ICHOR COAL N.V. GROUP (53748662)

Consolidated Financial Statements

31 December 2020

Table of Contents	**Page**

Report of the Supervisory Board

Dear Shareholders,

In 2020 the focus of the Group shifted to the successful conclusion of the Penumbra Coal Mining (Pty) Ltd ("Penumbra") disposal as well as the continued marketing of our last remaining asset Mbuyelo Coal Pty Ltd ("Mbuyelo Coal"). The Penumbra disposal was successfully concluded in November 2020.

Mbuyelo Coal underperformed due to various factors, most important of which COVID19, and did not declare any dividends in the year.

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 of 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. Important subjects and pending decisions were discussed at regular Board meetings.

Further, 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, earnings and financial position of the Company.

Annual audit and consolidated financial statements

KPMG Accountants N.V. was reappointed as the auditors by the shareholders at the last annual general meeting. KPMG has audited the 2020 annual report including financial statements and management report prepared by the Management Board of Ichor Coal N.V. as at 31 December 2020 and has issued an unqualified audit opinion. The annual financial statements of Ichor Coal N.V. and the audit report from the auditors were submitted immediately upon completion to the Supervisory Board. These were discussed extensively at the Supervisory Board meeting held on 30 October 2023. After careful review, no objections were raised, and the Supervisory Board approved the annual financial statements of Ichor Coal N.V. for the year ended 31 December 2020.

Changes in the Supervisory Board

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. In 2020, Ichor Coal N.V.'s Supervisory Board did not meet the new guidelines in terms of gender diversity but is committed to striving to achieve adequate and balanced Board composition when making future appointments. This will be done considering all relevant selection criteria, including, but not limited to, gender balance and executive experience.

As at 31 December 2020, the Supervisory Board of the entity consisted of three members.

On behalf of the Supervisory Board of Ichor Coal N.V., I wish to express my appreciation to all our stakeholders for their continuing support.

Amsterdam, 31 October 2023

For the Supervisory Board

Markus Meister

Chairman

Report of the Management Board

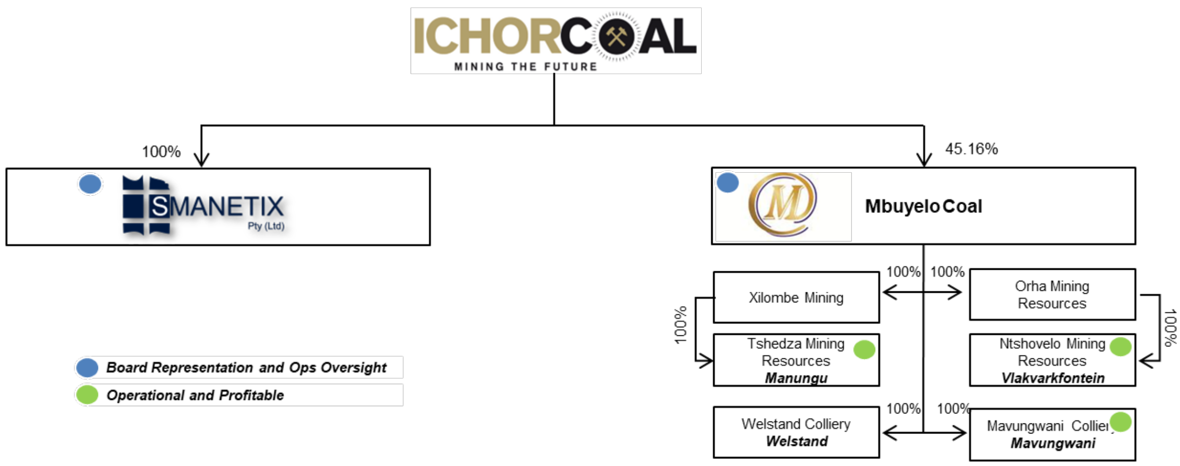
Group structure and activities

Ichor Coal N.V. KVK 53748662 ("Ichor Coal Group" or the "Group" or the "Company") is a public limited liability company incorporated in Amsterdam, the Netherlands with its shares listed on the High-Risk Market of the Frankfurt (delisted June 2021), Hamburg and Hanover Stock Exchanges (non-regulated). The head office is located at 210 Amarand Ave, Menlyn Maine, Pretoria, South Africa.

Ichor Coal is an international mining company focusing on investments in thermal coal production in South Africa. The Company holds a substantial non-controlling interest in one South African coal mining company. Ichor Coal also holds a 100% stake in Ismanetix a non-operating subsidiary.

As at year-end 2020, Ichor Coal N.V. held an interest in the following entities:

IchorCoal Group Structure 31 Dec 2020



Update on the sale of the investment in Penumbra

The sale agreement for Penumbra Coal Mining (Pty) Ltd ("Penumbra") was signed in 2017 and formally closed in November 2020. Consequently, Penumbra is included in the income statement for the 11 months ending November 2020 and fully deconsolidated in the 2020 balance sheet.

With the sale of Penumbra, an extensive exercise was completed to determine if the entity still qualifies to be consolidated in the 2019/2020 financial year, as the day-to-day management of the entities transferred to the purchaser, Into Africa Mining after the signing of the sale agreements. As per the sale agreements, risk and benefits of the operations also transferred to Into Africa Mining on the effective date of competition commission approval, which was 22 November 2017.

The conclusion was that according to IFRS 10, Penumbra should still be consolidated in the 2019 financial year and deconsolidated in the 2020 financial year, since according to IFRS10 and the sale agreements, control still remains with Ichor until actual transfer of the shares after closing of the conditions precedent to the sale. We emphasize that Ichor Coal was not in operational management control of the operating entity during 2020. Ichor Coal is relying solely on the audited accounts received from the individual entity to complete the consolidated financial statements for 2020. As result of the above mentioned, Penumbra is fully deconsolidated in the 2020 financial statements.

Mbuyelo Coal

Mbuyelo Coal in which we hold significant minority position underperformed during 2020, and no dividends were paid.

The group as a whole underperformed significantly in the year ending February 2021 compared to budget. The main influence being the impact of Covid on the mining activities throughout 2020. Revenue for the year remained consistent, but net profit for the year ending February 2021 was down by more than 90%. The group survived a very difficult period, implemented various capex strategies and managed to remained cash positive and performed better in the year ended February 2022.

Vlakvarkfontein (Ntshovelo) – Ntshovelo's wash plant has been commissioned in Feb 2021, this allowed Ntshovelo to enter the inland and export market by washing its coal. Production remained stable but Eskom sales were significantly lower than budgeted due to the impact of Covid and the lack of an Eskom coal supply agreement.

Manungu Colliery – Manungu successfully financed and implemented an owner mining project in June 2020. Manungu was able to obtain funding from financiers in order to acquire the mining machines required for the owner mining project. Since the implementation of the owner mining project at Manungu, the operation has performed exceptionally well with production figures for the year averaging at 230k tons and with a record 303kt tons in January 2021. Eskom implemented the minimum (tons) delivery of coal to all its power stations due to the impact Covid 19 had on the economy. Even with the Eskom and Covid challenges, Manungu performed above budget in 2021.

Welgemeend Colliery (Mavungwani) – The introduction of a new contract miner at Mavungwani as co-mining contractor saw this operations production figures rise steadily during the year. Covid 19 affected the export price significantly, leading to particularly low sales revenue and sales price mix at Mavungwani for most of the year. Environmental authorisation for the Mavungwani Optimisation project not granted, delaying the project's turnaround strategy. Coal will continue to be supplied to Eskom as well as sold into the local domestic sized coal market after beneficiation, as well as to export markets.

Financial review

Analysis of consolidated statement of comprehensive income

Revenues

Reported revenues for Ichor Coal Group reached €2 657 000 in the year ended 31 December 2020 (2019: €2 780 000).

Cost of sales

Purchased goods and services amounted to €3 271 000 (2019: €5 000 000).

Income from investments

The Group recorded its share in the profit/loss from its investments in associates. The associate company recorded substantially lower contributions compared to the prior year, with the Group realising a loss of €400 000 (2019: €4 764 000).

Other income

Other income amounting to €5 119 000 (2019: €7 478 000) consists mainly of management and directors' fees received at Ichor Coal Group level and an impairment reversal of €4 419 000 due to the deconsolidation of Penumbra.

Other operating expenses

Operating expenses increased from €2 611 000 to €12 778 000 mainly due to impairments booked at an entity level for Penumbra and Ismanetix.

General and administrative expenses

General and administrative expenses decreased from €938 000 to €571 000.

Financial result

Finance income decreased from €9 464 000 to €416 000 in the current year as a result of a fair value gain realised on the derecognition of the convertible bonds in 2019. Finance costs decreased from €6 121 000 to €1 993 000 mainly due to the settlement of the convertible bonds.

Income taxes

Income tax expense for the period of €115 000 (2019: €473 000).

Result for the year

The Group reported a loss after tax of €12 373 000 for the year ended 31 December 2020 (2019: profit €10 289 000).

Analysis of consolidated statement of financial position

Property, plant and equipment

Property, plant and equipment decreased from €4 000 to €1 000 mainly due to depreciation.

Assets held for sale

Penumbra was classified as held for sale in 2019. The transaction concluded in November 2020 after which Penumbra was completely deconsolidated.

