow-related changes in cash and cash equivalents		**9 427**	**-4 669**
Changes in cash and cash equivalents due to exchange rates		0	-119
Cash and cash equivalents at beginning of period		7 867	12 655
Cash and cash equivalents at end of period	3.10	**17 294**	**7 867**
Cash flows contained in the cash flow from operating activities:			
Interest paid		7 740	7 305
Interest received		2 873	116

The accompanying notes form part of these financial statements.

Reconciliation of Consolidated and Stand-Alone Equity for the year ended 31 December 2014.

The consolidated financial statements as at 31December 2014 report a positive equity position of EUR 64,237 thousand; the stand-alone financial statements as at 31 December 2014 report a positive net equity of EUR 63,208 thousand.

		31 Dec 2014 EUR k	31 Dec 2013 EUR k
Total consolidated equity		64 237	17 182
Difference in accumulated retained earnings			
Individual retained earnings	(1)	-17 379	-6 752
Consolidated retained earnings	(1)	13 352	4 083
Difference in net result			
Individual result	(1)	-16 487	-10 627
Consolidated result attributable to the shareholders	(1)	15 784	9 269
Non-controlling interest in the Group due to the contribution of HMS Bergbau AG shares	(2)	0	-605
Changes in non-controlling interest in the Group due to changes in HMS Group	(2)	0	54
Acquisition of HMS Bergbau AG shares	(3)	1 730	1 730
Changes in non-controlling interest in the Group due to acquisition of HMS Bergbau AG shares	(3)	0	483
Changes in non-controlling interest in the Group due to the disposal of HMS Group	(4)	0	111
Non-controlling interest in the Group due to the acquisition of Vunene Mining Group	(5)	-15 737	-15 737
Non-controlling interest in the Group due to the annual result and comprehensive income	(6)	4 392	4 744
Accumulated other comprehensive income	(7)	13 317	13 072
Total stand-alone equity		**63 208**	**17 007**

1) Ichor Coal N.V.'s investments in its subsidiaries and associates are accounted for using the cost method in the stand-alone financial statements. The consolidated statement of comprehensive income reflects the share of the results of operations of the subsidiaries and associates. The difference in accounting policies applied causes a difference between the consolidated and stand-alone results.

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. In 2013 Ichor Coal N.V. purchased further 111,515 shares in HMS Bergbau AG for a total consideration of EUR 544 thousand, resulting in a relative adjustment of non-controlling interest of EUR 176 thousand and capital reserves of EUR 368 thousand.

4) On 27 December 2013, Ichor Coal N.V. sold its investment in HMS Bergbau AG, resulting in the disposal of all non-controlling interest related to HMS Bergbau AG.

5) The non-controlling interest of EUR 15,737 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.

6) 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.

7) The comprehensive income results from translation.

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. The shares of Ichor Coal N.V. are admitted for trading on the High Risk Market of the Hamburg Stock Exchange and the Entry Standard of the Frankfurt Stock Exchange. In 2014 Ichor Coal N.V. moved it head office to South Africa, the new address of the Registered office is 30 Jellicoe Avenue, Rosebank 2196, South Africa.

Ichor Coal N.V. ("the Company") and its subsidiaries ("IchorCoal Group" or the "Group") is an internationally operating mineral resource Group specializing in investments in coal resources. The Company has secured its own coal-resources in South Africa and currently holds three participations in South African mining companies. The Group continues to invest in coal resources in Southern Africa to further secure own coal resources and remains with a domestic and international sales focus.

The financial statements were approved by the supervisory board on 27 March 2014.

1.2 Basis of preparation

Overview

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU and the provisions to of Part 9, Book 2 of the Netherlands Civil Code. The financial statements have been prepared on the historical cost basis. The financial statements are presented in EURO, and all values are rounded to the nearest thousand (EUR thousand or EUR k), except where otherwise indicated.

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

Foreign currencies

The primary economic environment in which the Company operates has been changed to South Africa in the first half of 2014. The new management board members, who joined the company during the first six months of 2014, are South African citizens and run the operations from the new head office in Rosebank, South Africa. The sale of the investment in HMS Bergbau AG, the Group's previous globally operating marketing division, and the shifted focus to South African coal mining investments have transformed IchorCoal into a dedicated South African mining company. Therefore the functional currency of the Company and as such of the reporting entity has changed to South African Rand (ZAR) as of 30 June 2014.