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 at 31 December 2020 increased by € 1 434 000. The variance between the fiscal year 2020 and 2019 can be analysed as follows:

	31 Dec 2020	31 Dec 2019	Change
	€ k	€ k	€ k
Trade and other receivables	1 145	45	1 100
Other current financial assets	68	187	-119
Other assets	75	92	-17
Other current financial liabilities	-	-445	445
Trade and other payables	-295	-234	-61
Liabilities from income taxes	-224	-	-224
Other non-financial liabilities	-309	-619	310
	460	-974	1 434

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

Shareholder equity

As at year end, the issued and paid-up share capital amounted to €44 018 457 (2019: €44 018 457), and the share premium amounted to €97 932 000 (2019: €96 203 000). The authorised share capital amounted to €47 500 000 divided into 475 000 000 shares with a nominal value of €0.10 each. 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 equity attributable to the owners of the parent as at 31 December 2020 amounted to a positive equity of €38 405 000 (2019: €62 880 000).

The stand-alone financial statements as at 31 December 2020 report a positive net equity of €35 677 000 (2019: €45 431 000) and a loss after tax for the financial year of €3 298 000 (2019: profit €21 775 000). Please refer to page 104 for the reconciliation of equity in the stand-alone financials.

Financing and liquidity

In addition to shareholder support and asset disposal, the future liquidity and financial flexibility of the Group are provided through a combination of operational cash flows, its own liquidity as well as access to financing facilities provided by financial institutions and other group entities.

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 Ichor Coal Group. A detailed description of the Group's financial risk management is disclosed in the notes to the consolidated financial statements.

<u>Business risks</u>

The Company operates in the coal mining sector. The mining industry is a highly competitive and cyclical industry and therefore the risk of a downturn is ever present and continually monitored. There is a concentration risk, as the group deals with relatively few large customers. The Company has noted this risk and has put measures in place to manage and mitigate such risk to the extent possible. Please refer to note 10.3.

<u>Risk appetite</u>

The level of risk that the Ichor Coal Group is prepared to accept in pursuit of its objectives and before any action is deemed necessary to reduce these risks represents the Company's risk appetite. Moreover, the risk appetite is a balance between the potential benefits and the threats that any change will bring.

Financial instruments can only be used to mitigate risks and not for trading and/or speculation purposes.

In Ichor Coal the risk appetite adopted as a response to the risks was set to a low to moderate level considering the nature of the environment in which the Company operates.

However, the appropriate approach may be different across the entire Group depending on the type of project, circumstances, and level of risk versus rewards. In each and every case the Supervisory Board has the ultimate opinion, and it ensures that the Company's view over the risk appetite is consistently applied. Moreover, a precise measurement is not always possible and risk appetite may be defined by a broad statement of approach, as the Company has an appetite for some types of risk as detailed below and might be averse to others, depending on the context and the potential losses or gains.

Management regularly assesses fraud risks in the company in the following areas:

- Asset misappropriation/physical safety
- Financial reporting
- Illegal acts

In addition, management also assesses non-compliance risk, with a specific focus on regulatory non-compliance.

Due to the limited personnel available most of these functions are maintained by the management board, but oversight and monitoring performed by the supervisory board serves to mitigate such risks and ensure that possible fraud risks and risk of non-compliance are adequately addressed.

Please see below the risk appetite table for the main risks faced by the Group:

Risk Category	**Category description**	**Risk mitigation**	**Risk appetite**
Operational risk	The risk associated with the daily operational activities.	Management ensures that there are proper controls in place at a Company level and maintains an open communication channel with workers.	Low – moderate on a case by case basis in accordance with normal business operations
Financial risk	The risk associated with potential financial losses and the uncertainty of returns, structure of debt and cash flows	Management ensures that there are proper controls in place at a Company level and the controls are reviewed regularly	Low – moderate on a case by case basis in accordance with financing and cash flow activities
Business risk	This risk is associated with market conditions, primarily price and demand for coal in domestic and international markets. Management accepts this risk as being inherent in the	Management reviews the business plans in place at associate level and ensures that it gives input at board level and monitor that input regularly. Financial instruments are also used at associate level from time to time to hedge	Low – moderate

	industry sector in which we operate.	against price volatility.	
Environmental and compliance risk	The risks that may arise from health and safety and environmental matters, intellectual property rights, compliance with local and international laws	Management of associates ensures compliance with applicable laws and regulation, and continued education to members of staff on applicable legislation	Low
Interest rate risk	The risk that interest rates on long term borrowings can be high and unaffordable	Management reviews interest rates on long-term borrowings. Interest rates are agreed on fixed rates and management can negotiate lower rates	Low
Credit risk	The risk that the group will not be able to collect from customers and make payment to suppliers when payments are due	Management ensures that the group deposits cash with major banks which have high credit standing and limits exposure to any one counter party	Low
Liquidity risk	The risk associated with the inability to meet obligations when they fall due	Management continually monitors the operational and capital cash requirements and the availability of financial resources.	Low
Commodity price risk	The risk associated with commodity prices in the international coal markets	Management teams at associate level reviews prices and where possible, fixed sale prices are negotiated and hedging instruments are considered	Low – moderate

Investment risk	The risk associated with selection of investments	Management ensures that all investment transactions are subject to due diligence and involvement of experts	Low

Please also refer to Note 10 for more information.

Going concern

The 2020 financial statements have been prepared on a going concern basis. In arriving at this conclusion, a number of factors were considered as outlined below.

Financial considerations

The Group´s balance sheet shows a positive equity of approximately €38 405 000, and a loss generated during the year of €12 373 000.

The main source of cash for the Group is the dividends received from its associate, Mbuyelo Coal. To the extent that there is a shortfall between these sources of income and cash requirements, the Group is dependent on its own cash reserves and to the extent necessary, will request financial support from its shareholders.

As at reporting date, Ichor Coal does not have any external liabilities other than loans to its shareholder, Tennor Holding B.V. and Sapinda Invest s.a.r.l. Subsequent to year end, the loans were assigned and transferred to Montrachet Investments SA. The loans have a maturity date of December 2024.

As at October 2023, Ichor Coal's only remaining investment is Mbuyelo Coal, which is accounted for as an associate.

Business performance

The Mbuyelo Coal business plan forecast assumes a continuation of current favourable market conditions with ongoing supply of coal to Eskom. The plan is constructed against a backdrop of continued reliance on coal by the electricity utility, but also exploring additional export opportunities. The associate Company has operating entities that are producing coal and are generating positive cash flow from operations.

In 2020, Mbuyelo Coal declared no dividends.

Cash flow and liquidity

Ichor Coal's expenditure and cash flow forecast mainly relates to the operational expenses of the holding Company in 2022/2023 and the years thereafter. Furthermore, the Group may continue to receive dividends from the associate company until its disposal is successfully completed. Loans of €10 810 000 mature in December 2024.

Management and supervision

The Dutch Act 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. In 2020 Ichor Coal's Supervisory Board did not meet the 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.

Composition of the Management Board

Pursuant to Dutch Law it is required that the Management Board contain a minimum of 30% male and 30% female Board members. Ichor Coal did not fulfil these criteria as the Management Board consisted of only one female member, until June 2020 when Nonkululeko Nyembezi resigned and Reinhardt van Wyk was appointed. The Company believes that as currently constituted, the Management Board has the experience, expertise and background and appropriate independence and judgment that will allow the Board to fulfil its responsibilities and operate effectively.

Compliance statement

After the sale of the Penumbra mine, the mine has been under day-to-day management of the new owners, Into Africa Mining. Responsibility for financial reporting as well as preparation of the financial statements resided with Into Africa Mining and Ichor Coal is depending solely on the audited financial statements received from the individual entities in compiling the consolidated financial statements of the group.

Other than the items mentioned above, the Management Board hereby declares that to the best of its knowledge, the financial statements for the year ended 31 December 2020 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 on the reporting date as well as of the development and performance of the Company during the 2020 financial year and that the principal risks facing the Company have been adequately 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.

Payments to Government

Dividends

These comprise dividend payments other than dividends paid to a government as an ordinary shareholder of an entity unless paid in lieu of production entitlements or royalties.

Import duties

These comprise all customs/excise/import and export duties. Typically, these taxes tend to become payable and are paid to governments at the point where goods are imported and exported from territories. These taxes form part of our operating costs.

Income taxes

This comprises any tax on the business calculated on the basis of its profits, income or capital gains. Typically, these taxes would be reflected in corporate income tax returns made to governments.

Infrastructure improvement projects

These are payments which relate to the construction of infrastructure (road, bridge or rail) not substantially dedicated to the use of extractive activities. Payments which are of a social investment in nature, for example building of a school or hospital, are excluded.

Licence fees

These include fees and other sums paid as consideration for acquiring a licence to gain access to an area where extractive activities are performed. Administrative government fees that are not specifically related to the extractive sector, or to access to extractive resources, are excluded. Also excluded are payments made in return for services provided by a government.

Local government levies

This comprises regional services levies paid to local government in accordance with set tariffs set by local government from time to time.

Payroll related taxes

These include PAYE payments. PAYE represents payroll and employer taxes payable as a result of a company's capacity as an employer. Typically, these taxes would be reflected in payroll tax returns made to government and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year shortly after the submission of the return. These taxes form part of our operating costs.

Royalties

These comprise payments made to governments in the form of royalties. Typically, these tend to become payable, and are paid, in the year to which they relate. These taxes form part of our operating costs.

Net indirect taxes

These comprise value added tax and other fuel levies or equivalent payments on goods and services we use within our operations (both domestic and international), less any refunds we may receive.

Withholding tax

These comprise taxes that are required to be withheld in advance on payments made to suppliers. Typically, these taxes would be reflected in income tax returns made to governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year shortly after the submission of the return.

Based on the above mentioned, management has analysed the reporting requirements and is of the opinion that no payments were made to government, other than mentioned above, that require additional reporting.

Research and Development

There was no research and development expenditure incurred by the Ichor Coal NV in the period under review.

Remuneration of Managing and Supervisory Directors

The remuneration policy is approved by shareholders and is available in full on the Company´s website at www.ichorcoal.com. For the Management Board, the remuneration elements are: base salary, short term variable incentive, long term variable incentive, retirement savings and other benefits.

Remuneration of the directors is as per table below:

Name	**Board fees €k**	**Share based payments €k**	**Short term compensation €k**	**Total €k**
Nonkululeko Nyembezi	-	-	351	**351**
Reinhardt van Wyk	-	-	132	**132**
Paolo Barbieri	9	-	-	**9**
Total	**9**	**-**	**483**	**492**

The code of conduct (´Code´) was approved by the Supervisory Board of Ichor Coal on October 2014.

The Code applies to all Board members and employees of Ichor Coal and its subsidiaries. The Code represents a set of values recognised, adhered to and promoted by the Group which are based on the principles of integrity, diligence and fairness.

The Code treats aspects of conduct related to the economic, social and environmental dimensions.

The Company closely monitors the effectiveness of and compliance with the Code. Violation of the Code is verified through periodic activities performed by the Management Board. The Code is available on the governance section of the Company´s website.

The internal organisation and staffing level

As at end 2020, Ichor Coal at Company level had a total of 2 employees with the following designations:

Designation	**Number**
Chief executive officer	1
Support and admin staff	1

Subsequent events

On 30 June 2022 one of Ichor Coal's subsidiaries, Ismanetix (Pty) Ltd, closed out a preference share scheme and received €389 000 (ZAR7 000 000) as return.

On 7 July 2022 Tennor Holding B.V. transferred and assigned the rights and ownership of its two loans valued at €3 143 000 and €3 227 000 respectively to Ichor Coal, to Montrachet Investments SA as part of a commercial transaction. The loan maturity dates were also subsequently extended by Montrachet to 31 December 2024.

On 5 July 2023 Sapinda Invest s.a r.l. transferred and assigned the rights and ownership of its loan valued at €4 432 000 to Montrachet Investments SA as part of a commercial transaction. The loan maturity date was also subsequently extended by Montrachet to 31 December 2024. Montrachet Investments SA became the majority shareholder in Ichor Coal during Q2 2022.

On 4 June 2021 Ichor Coal was delisted from the Frankfurt Stock Exchange but continued to be listed on the Hamburg and Hanover Stock Exchanges.

There were no further subsequent events.

Pretoria, 31 October 2023

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Reinhardt van Wyk
Management Board

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31 Dec 2020 € k	31 Dec 2019 € k
Assets			
Non-current assets			
Intangible assets	6.1	17	20
Property, plant and equipment	6.2	1	4
Equity-accounted investees	6.3	46 682	62 405
Other financial assets		499	121
		47 199	**62 550**
Current assets			
Assets held for sale	6.9	-	22 289
Trade and other receivables	6.5	1 145	45
Other current financial assets	6.6	68	187
Other assets	6.7	75	92
Cash and cash equivalents	6.8	2 337	3 061
		3 625	**25 674**
Total Assets		**50 824**	**88 224**
Equity and liabilities			
Equity			
Share capital	6.10	44 018	44 018
Share premium	6.10	97 932	96 203
Legal reserve participations		17 443	19 103
Share based payment reserves	6.10	-	1 200
Retained earnings	6.10	-97 028	-96 068
Other reserves	6.10	-11 987	-8 330
Result for the year	6.10	-11 973	6 754
Equity attributable to owners of the parent		**38 405**	**62 880**
Non-controlling interest	6.10	-	-
Total equity		**38 405**	**62 880**
Non-current liabilities			
Other non-current financial liabilities	6.12	10 810	10 408
		10 810	**10 408**
Current liabilities			
Liabilities held for sale	6.9	-	12 854
Interest-bearing loans and borrowings	6.11	781	784
Other current financial liabilities	6.12	-	445
Trade and other payables	6.13	295	234
Liabilities from income taxes		224	-
Other liabilities	6.14	309	619
		1 609	**14 936**
Total liabilities		**12 419**	**25 344**
Total equity and liabilities		**50 824**	**88 224**

The accompanying notes form part of these financial statement

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31 Dec 2020 € k	31 Dec 2019 € k
Revenue	7.1	2 657	2 780
Cost of sales	7.2	-3 271	-5 000
Gross profit		**-614**	**-2 220**
Other income	7.4	5 119	7 478
Loss on sale of asset		-1 437	-
Other operating expenses	7.5	-12 778	-2 611
General and administrative expenses	7.6	-571	-938
Operating profit or loss		**-10 281**	**1 709**
Share of profit from equity accounted investees	7.3	-400	4 764
Finance income	7.7	416	9 464
Finance costs	7.7	-1 993	-6 121
Profit or loss before income taxes		**-12 258**	**9 816**
Income tax expense	7.8	-115	473
Profit or loss from continuing operations		**-12 373**	**10 289**
Profit or loss for the year		**-12 373**	**10 289**
Other comprehensive income			
Items that can be reclassified to profit or loss			
Foreign currency translation differences	7.9	-8 307	2 824
Other comprehensive income from continuing operations		**-8 307**	**2 824**
Other comprehensive income after income taxes		**-8 307**	**2 824**
Total comprehensive income		**-20 680**	**13 113**
Profit or loss attributable to:			
Owners of the parent		-12 373	10 289
Non-controlling interest		-	-
		-12 373	**10 289**
Total comprehensive income attributable to:			
Owners of the parent		-20 680	13 113
Non-controlling interest		-	-
		-20 680	**13 113**
Basic earnings/ Diluted earnings per share from operations attributable to owners of parent	7.10	**-0.03**	**0.02**

The accompanying notes form part of these financial statements.

ICHOR COAL N.V. GROUP 53748662

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

		Equity attributable to owners of the parent								**Non-controlling interest**	
		Share Capital			Profit or loss for the period						
		Ordinary shares	Share premium	Retained earnings	Continuing operations	Foreign Currency Translation Reserve	Share Based Payment	Legal Reserve	**Total**	Continuing operations	**Total equity**
	Note	€ k	€ k	€ k	€ k	€ k	€ k		€ k	€ k	€ k
1 Jan 2020		**44 018**	**96 203**	**-96 068**	**6 754**	**-8 330**	**1 200**	**19 103**	**62 880**	**-**	**62 880**
Appropriation of prior year results	6.10			6 754	-6 754	-			-	-	-
Deconsolidation Penumbra	6.10	-	-	-2 595	-	-	-	-	-2 595	-	-2 595
Transfer to legal reserve participations		-	-	-	400	-	-	-400	-	-	-
Transfer from other comprehensive income		-	1 729	-5 119	-	4 650	-	-1 260	-	-	-
Result for the period	6.10	-	-	-	-12 373	-	-	-	-12 373	-	-12 373
Other comprehensive income - FCTR	6.10	-	-	-	-	-8 307	-	-	-8 307	-	-8 307
Total comprehensive income		**-**	**1 729**	**-5 119**	**-11 973**	**-3 657**	**-**	**-1 660**	**-20 680**	**-**	**-20 680**
Share based Payment	6.10	-	-	-	-	-	-1 200	-	-1 200	-	-1 200
		-	-	-	-	-	-1 200	-	-1 200	-	-1 200
31 Dec 2020	6.10	**44 018**	**97 932**	**-97 028**	**-11 973**	**-11 987**	**-**	**17 443**	**38 405**	**-**	**38 405**

The accompanying notes form part of these financial statements.

For changes in non-controlling interest during the financial year 2020, refer also to note 10.4: ‘Relationships with related parties’.

The loss for the year from continuing operations is made up from €12 373 000 less the amount related to the share of profit of the equity accounted investees, €400 000, which is transferred to the legal reserve.

ICHOR COAL N.V. GROUP 53748662

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

		Equity attributable to owners of the parent									
		Share Capital			Profit or loss for the	FCTR				Non-controlling	
		Ordinary shares	Share premium	Retained earnings	Continuing operations		Share Based Payment	Legal Reserve	Total	Continuing operations	Total equity
	Note	€ k	€ k	€ k	€ k	€ k	€ k		€ k	€ k	€ k
01 January 2019		**9 518**	**96 203**	**-91 007**	**-24 670**	**-11 154**	**1 501**	**35 177**	**15 568**	**0**	**15 568**
Appropriation of prior year results	6.10			- 24 670	24 670	-			-	-	-
Share Capital increase	6.10	34 500	-	-	-	-	-	-	34 500	-	34 500
Transfer to legal reserve participation		-	-	19 609	-3 535	-	-	-16 074	-	-	-
Result for the period	6.10	-	-	-	10 289	-	-	-	10 289	0	10 289
Other comprehensive income - Equity accounted investments		-	-	-	-	406	-	-	406	0	406
Other comprehensive income - FCTR	6.10	-	-	-	-	2 418	-	-	2 418	0	2 418
Total comprehensive income		-	-	19 609	**6 754**	**2 824**	-	**-16 074**	**13 113**	**0**	**13 113**
Share based Payment	6.10	-	-	-	-	-	-301	-	-301	-	-301
		-	-	-	-	-	-301	-	-301	-	-301
31 Dec 2019	6.10	**44 018**	**96 203**	**-96 068**	**6 754**	**-8 330**	**1 200**	**19 103**	**62 880**	**0**	**62 880**

The accompanying notes form part of these financial statements.

For changes in non-controlling interest during the financial year 2019, refer also to note 10.4: ‘Relationships with related parties’.

The profit for the year from continuing operations is made up from €10 289 000 less the amount related to the share of profit of the equity accounted investees, €3 535 000, which is transferred to the legal reserve.