The financial statements are presented in EURO, which is the entity's presentation currency. The Company has an investment in a foreign operation. Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. All differences are taken to the statement of profit or loss and other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2 SIGNIFICANT ACCOUNTING POLICIES AND VALUATION METHODS

The same accounting and valuation methods apply as described in the notes to the consolidated accounts. We therefore refer to note "2 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 EUR k	Exploration and Evaluation Asset EUR k	Total EUR k
Acquisition or production cost			
1 Jan 2014	27	0	27
Additions	12	0	12
Disposals	-27	0	-27
31 Dec 2014	**12**	**0**	**12**
Depreciation and impairments			
1 Jan 2014	4	0	4
Additions	11	0	11
Disposals	-12		-12
31 Dec 2014	**3**	**0**	**3**
Carrying amounts			
31 Dec 2014	**9**	**0**	**9**
1 Jan 2014	23	0	23

	Purchased rights EUR k	Exploration and Evaluation Asset EUR k	Total EUR k
Acquisition or production cost			
1 Jan 2013	2	357	359
Additions	26	0	26
Disposals	-2	-357	-359
31 Dec 2013	**26**	**0**	**26**
Depreciation and impairments			
1 Jan 2013	0	0	0
Additions	4	0	4
Disposals	-1	0	-1
31 Dec 2013	**3**	**0**	**3**
Carrying amounts			
31 Dec 2013	**23**	**0**	**23**
1 Jan 2013	2	357	359

The exploration and evaluation asset represents the recognized cost for a drilling program related to the mining right of Vunene Mining. In 2013 the asset was sold to Vunene Mining.

3.2 Property, plant and equipment

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

	Office equipment EUR k	Computer equipment EUR k	Furniture EUR k	Total EUR k
Acquisition or production cost				
1 Jan 2014	4	0	0	4
Additions	27	40	144	211
Disposals	-1	0	0	-1
31 Dec 2014	**30**	**40**	**144**	**214**
Depreciation and impairments				
1 Jan 2014	1	0	0	1
Additions	9	2	10	21
Disposals	0	0	0	0
31 Dec 2014	**10**	**2**	**10**	**23**
Carrying amounts				
31 Dec 2014	**20**	**38**	**133**	**192**
1 Jan 2014	4	0	0	4

	Office equipment EUR k	Computer equipment EUR k	Furniture EUR k	Total EUR k
Acquisition or production cost				
1 Jan 2013	16	0	0	16
Additions	9	0	0	9
Disposals	-14	0	0	-14
31 Dec 2013	**11**	**0**	**0**	**11**
Depreciation and impairments				
1 Jan 2013	8	0	0	8
Additions	6	0	0	6
Disposals	-7	0	0	-7
31 Dec 2013	**7**	**0**	**0**	**7**
Carrying amounts				
31 Dec 2013	**4**	**0**	**0**	**4**
1 Jan 2013	8	0	0	8

3.3 Shares in affiliates

Shares in affiliates are composed as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Shares in Vunene Mining	41 296	40 300
Shares in affiliates	**41 296**	**40 300**

The difference in the cost of the investment in Vunene Mining is due to the foreign currency exchange difference as a result of the change in the functional currency of the Company on 1 July 2014 from Euro to Rand and further translation of the balance of the investment into the presentation currenty (Euro) at the reporting rate as at 31 December 2014.

3.4 Investments in associates

Investments in associates are composed as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Shares in Mbuyelo Coal	55 031	53 703
Shares in Universal Coal Plc	17 531	0
Investments in associates	**72 563**	**53 703**

In October 2014, the Company acquired a 29.99% stake in Universal Coal which is a UK company listed in Australia and operating coal mines in South Africa. The transaction has completed at 16 October 2014.

For a further discussion on the increase in the balance of the investments in associats refer to note “6.3 Investments accounted for using the equity method” of the consolidated financial statements.

3.5 Other non-current financial assets

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Loans to affiliates	8 796	7 775
Restricted reserve	94	0
Other non-current financial assets	**8 890**	**7 775**

During the 2013 financial year, Vunene Mining significantly increased its mining operations by the development of three further opencast pits. The financing for the increase has been obtained though intercompany loans in the prior and the current financial years. In the current financial year the intercompany loan amounts to EUR 14,612 thousand, including accrued interest, out of which EUR 8,702 thousand are shown as non-current and EUR 5,910 thousand as current financial assets.