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ICHOR COAL N.V. GROUP 53748662

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		31 Dec 2020	31 Dec 2019
		€ k	€ k
Profit or loss for the period		**-12 373**	**10 289**
Adjustments for:			
Depreciation, amortization and impairments		7 753	-6 615
Profit or loss from investments in associates	6.3	400	-4 764
Dividend income	6.3	-	6 705
Profit on sale of assets		1 437	406
Sharebased payment expense		-600	-301
Gain or loss on conversion component of Convertible Bonds	6.11	2	-8 204
Other interest on debts and borrowings		252	448
Interest on Convertible and Corporate Bonds	6.11	-	5 317
Interest paid	6.11	-	-1 862
Changes due to foreign currency movement		1 318	-2 705
Interest income		-4	-302
Other non-cash items		560	236
Changes in:			
Taxes	6.4	214	-473
Inventory		-	-739
Trade and other receivables		6	847
Trade and other payables		-302	-194
Provisions		-222	-91
Cash flow from operating activities		**-1 559**	**-2 002**
Proceeds from disposals of intangible assets and property, plant and equipment		-	6
Proceeds from disposals of consolidated subsidiaries, less cash given up in the exchange	6.9	719	29 413
Purchases of intangible assets and property, plant and equipment		-	-32
Purchases of investments in associates and other non-current financial assets movements		-	-20
Cash flow from investing activities		**719**	**29 367**
Proceeds from interest-bearing loans and borrowings received		-	6 528
Repayments of interest-bearing loans and borrowings received		-	-41 572
Cash outflow from interest-bearing loans and borrowings given		116	-179
Cash flow from financing activities		**116**	**-35 223**
Cash flow-related changes in cash and cash equivalents		**-724**	**-7 858**
Cash and cash equivalents at beginning of period		3 061	10 919
Cash and cash equivalents at end of period	6.8	**2 337**	**3 061**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial statements

1 General Information

Corporate information

Ichor Coal N.V. KVK53748662, is a public limited liability company incorporated in Amsterdam, the Netherlands. The shares of Ichor Coal N.V. are admitted for trading on the High-Risk Market of the Frankfurt (delisted June 2021), Hamburg and Hanover Stock Exchanges (non-regulated market). The head office is located at 210 Amarand Ave, Menlyn Maine, Pretoria, South Africa.

Ichor Coal is an international investment company focusing on investments in thermal coal production in South Africa. The Company holds a substantial non-controlling interest in one South African coal mining company.

With the sale Penumbra, an extensive exercise was completed to determine if the entity still qualify to be consolidated in the 2019 financial year, as the day-to-day management of the entities transferred to the purchaser, Into Africa Mining after the signing of the sale agreements. As per the sale agreements, risk and benefits of the operations also transferred to Into Africa Mining on the effective date of competition commission approval, which was 22 November 2017

The conclusion was that according to IFRS 10, Penumbra should still be consolidated in the 2019 financial year and deconsolidated in the 2020 financial year, since according to IFRS10 and the sale agreements control still remains with Ichor until actual transfer of the shares after closing of the conditions precedent to the sale. We emphasize that Ichor Coal was not in operational management control of the operating entity during 2020. Ichor Coal is relying solely on the audited accounts received from the individual entity to complete the consolidated financial statements for 2020. As result, Penumbra is accounted for as held for sale in 2019 and was completely deconsolidated in 2020 financial statements.

The financial statements were approved by the Supervisory Board for issuance on 30 October 2023.

2 Basis of preparation

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

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2:362(9) of the Netherlands Civil Code unless otherwise disclosed. The financial statements have been prepared on the historical cost basis and are presented in euro with all values rounded to the nearest thousand (€ k) except where otherwise indicated.

The consolidated statement of comprehensive income is classified using the function of expense method.

Going concern

The 2020 financial statements have been prepared on a going concern basis.

Accounting policies

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by Ichor Coal in its annual financial statements as at 31 December 2019.

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 associate Mbuyelo Coal, which has a February year end. The consolidated financial statements relate to the period from 1 January 2020 to 31 December 2020. The consolidated financial statements include the results of Mbuyelo Coal accounted for using the equity method. Penumbra Coal has been included in the consolidated statement of comprehensive income for 11 months ending November 2020 even though management control of the company is already in the hands of the purchaser. Penumbra was completely deconsolidated by 31 December 2020.

Financial and Presentation currency

The Group's consolidated financial statements are presented in Euro. The functional currency of the Group entities is South African rand. The financial statements are presented in Euro and all values are rounded to the nearest thousand.

Basis of consolidation

The consolidated financial statements comprise Ichor Coal N.V. and associates as at 31 December 2020. The 2020 income statement includes 11 months for Penumbra Coal after which the entity was fully deconsolidated.

Subsidiaries

Subsidiaries are entities on which the Company is able to exercise 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 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:

- Contractual arrangements 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 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 own 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.

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 associate's 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 recognised directly in equity and attributed to owners of the parent.

Non-controlling interest

NCI is measured initially at the proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Companies included in the consolidated financial statements

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

Company	**Country of incorporation**	**31 Dec 2020 Shareholding in %**	**31 Dec 2019 Shareholding in %**
Ichor Coal N.V.	Netherlands		
Subsidiaries			
Ismanetix (Pty) Ltd	South Africa	100.00	100.00
Penumbra Coal Mining (Pty) Ltd	South Africa	-	100.00
Associates			
Mbuyelo Coal (Pty) Ltd	South Africa	45.16	45.16
Xilombe Mining (Pty) Ltd***	South Africa	45.16	45.16
Tshedza Mining Resources (Pty) Ltd***	South Africa	45.16	45.16
Orha Mining Resources (Pty) Ltd***	South Africa	45.16	45.16
Ntshovelo Mining Resources (Pty) Ltd***	South Africa	45.16	45.16
Mavungwani Colliery (Pty) Ltd***	South Africa	45.16	45.16
Welstand Colliery (Pty) Ltd***	South Africa	45.16	45.16

** Penumbra investment is held directly by Ismanetix (Pty) Ltd at 100%.
*** These are investments held by Mbuyelo Coal

3 ACCOUNTING POLICIES

3.1 Foreign currency translation

Foreign currencies

The functional currency of the Company was changed to South African rand (ZAR) in the 2014 financial year but the presentation currency remains the euro. The reason for the change of functional currency to the South African rand is due to the fact that South Africa is the primary economic environment in which the Company operates. 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 at the spot rate of exchange ruling at the reporting date. All differences are taken to the statement of 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 of transaction.

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 reporting 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 which are part of the Group for which the functional currency is not the rand are translated at the exchange rate prevailing at the reporting 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 in the translation reserve, i.e. to other comprehensive income.

The exchange rates of foreign currencies to the rand that are relevant for the Group were subject to the following changes:

1 Euro in foreign currency	Average exchange rate	Average exchange rate	Exchange rate at reporting date	
	2020	2019	31 Dec 2020	31 Dec 2019
SA Rand (Ichor Coal NV, Penumbra	18.79	16.18	17.98	15.73
AU Dollar (Ichor Coal NV	1.65	1.61	1.60	1.60

3.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method as of the date on which the Company became a subsidiary. 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 acquisition target.

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 can 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 re-measured 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.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for any existing ownership 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.

3.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.
An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Development costs

Development and pre-production costs include expenditure incurred to develop new ore bodies, to define mineralisation in existing ore bodies, to establish or expand production capacity and expenditure designed to maintain productive capacities, are capitalised until commercial levels of production are achieved as determined by management.

Mining assets

Mining assets include mining equipment, drilling equipment, mine plant facilities, mobile equipment, siding and the weighbridge.

Mining exploration costs

Expenditure on exploration activities are capitalised until the commercial levels of production are achieved as determined by management.

Mining right, authorisation and surface lease

Expenditure on exploration activities are capitalised until the commercial levels of production are achieved.

Initial recognition

Upon completion of the mine construction phase, the assets are transferred into "property, plant and equipment". Items of property, plant and equipment are measured 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 brining the asset into operation, and the initial estimate of the rehabilitation obligation.

The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Measurement subsequent to initial recognition

The assets are carried at cost less accumulated depreciation and impairment.

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method.

Land

The premium paid in excess of the intrinsic value of land to gain access is depreciated over the life of mine as the premium relates to land as a whole and the useful life is consistent with the life of mine.

Decommissioning costs, development costs, mining exploration and mining rights, authorisation and surface lease.

These costs are depreciated on a unit-of-production method over the life of economically recoverable reserves of the mine concerned as the costs relate to production with a finite life which can be measured.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item at the time of disposal.

Impairment

At the end of each reporting period, the Company assesses whether there is any external or internal indication that an asset may be impaired - whether the carrying amounts may be higher than the recoverable amount. If there is an indication that an asset may be impaired, then the assets recoverable amount is calculated and impairment recognised in the Statement of Profit or Loss and Other Comprehensive Income if necessary. The company assets recoverable amount was determined by a value-in-use calculation.

	Useful life in years	Depreciation method used
Other operational and office equipment	Three	Straight line

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 amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

A summary of the policies applied to the Group's intangible assets is, as follows:

Item	Useful life	Amortisation method
Software	Three years	Straight line

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

Intangible assets with finite lives are amortised 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 amortisation period and the amortisation 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 amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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 de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

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 cost of disposal and its value in use. It 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 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 cost 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 projected future cash flows after the fifth year for the life of the asset.

Impairment losses of continuing operations, including inventory write downs, are recognised 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 recognised 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 recognised 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 recognised 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 recognised. 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 recognised for the asset in prior years. Such a reversal is recognised 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 recognised through other comprehensive income.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at Fair Value Through Profit and Loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Owners Company Interest ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Group’s management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

– contingent events that would change the amount or timing of cash flows;
– terms that may adjust the contractual coupon rate, including variable-rate features;
– prepayment and extension features; and
– terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial assets

The Group derecognises a financial asset when:
– the contractual rights to the cash flows from the financial asset expire; or

– it transfers the rights to receive the contractual cash flows in a transaction in which either:

- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

v. Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.
If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of a derivative or foreign exchange gains and losses for a non-derivative is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is fully or partially reclassified to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

Inventories

Inventories are physically measured or estimated and valued at the lower of cost and net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise 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 cost When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.
A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.
In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Leasing activities are mainly that of a lessor. Penumbra lease mining equipment to Vunene Mining. Leases are finance leases, where ownership passes to the lessee at the end of the lease period.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Company as lessor

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the company applies the exemption described previously, then it classifies the sub-lease as an operating lease.

Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the company net investment in the lease. They are presented as lease receivables on the statement of financial position.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:

The amount expected to be receivable by the company from the lessee, a party related to the lessee or a third party unrelated to the company under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee).

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, including 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.

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.

Provisions

Rehabilitation provisions

Provisions are recognised when:

the company has a present obligation as a result of a past event;

it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

Provision for rehabilitation and closure costs

The mining, extraction and processing activities of the company give rise to obligations for site rehabilitation. Rehabilitation obligations can include facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation and site restoration. The extent of work required, and the associated costs are estimated based on feasibility and engineering studies using current restoration standards and techniques. Provisions for the cost of each rehabilitation program are recognised at the time the environmental disturbance occurs.

Rehabilitation provisions are initially measured at the expected value of future cash flows required to rehabilitate the relevant site, discounted to their present value.

When provisions for rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of rehabilitation activities is recognised in property, plant and equipment as decommissioning assets and depreciated over the life of mine.

The value of the provision is progressively increased over time as the effect of discounting unwinds. The periodic unwinding of the discount is recognised in profit or loss as part of finance costs.

Changes to estimated future costs are recognised in the statement of financial position by either increasing or decreasing the rehabilitation liability and asset to which it relates or by recognising an expense in the statement of profit and loss. 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, 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 capitalised 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 recognised 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 recognised in profit or loss as extraction progresses.

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

Other provisions

Provisions are recognised 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.]

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 or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred taxes

Deferred income tax is provided 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 recognised 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 venture and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised 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 utilised, 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 recognised 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 utilised.

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 utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised 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 realised 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 recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Revenue from contracts with customers

The Group recognises revenue from the following major sources:

Sales of goods – coal

Revenue from the sale of goods is recognised when control of the goods has transferred, which is considered to occur as determined by customer offtake arrangements and delivery terms for the supply of coal in line with the international Inco-terms which varies according to the terms of the contracts. Majority of the export sales are shipped free-on-board. 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.

Customers do not pay in advance or more than a year later in general, payment terms on sales are between 30-60 days from date of invoice. Thus, there is no evidence of a significant financing component based on these terms. Transaction prices are determined by external market factors, such as international coal price and Eskom current rates.

4 Accounting estimates and assumptions

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

4.1 Coal resource estimates

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 amortisation 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 liabilities may change were the level of future obligations and economic outflows are based on reserve estimates

4.2 Exploration and evaluation expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires estimates and assumptions to determine whether future commercial exploitation or sale are likely. This requires Management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available.

4.3 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 both 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.

4.4 Mine rehabilitation provision

The Group assesses its mine rehabilitation provision at each reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure different from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of future rehabilitation costs required.

4.5 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.

4.6 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 adversely impacted.

4.7 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 realisable 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 ROM coal to sale.

4.8 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities (see Note 3).

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.9 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.

4.10 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.

5 New and amended standards and interpretations

5.1 Changes in accounting policies and interpretations

There were no changes in accounting policies during the 2020 financial year. 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 2019, except as mentioned below.

5.2 Standards and interpretations adopted during the year

Standard	**Adopted in 2020**
Amendments to References to Conceptual Framework in IFRS Standards	**X**
Definition of a Business (Amendments to IFRS 3)	**X**
Definition of Material (Amendments to IAS 1 and IAS 8)	**X**
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	**X**

5.3 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.

Standard	**2021**	**Not endorsed in the EU yet**
Classification of liabilities as current or non-current (Amendments to IAS 1)		**X**
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)		**X**
Definition of Accounting Estimate (Amendments to IAS 8)		**X**
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)		**X**
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	**X**	

6 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

6.1 Intangible assets

The changes in intangible assets were as follows:

	Purchased rights	Exploration and Evaluation Asset	Mining right	Customer Relationship	Total
	€ k	€ k	€ k	€ k	€ k
Acquisition or production cost					
1 Jan 2020	21	-	-	-	21
Effect of translation to presentation currency	- 3	-		-	- 3
31 Dec 2020	**18**	**-**	**-**	**-**	**18**
Amortization and impairments					
1 Jan 2020	1	-	-	-	1
Effect of translation to presentation currency	- 0	-		-	- 0
31 Dec 2020	**1**	**-**	**-**	**-**	**1**
Carrying amounts					
31 Dec 2020	**17**	**-**	**-**	**-**	**17**
1 Jan 2020	20	-	-	-	20

	Purchased rights	Exploration and Evaluation Asset	Mining right	Customer Relationship	Total
	€ k	€ k	€ k	€ k	€ k
Acquisition or production cost					
1 Jan 2019	20	-	20 618	-	20 638
Transferred to held for sale	-	-	- 21 010	-	- 21 010
Effect of translation to presentation currency	1	-	392	-	393
31 Dec 2019	**21**	**-**	**-**	**-**	**21**
Amortization and impairments					
1 Jan 2019	1	-	16 410	-	16 411
Transferred to held for sale	-	-	- 16 722	-	- 16 722
Effect of translation to presentation currency	0	-	312	-	312
31 Dec 2019	**1**	**-**	**-**	**-**	**1**
Carrying amounts					
31 Dec 2019	**20**	**-**	**-**	**-**	**20**
1 Jan 2019	19	-	4 208	-	4 227

Assets held for sale

Assets relating to Penumbra have been classified as held for sale for the 2019 year. More details on assets held for sale are presented in note 6.9.

Purchased rights

The purchased rights relate to accounting software used by the parent Company for the daily accounting and office functions.

6.2 Property, plant and equipment

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

	Mine Assets	Land and Buildings	Technical equipment and machinery	Other equipment, operational and office equipment	Total
	€ k	**€ k**	**€ k**	**€ k**	**€ k**
Acquisition or production cost					
1 Jan 2020	-	-	-	40	40
Effect of translation to presentation currency				- 5	- 5
31 Dec 2020	**-**	**-**	**-**	**35**	**35**
Depreciation and impairments					
1 Jan 2020	-	-	-	36	36
Additions - depreciation				2	2
Effect of translation to presentation currency				- 4	- 4
31 Dec 2020	-	-	-	34	34
Carrying amounts					
31 Dec 2020	**-**	**-**	**-**	**1**	**1**
1 Jan 2020	-	-	-	4	4

	Mine Assets	Land and Buildings	Technical equipment and machinery	Other equipment, operational and office equipment	Total
	€ k	€ k	€ k	€ k	€ k
Acquisition or production cost					
1 Jan 2019	2 869	295	1 826	186	5 176
Additions	768	-	-	3	771
Disposals	-	-	-	-136	-136
Transfers to held for sale	-3 696	-298	-1 860	-18	-5 872
Effect of translation to presentation currency	59	3	34	5	101
31 Dec 2019	**-**	**-**	**-**	**40**	**40**
Depreciation and impairments					
1 Jan 2019	62	7	-240	157	-14
Additions - depreciation	74	5	16	24	119
Disposals	-	-	-	-131	-131
Transfers to held for sale	-133	-11	230	-18	68
Effect of translation to presentation currency	-3	-1	-6	4	-6
31 Dec 2019	-	-	-	36	36
Carrying amounts					
31 Dec 2019	**-**	**-**	**-**	**4**	**4**
1 Jan 2019	2 807	288	2 066	29	5 190

Mine assets

The reclassification of the mine assets of Penumbra to assets held for sale in 2019 had an impact of €5 939 900, being the difference between the nominal value of the mine assets and the accumulated depreciation.

6.3 Equity accounted investments

Investment in Mbuyelo Coal

The Group's share of losses of Mbuyelo Coal for the reporting period was €400 000 (2019: profit €3 535 433). Mbuyelo Coal declared and paid dividends with the Company's share of the dividend amounting to €NIL (2019: €4 857 291).

As at 31 December 2020, the carrying value of the investment in Mbuyelo Coal was €46 681 831 (2019: €62 405 173). The decrease in the carrying amount of the investment is mainly due to an impairment and foreign exchange movement in the financial year 2020.

Carrying amount as at 31 Dec 2019	**62 405 173**
Share of loss	(399 614)
Dividends received	NIL
Impairment	(7 181 011)
Foreign currency movement	(8 142 717)
Carrying amount as at 31 Dec 2020	**46 681 831**

An impairment assessment was performed on 31 December 2021 for the investment in Mbuyelo Coal, taking into account the economic and market conditions in the South African as well as worldwide coal industry.

The valuation models use a combination of internal sources and those inputs available to a market participant, which comprise the most recent Life of Mine estimates, relevant cost assumptions and where possible, market forecasts of commodity price and foreign exchange rate assumptions, discounted using operation specific post-tax real discount rates (unless otherwise indicated). The valuations generally remain most sensitive to price and a deterioration / improvement in the pricing outlook may result in additional impairments/reversals.

Some of the factors considered in the impairment assessment was:

- Market and world sentiment toward fossil fuels and climate change is negative but the fact remains that South Africa is very much dependent on coal.