The Company has a deposit account in the amount of EUR 94 thousand held at a local bank. It is currently used to back up a guarantee issued by the bank in relation with lease agreement for the head office premises.

3.6 Deferred tax

The Company's net deferred tax asset and liability recognised in the statement of financial position are as follows:

	31 Dec 2014		31 Dec 2013	
	Deferred tax assets EUR k	Deferred tax liabilities EUR k	Deferred tax assets EUR k	Deferred tax liabilities EUR k
Non-current financial assets	0	0	64	34
Other liabilities	792	0	0	1 435
Temporary differences	**792**	**0**	**64**	**1 469**
Tax loss carry-forwards	0	**0**	**1 405**	**0**
Total	**792**	**0**	**1 469**	**1 469**
Offsetting	0	0	-1 469	-1 469
Amounts as per balance sheet	**792**	**0**	**0**	**0**

The Company's deferred tax balances were subject to following changes during the financial year:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Deferred tax assets at the beginning of the period	0	0
Deferred tax liabilities at the beginning of the period	0	0
Net tax position at the beginning of the period	**0**	**0**
Deferred tax benefit/ (expense) of current year	785	0
Net tax position as of 31 December	**785**	**0**
Deferred tax assets at the end of the period	792	0
Deferred tax liabilities at the end of the period	0	0
FX changes	-7	0

The company did not recognise deferred tax assets of EUR 1,698 thousand in respect of losses amounting to EUR 6,063 thousand that can be carried forward against future taxable income.

3.7 Trade and other receivables

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Receivable due from Vunene Mining	486	400
Trade receivables	69	0
Trade and other receivables	**555**	**400**

3.8 Other current financial assets

Other current financial assets are composed as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Receivable from the disposal of investments	0	12 073
Loan to Vunene Mining	5 816	6 251
Miscellaneous	7	27
Other current financial assets	**5 823**	**18 351**

The receivable from the disposal of investments represents the remaining balance of the sale of the investment in HMS Bergbau AG in 2013 financial year was fully received in 2014.

The loans to the company's subsidiary Vunene Mining have been increased due to the significant ramp up of the mining activities and the related capital expenditures.

3.9 Other assets

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Idemnification asset	0	97
Receivables from other taxes	115	0
Prepayments	14	0
Other non-financial assets	**129**	**97**

Receivables form other taxes mainly consist of VAT.

Other assets of EUR 97 thousand in 2013 financial year related to an indemnification asset resulting from the acquisition of shares in Vunene Mining against one of the former shareholders.

3.10 Cash and cash equivalents

As of 31 December 2014, the Company's cash and cash equivalents of EUR 17,294 thousand solely represent cash at banks.

3.11 Equity

The issued capital of EUR 6,792 thousand is divided into 67,919,963 (2013: 55,000,000) common shares, with a nominal value of EUR 0.10 each.

During 2014 financial year, the Company has issued 12,919,963 new shares with a nominal value of EUR 0.10. The new share issue composed as follows:

	Number of shares	EUR per share
Conversion of convertible bonds (23 January 2014)	44 444	5,13
Exchange of corporate bonds (29 July 2014)	7 121 400	4,68
Conversion of convertible bonds (10 December 2014)	377 774	4,92
Share issue (2 October 2014)	5 376 345	4,65
Total shares issued	**12 919 963**	

On 23 January 2014, the Company issued 44,444 new shares with a nominal value of EUR 0.10 for a consideration of EUR 5.13 per share. The new shares were issued upon the execution of the conversion option of two Convertible Bonds.

On 29 July 2014, the Company signed an exchange agreement with the holders of a total amount of EUR 33,000 thousand of outstanding principal amount of Corporate Bonds to exchange their respective Bonds for ordinary shares in the company's share capital, effective as of 31 July 2014. The Company has therefore issued 7,121,400 new shares with a nominal value of EUR 0.10 at an issue price of EUR 4.68 per share. The total fair value of the contribution received for the share capital increase, above the nominal value of the shares and after issuance cost, has been recorded to Capital Reserves thereby increasing Ichor Coal's equity attributable to the owners of the parent by EUR 34,185 thousand.