- Volatile export coal prices and lack of availability of transport to relevant ports. The recent volatility can be explained by demand and supply disruptions caused by the COVID-19 pandemic logistics disruptions that are still to normalise.
- Higher cost assumptions due to direct and indirect inflationary pressure as well as supply chain constraints affect production capacity.
- In practice, in a sustained low price environment, management would alter mine plans to cut operating and capital costs, potentially at the expense of future volumes, in order to reduce the overall NPV impact.
- Lack of long-term coal supply agreements with Eskom remains a challenge.
- Factors such as political and industrial disruption, currency fluctuation, increased competition from other prospecting and Mining Rights holders and interest rates could have an impact on Mbuyelo's future operations, and potential revenue streams can also be affected by these factors. Most of these factors are, and will be, beyond the control of Mbuyelo or any other operating entity.

The investment has been valued using a value in use calculation and as such is classified as a Level 3 in Fair Value Hierarchy.

The recoverable amount was determined with reference to a value in use calculation using the discounted cash flow method. Management calculated the recoverable amounts for the assets by using the following assumptions:

- an estimate of the future cash flows the entity expects to derive from the asset
- an average real discount rate ranging from 11.59% to 12.93%

Summarised 28 February 2021 financial statement information of Mbuyelo Coal, which is not adjusted for the percentage of ownership held by the Company, is disclosed below:

	28-Feb-21	28-Feb-20
Year end Report	€ k	€ k
Current assets	23 675	28 168
Non-current assets	153 896	136 356
Total Assets	**177 571**	**164 524**
Equity	76 599	86 982
Current liabilities	36 711	23 450
Non-current liabilities	64 261	54 091
Total liabilities	**100 972**	**77 541**
Total equity and liabilities	**177 571**	**164 523**
Revenue	151 732	173 000
Profit(loss) after tax	473	7 074
Total comprehensive income(loss) for the period	**473**	**7 074**

6.4 Deferred tax

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

	31 Dec 2020		31 Dec 2019	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€ k	€ k	€ k	€ k
Property, plant and equipment	-	-	-	-
Non-current financial assets	-	-	-	-
Other asets	-	-	-	-
Temporary differences	**-**	**-**	**-**	**-**
Tax loss carry-forwards	-	-	-	-
Total	**-**	**-**	**-**	**-**
Forex differences	-	-	-	-
Amounts as per balance sheet	**-**	**-**	**-**	**-**

Ichor Coal management assesses the future utilisation of the tax loss carry-forwards as given based on the current Group forecasts of revenues and expenditures. Assessed losses carried forward are only utilised to the extent that the Group will generate future taxable profits.

The Company did not recognise deferred tax assets of €2 816 737 (2019: €2 453 049) in respect of losses amounting to €9 962 596 (2019: €8 448 453) that can be carried forward against future taxable income.

6.5 Trade and other receivables

Trade and other receivables as at 31 December 2020 amounted to €1 145 000 (2019: €45 000). There are no valuation allowances recorded for doubtful trade receivables in 2020 and 2019 respectively, this is due to the fact that al trade receivables are current and recoverable. Please refer to note 10.3: 'Credit risk exposure'.

6.6 Other current financial assets

Other current financial assets consist of the following:

	31-Dec-20 € k	31-Dec-19 € k
Rehabilitation investment fund	-	-
Deposits	2	6
Other	66	181
Other current financial assets	**68**	**187**

The rehabilitation investment funds are held by Penumbra Coal Mining in relation to the funding of future environmental rehabilitation requirements as guaranteed to the South African Department of Mineral Resources, this has been reallocated to Assets held for sale.

The deposits represent contributions to investment funds by Penumbra Coal Mining as part of a provision for future expenditure relating to the rehabilitation of the mined sites, this has been reallocated to Assets held for sale.

6.7 Other assets

The following table summarises the components of other assets:

	31 Dec 2020 € k	31 Dec 2019 € k
Receivables - value added tax	75	92
Other non-financial assets	**75**	**92**

6.8 Cash and cash equivalents

As at 31 December 2020 Ichor Coal Group's unrestricted cash and cash equivalents were made up as follows:

	31 Dec 2020 € k	31 Dec 2019 € k
Cash at banks	2 337	3 061
Cash and cash equivalents	**2 337**	**3 061**

6.9 Disposal group held for sale

Management accepted an offer to sell the Company's entire 74% interest in Penumbra at a purchase consideration of R55 000 000 (€3 059 000). All conditions precedent were met, and settlement effected in November 2020, therefore all conditions necessary for the classification as held for sale was met by 31 December 2019. Accordingly, the entity was presented as a disposal group held for sale in 2019.

Impairment result relating to the disposal group

An impairment reversal of €7 718 000 for write-ups of the disposal group to its fair value less costs to sell was included in 'other income' in 2019. In 2020, an impairment of €4 419 000 was accounted for as part of the derecognition and deconsolidation of Penumbra.

Assets and liabilities of disposal group held for sale

At 31 December 2020, the disposal group had been sold and deconsolidated.

Measurement of fair values

Fair value hierarchy

The fair value measurement for the disposal group in 2019 of €7 718 000 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

6.10 Equity

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

Share Capital

The issued share capital of €44 018 457 (2019: €44 018 457) is divided into 440 184 577 (2019: 440 184 577) shares with a nominal value of €0.10 each.

The issued share capital at year end consisted of fully paid-up ordinary shares. Each fully paid-up ordinary share carries the right to a dividend as declared and carries the right to one vote at shareholders' meetings.

All ordinary shares rank equally with regard to the Company's residual assets.

The authorised share capital amounts to €47 500 000 (2019: €47 500 000) and is divided into 475 000 000 (2019: 475 000 000) shares with a nominal value of €0.10 each.

Share premium

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

Retained earnings

The accumulated retained earnings including the net loss or profit of prior years are attributable to the owners of the parent Company.

Other reserves

Other reserves reflect differences from the currency translation loss of €11 987 000 (2019: €8 330 000).

Legal reserve

The legal reserve for participating interests, which amounts to €17 443 000 (2019: €19 103 000), pertains to participating interests that are measured at net asset value. The reserves equal to the share in the results and direct changes in the equity (both calculated on the basis of the Company's accounting policies) of the participating interests since the first measurement at net asset value, less the distributions that the Company has been entitled to since the first measurement at net asset value, and less distributions that the Company may effect without restrictions. As to the latter share, this takes into account any profits that may not be distributable by participating interests based on the distribution tests to be performed by the management of those companies. The legal reserve is determined on an individual basis.

Share based payment reserve

Equity settled share options

The Company issued equity settled instruments to certain qualifying employees under an employee share option scheme to purchase shares in the Company's authorised but unissued ordinary shares.

The key terms and conditions related to the grants under these programmes are detailed below. All options are to be settled by the physical delivery of shares:

Grant date	**Number of options**	**Vesting conditions**	**Contractual life of option**
1 January 2014 (Grant 1)	100 000	3 years' service from grant date	10 years
1 March 2014 (Grant 2)	175 000	3 years' service from grant date	10 years
26 February 2015 (Grant 3)	90 000	3 years' service from grant date	10 years
26 February 2015 (Grant 4)	200 000	3 years' service from grant date	10 years
TOTAL	**565 000**		

Measurement of fair value

The fair value of the employee share options has been measured using the binomial model. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of the fair value at grant date of the equity-settled share based payment plans were as follows:

	2020 Grant 1 & 2	**2020 Grant 3 & 4**	**2019 Grant 1 & 2**	**2019 Grant 3 & 4**
Fair value at grant date	€1.44	€1.45	€1.44	€1.45
Share price at grant date	€4.81	€4.81	€4.81	€4.81
Exercise price	€4.80	€4.50	€4.80	€4.50
Expected volatility	40%	40%	40%	40%
Expected life	5.86 years	5.86 years	5.86 years	5.86 years
Expected dividends	0.5%	0.5%	0.5%	0.5%
Risk-free interest rate	0.1%	0.1%	0.1%	0.1%

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

(b) the life of the option: 10 years maximum

(c) the current price of the underlying shares: Ichor Coal is listed, therefore price is available

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

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

(f) the risk free interest rate for the life of the option is the German government bond yield

As the option has a 10 year term, 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 organisation. Beneficiaries are managing directors;

(d) expected volatility of the underlying shares.

The assessment is performed on the basis of the stock price movements.

Reconciliation of outstanding share options

	Number of options 2020	**Exercise price**	**Number of options 2019**	**Weighted average exercise**
Outstanding 1 January 2020	**375 000**	**€4.65**	**565 000**	**€4.65**
Granted during the year	-	€0.00	-	€0.00
Forfeited during the year	375 000	€4.65	190 000	€4.65
Exercised during the year	-	€0.00	-	€0.00
Outstanding 31 December 2020	**-**	**€-**	**375 000**	**€4.65**
Exercisable at 31 December 2019	375 000	€4.65	375 000	€4.65

Equity share based payments are measured at the fair value of the equity instrument at the date of the grant, which was €NIL (2019 €1 200 000). 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.

There was no share based payments remaining at the end of 2020.

6.11 Interest bearing loans and borrowings

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

As at 31 December 2020, interest bearing loans and borrowings were as follows:

	31 Dec 2020	31 Dec 2019
	€ k	**€ k**
Ichor Coal N.V. convertible bonds interest	781	784
Loans and borrowings	**781**	**784**

6.12 Other financial liabilities

	31 Dec 2020	31 Dec 2019
	€ k	**€ k**
Sapinda Invest S.a.r.l.	4 432	4 173
Tennor Holding B.V.	6 370	6 227
Sapinda Asia Limited	8	8
Non-current loans and borrowings	**10 810**	**10 408**

Loan – Tennor Group

Entity	Loan value	Interest rate	Maturity date
Sapinda Invest s.a.r.l	€4 432 000	6% per annum	31 December 2024
Tennor Holding B.V. – Loan 1	€3 143 000	No interest	31 December 2024
Tennor Holding B.V. – Loan 2	€3 227 000	5% per annum	31 December 2024
Sapinda Asia Limited	€8 000	No interest	31 December 2023

The counter parties to the non-current loans and borrowings have changed, please refer to subsequent events.

6.13 Trade and other payables

The trade and other payables of €295 000 (2019: €234 000) mainly relate to trade and other payables at Company level.

6.14 Other liabilities

The other liabilities comprise the following:

	31 Dec 2020 € k	31 Dec 2019 € k
Accrued liabilities	309	619
Other non-financial liabilities	**309**	**619**

6.15 Maturity analysis of financial liabilities

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

	Carrying amount 31-Dec-20	Undiscounted cash outflows		
		2021	2022 - 2023	2024 ff.
	€ k	€ k	€ k	€ k
Non-current loans and borrowings	-	-	-	-
Current loans and borrowings	781	781	-	-
Trade and other payables	295	295	-	-
Other non-current financial liabilities	10 810	-	10 810	-
Liabilities from income taxes	223	223	-	-
Other liabilities and liabilities from income taxes	309	309	-	-

	Carrying amount 31-Dec-19	Undiscounted cash outflows		
		2020	2021 - 2022	2023 ff.
	€ k	€ k	€ k	€ k
Current loans and borrowings	784	-	784	-
Trade and other payables	234	234	-	-
Other non-current financial liabilities	10 408	-	10 408	-
Other liabilities and liabilities from income taxes	619	619	-	-

7 NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

7.1 Revenue

The following table provides information regarding the split of revenue:

	31 Dec 2020	31 Dec 2019
	€ k	**€ k**
Mining revenues	2 657	2 780
Revenue	**2 657**	**2 780**

Revenues from mining were generated from the Group’s mining activities and the sale of the crushed coal to domestic customers and the export market. The revenues are all generated in South Africa. The 2020 figure includes 11 months of revenue from Penumbra Mining which was deconsolidated during the year.

7.2 Cost of sales

The following table provides information regarding purchased goods and services:

	31 Dec 2020 € k	31 Dec 2019 € k
Consumables	143	899
Labour	1 941	3 721
Change in coal stock	745	-703
Other services	442	1 083
Cost of sales	**3 271**	**5 000**

The 2020 figure includes 11 months of cost of sales from Penumbra Mining which was deconsolidated during the year.

7.3 Share of profit from equity accounted investees

Share of loss from equity accounted investees amounted to €400 000 (2019: profit €4 764 000) and contains the share of loss from Mbuyelo Coal which amounted to €400 000 (2019: profit €3 535 000) and the share of profit from Universal of €NIL (2019: €1 229 000). Included in the profit from Universal was other comprehensive loss of €NIL (2019: €406 000) which was moved to OCI on the income statement, therefore only €NIL (2019: €4 764 000) reflect as income from investments on the income statement.

7.4 Other income

Other income amounted to €5 119 000 (2019: €7 478 000). The 2020 figure includes other income from Penumbra Mining which was deconsolidated during the year. Included in other income for 2020 is an additional impairment reversal of €4 419 000 in order to deconsolidate Penumbra, as well as an impairment reversal on Penumbra in 2019 of €7 718 000.

7.5 Other operating expenses

The following table provides an overview of the main items that form part of the other operating expenses:

	31 Dec 2020	**31 Dec 2019**
	€ k	€ k
Consulting and legal expenses	207	277
Audit and accounting service expenses	313	122
Insurance contributions	209	193
Depreciation of property, plant and equipment	75	128
Impairment loss	11 156	976
Management fees	41	162
Other	777	753
Other operating expenses	**12 778**	**2 611**

For further details, see note 6.3 for more details on impairment.

The 2020 figure includes 11 months of operating expenses from Penumbra Mining which was deconsolidated during the year.

7.6 General and administrative expenses

General and administrative expenses are as follows:

	31 Dec 2020 € k	31 Dec 2019 € k
Salaries and wages	481	1 019
Share based payment	-600	-301
IT and communication	33	51
Head office and other expenses	657	169
General and administrative expenses	**571**	**938**

The 2020 figure includes 11 months of general and administrative expenses from Penumbra Mining which was deconsolidated during the year.

Ichor Coal Company has a total of 2 employees with the following designations:

Designation	Number
Chief executive officer	1
Support and admin staff	1

The number of employees is limited due to the fact that there are no operational activities done at Ichor Coal level and that the entity is now mainly a holding Company.

7.7 Finance income and expense

The financing revenue and cost are split as follows:

	31 Dec 2020 € k	31 Dec 2019 € k
Interest income from bank accounts	58	282
Interest from other loans and borrowings	358	296
Interest income	**416**	**578**
Fair value gain on conversion component of convertible bonds	-	8,204
Foreign exchange gains	-	682
Finance income	**416**	**9 464**

	31 Dec 2020 € k	31 Dec 2019 € k
Interest on convertible bonds	-	5 317
Foreign exchange	1182	448
Interest on debts and borrowings	662	-
Interest on rehabilitation provision	149	310
Other	-	46
Finance expense	**1 993**	**6 121**

7.8 Income tax

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

	2020	2019
	€ k	€ k
Income before income taxes	- 12 257	9 817
Tax rate	28%	28%
Expected tax (expense)/ benefit	**- 3 432**	**2 749**
Non-taxable income	- 1 619	- 5 762
Deferred tax not raised	1 814	536
Deferred tax prior years	-	- 145
Non- deductible expenses	3 236	2 149
Capital gains tax	115	-
Income taxes	**115**	**- 473**
Actual tax rate	-1%	-5%

The Company did not recognise deferred tax assets of €2 816 737 (2019: €2 453 049) in respect of losses amounting to €9 962 596 (2019: €8 448 453) that can be carried forward against future taxable income. The Group will not carry forward any assessed losses as it cannot be reliably determined if there will be any future taxable income against which such losses can be utilised.

The tax rate used for the above reconciliation is the corporate tax rate payable by corporate entities in South Africa on taxable profits under the law. Total taxation benefit/(expense) can be broken down as follows:

	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
	€ k	€ k
Current tax	115	-
Deferred tax	-	473
Income tax for the year	**115**	**473**

Current year tax is related to a prior year capital gains tax event that was corrected in 2020.

7.9 Other comprehensive income

Other comprehensive income relates to currency translation differences and the inclusion of share of other comprehensive income in equity accounted investments (refer to note 7.3).

7.10 Earnings per share

Basic earnings per share

The basic earnings per share for the 2020 financial year amounted to -€0.03 (2019: €0.02). The basic earnings per share calculation is based on the profit or loss attributable to the owners of the parent Company and the number of shares outstanding during the period.

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

	2020	2019
	€ k	€ k
Shares issued and fully paid as of 1 January	440 185	440 185
Weighted average number of shares outstanding	**440 185**	**440 185**

The basic earnings per share were calculated as follows:

	2020	2019
	€ k	€ k
Shares issued and fully paid as of 1 January	440 185	440 185
Weighted average number of shares outstanding	**440 185**	**440 185**

	2020	2019
	€ k	€ k
Total Profit or (Loss)	-12 373	10 289
Less Non-controlling interest	-	-
Profit or Loss attributable to Owners of parent	**-12 373**	**10 289**
Basic earnings per share	***-0.03***	***0.02***

Diluted earnings per share

Share-based payments were excluded from the calculation due to their non-dilutive effect.

8 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

The cash flow statement was prepared using the indirect method.

Ichor Coal Group's cash and cash equivalents as at 31 December 2020 amounted to €2 337 000 (2019: €3 061 000).

9 NOTES TO THE CONSOLIDATED SEGMENT REPORT

9.1 Basic principles of segment reporting

In 2020 mining activities were performed by Penumbra Coal Mining. The core business of the Ichor Coal Group is investment in attractive coal resources in South Africa. Ichor Coal has only one segment namely coal mining and it occurs in one geographical area, therefor the use of segmental reporting is not necessary.

10. OTHER DISCLOSURES

10.1 Capital management

Ichor Coal Group monitors capital using a gearing ratio, which is net debt – including interest bearing loans and borrowings, less cash and short-term deposits – divided by equity plus net debt. Capital management for the period under review was mostly aimed towards realising sufficient cash through selling of investments in order to settle the outstanding Convertible bonds due in June 2019. Notwithstanding the significant changes in the capital structure throughout the year, it remains management's focus to maintain a constant gearing ratio.

	31-Dec-20	31-Dec-19
	€ k	€ k
Interest bearing loans and borrowings	11 591	11 192
Accounts payable and accrued liabilities	828	853
Less Cash and cash equivalent	-2 337	-3 061
Net debt	**10 082**	**8 984**
Equity	38 405	62 880
Equity and net debt	48 487	71 864
Gearing ratio	**21%**	**13%**

10.2 Financial assets and liabilities

Presentation by categories

The balance sheet items as at 31 December 2020, comprising financial assets and liabilities can be attributed to the measurement categories according to IFRS 9 as follows:

	31 December 2020			
	Carrying amount	Loans and receivables	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss
	€ k	€ k	€ k	€ k
Assets				
Trade and other receivables	1 145	1 145	-	-
Other current financial assets	68	68	-	-
Cash and cash equivalents	2 337	2 337	-	-
Other assets	75	75	-	-
Liabilities				
Interest-bearing loans and borrowings	781	-	781	-
Other non-current financial liabilities	10 810	-	10 810	-
Trade and other payables	295	-	295	-
Liabilities from income taxes	223	-	223	-
Other liabilities	309	-	309	-

	31 December 2019			
	Carrying amount	Loans and receivables	Financial liabilities measured at amortised cost	Financial liabilities at fair value through profit or loss
	€ k	€ k	€ k	€ k
Assets				
Trade and other receivables	45	45	-	-
Other current financial assets	187	187	-	-
Cash and cash equivalents	3 061	3 061	-	-
Other assets	92	92	-	-
Liabilities				
Interest-bearing loans and borrowings	784	-	784	-
Other non-current financial liabilities	10 408	-	10 408	-
Trade and other payables	234	-	234	-
Other liabilities	619	-	619	-

As at 31 December 2020, the financial assets and liabilities measured at fair value are categorised 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 2020, the Group had no derivative instruments, but in 2019 held the conversion component of the convertible bond at fair value through profit or loss in the statement of financial position until settlement. The conversion component has been valued using a binominal option pricing model, with share volatility, share price and time to maturity being significant input factors, and as such is classified as a Level 3. At inception the conversion option was valued at €25 100 000. As at year end, a gain of €NIL (2019: €8 204 000) has been recognised and recorded in profit and loss at settlement of the Bonds.