On 2 October 2014, the Company has issued 5,376,345 new shares with a nominal value of EUR 0.10 for a consideration of EUR 4.65 per share.

On 10 December 2014, the Company issued 377,774 new shares with a nominal value of EUR 0.10 for a consideration of EUR 4.92 per share. The new shares were issued upon the execution of the conversion option of seventeen Convertible Bonds.

The issued capital as of 31 December 2014 consisted entirely of fully paid-up ordinary shares. 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 amounts to EUR 25.0 million (2013: EUR 25.0 million) and is divided into 250,000,000 (2013: 250,000,000) shares, with a nominal value of EUR 0.10 each.

The Capital reserve comprises of the consideration beyond the nominal value of the shares of EUR 60,406 thousand, which has been received for the share capital increase and after issuance cost has been recorded to Capital Reserves.

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

The accumulated retained earnings including the net loss of prior years

The Company issued equity-settled instruments to certain qualifying employees under an employee share option scheme to purchase shares in the Company's authorized but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instrument at the date of the grant, which was EUR 216 thousand. Deferred share- based compensation is expensed over the vesting period, based on the Company's estimate of the shares that are expected to eventually vest.

The foreign currency translation reserve arose from the conversion of the entity's financial results from the functional currency, South African rand, to EURO.

3.12 Interest-bearing loans and borrowings

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Long term portion	80 545	110 246
Short term portion	2 384	567
Interest-bearing loans and borrowings	**82 929**	**110 813**

Interest-bearing loans relate to EUR 81.0 million Convertible Bonds that have been issued by the Company in 2012 as well EUR 2.0 million Corporate Bonds that have been issued in 2013 financial year. We refer to note "6.12 Interest-bearing loans and borrowings" of the consolidated financial statements for further details.

3.13 Trade and other payables

Trade and other payables of EUR 385 thousand solely relate to trade payables.

3.14 Other liabilities

Other liabilities are composed as follows:

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Accrued liabilities	988	355
Liabilities from other taxes	0	43
Miscellaneous	33	2
Other non-financial liabilities	**1 021**	**400**

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

3.15 Maturity analysis of financial liabilities

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

	Carrying amount 31 Dec 2014 EUR k	Undiscounted cash outflows 2015 EUR k	2016 - 2019 EUR k	2020 ff. EUR k
Interest-bearing loans and borrowings	82 929	2 384	80 545	0
Trade and other payables	385	385	0	0

	Carrying amount 31 Dec 2013 EUR k	Undiscounted cash outflows 2014 EUR k	2015 - 2018 EUR k	2019 ff. EUR k
Interest-bearing loans and borrowings	110 813	567	110 246	0
Trade and other payables	300	300	0	0

4 Notes to the Stand-Alone Statement of Comprehensive Income

4.1 Other income

Other income is composed as follows:

	2014 EUR k	2013 EUR k
Gain on contingent liability adjustment	0	1 639
Foreign exchange gains	2 114	1 268
Management Fees	336	644
Reversal of provisions	128	0
Cost reimbursements	0	33
Others	81	4
Other operating income	**2 659**	**3 588**

The gain resulting from the release of a contingent liability in 2013 relates to a payment obligations from the acquisition of shares in Vunene Mining in 2012 and has been recorded as a result of the settlement.

Management fees are now presented as Other Income.

4.2 General and administrative expenses

General and administrative expenses are composed as follows:

	2014 EUR k	2013 EUR k
Wages and salaries	1 368	1 117
Social security	106	110
Share based payment expense	216	
Other expenses	1 491	433
General and administrative expenses	3 181	1 660

4.3 Other operating expenses

Other operating expenses are composed as follows:

	2014 EUR k	2013 EUR k
Foreign exchange losses	0	1 729
Loss from disposal of shares in affiliates	16	1 371
Write off of loans to affiliates	0	1 089
Legal and consulting costs	891	1 164
Audit and accounting services	145	237
Advertising expenses	2	71
Transaction cost share capital increase	89	325
Listing fees	5	98
Miscellaneous	153	131
Other operating expenses	**1 301**	**6 215**

4.4 Financial result

The company's financial income mainly results from accrued interest on loans provided to its subsidiary Vunene Mining.

The financial income is composed as follows:

	2014 EUR k	2013 EUR k
Interest on other loans and borrowings	1 574	694
Total interest income	**1 574**	**694**
Gain on conversion of Convertible Bods	**0**	4 941
Other interest income	202	0
Total finance income	**1 776**	**5 635**

The financial expense is composed as follows:

	2014 EUR k	2013 EUR k
Effective interest on Convertible Bonds	11 494	10 566
Effective interest on Corporate Bonds	1 797	1 396
Interest on debts and borrowings	2 332	3
Other	186	0
Total interest and similar expenses	**15 809**	**11 965**
Loss on conversion option of Convertible Bonds	1 341	0
Total finance costs	**17 150**	**11 965**

4.5 Income taxes

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

	2014 EUR k	2013 EUR k
Income before income taxes	-17 272	-10 627
Tax rate	28,00%	30,18%
Expected tax (expense)/ benefit	**4 836**	**3 207**
Permanent differences	-2 231	1 082
Adjustments to carrying amounts of deferred taxes	785	-197
Unrecognized tax losses and interest carry forwards	-2 675	-4 092
Other effects / Change in Tax Rate	71	0
Income taxes	**785**	**0**

Based on the management seat of the Company in Johannesburg, South Africa, the enacted tax rate of 28% is applicable for the Company taxation in 2014. Based on the management seat of Ichor Coal N.V. in Belin, Germany in 2013, the enacted tax rate of 30,18% was applicable for the Company's taxation in Germany.

Total taxation benefit/ (expense) can be broken down as follows:

	2014 EUR k	2013 EUR k
Current taxes	0	0
Deferred taxes	785	0
Income taxes for the year	**785**	**0**

4.6 Earnings per share

Basic earnings per share

The basic earnings per share for the financial year 2014 amounted to EUR -0.30 (2013: -0.21). The basic earnings per share calculation is based on the profit or loss attributable to the shareholders 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 weighted average number of shares outstanding was calculated as follows:

		2014	2013
Shares issued and fully paid as of 1 January	000s	55 000	50 000
Effect of share capital increase	000s	413	1 822
Weighted average number of shares outstanding at 31 December	**000s**	**55 413**	**51 822**

The basic earnings per share were calculated as follows:

		2014	2013
Profit or loss attributable to shareholders of Ichor Coal N.V.	EUR k	-16 487	-10 627
Weighted average shares outstanding (000s)	000s	55 413	51 822
Basic earnings per share	**EUR**	**-0,30**	**-0,21**

Diluted earnings per share

During 2012, the Company issued Convertible Bonds of EUR 80.0 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.

4.7 Basic principles of segment reporting and segment information

For a further discussion on segment reporting and segment information, refer to note “9.1 Basic principles of segment reporting” of the consolidated financial statements.

5 Other disclosures

5.1 Capital management

For a further analysis and discussion on capital management, 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, 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 Key management personnel of the Company as well as close family members of key management are also related parties.

Transactions with subsidiaries and associates

During the year, the Company has entered into various loan agreements with Vunene Mining for mine development purposes on a basis equal to third party agreements. As per year-end, EUR 15,165 thousand (2013: EUR 14,030 thousand), including accrued interest of EUR 1,845 thousand (2013: EUR 525 thousand), are outstanding. Furthermore, the Company performed certain group functions, which have been reimbursed by Vunene Mining via a management fee of EUR 312 thousand (2013: EUR 307 thousand).

Transactions with key management personnel

Key management personnel comprise the directors of the Company. During the year, the Company issued equity-settled share instruments to certain qualifying employees. We refer to note “3.11 Equity” of this document for further details.

5.4 Other financial commitments

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

	31 Dec 2014 EUR k	31 Dec 2013 EUR k
Due within one year	195	42
Due in one to five years	682	0
Due in more than five years	0	0
Total	**277**	**42**

The Company is currently not involved as a defendant in any litigations. The Company has no contingent lialbilites.

5.5 Events after the balance sheet date

In 2015 the Company provided its subsidiary Vunene Mining with further loans in the amount of ZAR 14.0 million (EUR 1,065 thousand). The proceeds will be mainly used to further develop the reopening of the underground operations.

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

Johannesburg, 26 March 2015

Nonkululeko Nyembezi-Heita
Chief Executive Officer

Andries Engelbrecht
Chief Operating Officer

Other information

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.

Events after the balance sheet date

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