The financial assets and liabilities largely have short terms to maturity. Therefore, carrying amounts at the reporting date approximate fair value. The convertible bonds were listed on the Entry Standard of the Frankfurt Stock Exchange up to the date of settlement.

Other disclosures of financial assets and liabilities

The results from the various categories of financial assets and liabilities are broken down as follows: net gain on financial liabilities at fair value through profit and loss was €NIL; total interest income and total interest expense for financial assets and liabilities that are not at fair value through profit or loss were €416 000 (2019: €578 000) and €1 993 000 (2019: €6 121 000), 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 to identify risk exposures and to mitigate material negative effects on 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 assessment of risk acceptance levels is performed by the Management Board and reviewed by the Supervisory Board.

It is the Group's policy to only accept risks if they are associated with significant earnings potential. Where possible, risks are minimised or transferred to third parties.

The 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 risks relating to investment, financial markets such as currency and interest rates, liquidity, credit and commodity prices. 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

Ichor Coal Group is exposed to investment risks which originate in the selection of investment projects. Investments may not meet expected rates of return in the future, which would have a negative impact on the Group's financial results. Ichor Coal Group management 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 a certain threshold requires the approval of the Company's shareholders. Furthermore, significant cost and timeline overruns in asset development activities subsequent to an acquisition also pose risks to the Group. These risks are mitigated by management via experienced in-house project controlling supported by professional local advisors. Investment risk is limited to current investments already held. Please refer to notes on assets and equity accounted investments. The group currently has no intention to extend its current investment holdings.

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 Ichor Coal.

The Group is exposed to unwanted effects of foreign exchange transactions and translation. Financial assets or liabilities denominated in a currency other than the functional currency are periodically restated. Any associated gain or loss is taken to the statement of comprehensive income but not hedged in general. Some of the transactions are foreign currency transactions and therefore the Group is exposed to currency fluctuation risks. Ichor Coal management would enter into forward exchange contracts should the circumstances require and allow securitisation 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 at 31 December 2020, the Group had no foreign exchange derivatives.

In 2020 the Group realised a net loss of €8 307 from currency translation differences.

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

	2020 €k	**2019 €k**
Convertible bonds	781	784
Tennor Holding B.V loan	6 370	6 227
Sapinda Invest s.a.r.l loan	4 432	4 173
Sapinda Asia Limited	8	8
Position exposed to foreign exchange rate	11 591	10 408
Net statement of financial position exposure	**11 591**	**11 192**

The above fluctuations are mainly the result of the following:

- In the current economic conditions, the rand continues to weaken against the euro, resulting in foreign exchange losses for the Group.

- The Group has convertible bond liabilities denominated in euro and on which the foreign exchange loss or gain is recognised as at year end.

Interest rate risk

The Group's current finance facilities are provided on a fixed interest rate basis that vary from facility to facility. Interest rate related risks may originate from finance facilities at fixed interest rates. Any such risk is evaluated within the Group and may be mitigated by interest rate derivatives, if deemed necessary. As at 31 December 2020, the Group had no interest rate derivatives. Gross interest rate risk on loans was mitigated from the inception of the loans by fixing the interest rates.

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 come from dividends 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. Liquidity ratio for the group is 2.25 (2019: 1.72) The bonds were completely settled in 2019.

31.12.2020						
Financial liabilities		Contractual cash flows				
	Carrying amount	Total	12 months or less	1-2 years	2-5 years	More than 5 years
Non-derivative liabilities						
Loans and borrowings – Bonds – Host component	781	781	781	-	-	-
Other financial liabilities	11 119	11 119	-	-	11 119	-
Liabilities from income tax	223	223	223	-	-	-
Trade creditors	295	295	295	-	-	-

31.12.2019						
Financial liabilities		Contractual cash flows				
	Carrying amount	Total	12 months or less	1-2 years	2-5 years	More than 5 years
Non-derivative liabilities						
Loans and borrowings – Bonds – Host component	784	784	784	-	-	-
Other financial liabilities	11 472	11 472	11 472	-	-	-
Trade creditors	234	234	234	-	-	-

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

	31 December 2020 **€ k**
Trade and other receivables	1 145
Other current financial assets	143
Cash and cash equivalents	2 337

To reduce the credit risk on cash and cash equivalents, management carefully evaluates and selects banks before depositing cash. To reduce the credit risk on revenues, the subsidiary's management evaluates and monitors counterparties. Management further aims to utilise secured payment mechanisms or other risk mitigation instruments. In addition, risks from performance failures or poor performance of deliveries may arise. Subsidiary management mitigates these risks appropriately by selecting creditworthy parties and by assessing individual conditions and structuring contracts accordingly. Prior to business relationships, subsidiary management evaluates its potential customers using available financial information or its own trading records. The Company uses Nedbank Limited (rating Moody's Ba2) as its South African Bank and Quirin Privatbank (No rating) as its German Bank.

Commodity price risk

Ichor Coal'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 whereas price risks may originate from index-based sales agreements. Price risks arising out 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 at 31 December 2020, the Group had no hedging contracts in place.

10.4 Relationships with related parties

Related parties are defined as those persons and companies that control Ichor Coal Group or that are controlled or subject to significant influence by Ichor Coal Group. Key management personnel of the Company as well as entities that are controlled by key management and close family members of key management are also related parties.

Transactions with subsidiaries and associates

Intercompany transactions within Ichor Coal Group have been eliminated in the consolidated financial statements.

The Company served on the board of Universal and Mbuyelo Coal and received directors' fees amounting to €32 000 (2019: €134 000).

Transaction with shareholders

The loans from Tennor Holding B.V. and Sapinda Invest s.a.r.l. amounted to €10 810 000 (2019: €10 408 000) including interest on the Sapinda Invest S.a.r.l. loan and no interest on the Tennor Holding B.V. loan.

Service fees payable to Tennor Holding B.V. amounted to €178 000 (2019: €142 000)

Transactions with key management personnel

During the year, Nonkululeko Nyembezi (resigned 30 June 2020) and Reinhardt van Wyk (appointed 1 July 2020) held a director position in the Company and received the following compensation:

31 December 2020 **€ k**	**Short Term Compensation (salary, bonus, provident fund contributions)**	**Post-employment benefits**	**Share Based Payments**	**Total**
Nonkululeko Nyembezi	336	15	-	351
Reinhardt van Wyk	123	9		132
Total	**459**	**24**	**-**	**483**

The short-term compensation is made up of the following elements:

Nonkululeko Nyembezi: Salary of €207 000 (2019: €475 000); end of service costs of €116 000 (2019: €NIL); medical aid reimbursement of €3 500 (2019: €7 200), provident fund contributions of €16 000 (2019: €71 000) and a car allowance of €9 000 (2019: €19 000).

Reinhardt van Wyk: Salary of €111 000 (2019: €NIL); medical aid reimbursement of €3 500 (2019: €NIL), provident fund contributions of €8 300 (2019: €NIL) and a car allowance of €9 000 (2019: €NIL).

The Supervisory Board of the Company consisted of three individuals throughout the year. One Supervisory Board member is entitled to Supervisory Board fees that accrued at year end as compensation for his services during the financial year. No other remuneration was paid to the rest of the Supervisory Board members.

10.5 Audit fees

Total audit fees of €125 000 have been incurred from KPMG Netherlands.

10.6 Events after the reporting date

On 30 June 2022 one of Ichor Coal's subsidiaries, Ismanetix (Pty) Ltd, closed out a preference share scheme and received €389 000 (ZAR7 000 000) as return.

On 7 July 2022 Tennor Holding B.V. transferred and assigned the rights and ownership of its two loans valued at €3 143 000 and €3 227 000 respectively to Ichor Coal, to Montrachet Investments SA as part of a commercial transaction. Montrachet Investments SA became the majority shareholder in Ichor Coal during Q3 2022.

On 5 July 2023 Sapinda Invest s.a r.l. transferred and assigned the rights and ownership of its loan valued at €4 432 000 to Montrachet Investments SA as part of a commercial transaction. The loan maturity date was also subsequently extended by Montrachet to 31 December 2024.

On 4 June 2021 Ichor Coal was delisted from the Frankfurt Stock Exchange, but continued to be listed on the Hamburg and Hanover Stock Exchanges.

There were no further subsequent events.

STAND-ALONE STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2020

(before appropriation of results)

	Notes	31 Dec 2020 € k	31 Dec 2019 € k
Assets			
Non-current assets			
Intangible assets	3.1	17	20
Property, plant and equipment	3.2	1	4
Shares in Subsidiaries	3.3	-	-
Investments in associates	3.4	43 730	49 980
Other non-current financial assets	3.5	110	121
		43 858	**50 125**
Current assets			
Trade and other receivables	3.7	27	45
Other current financial assets	3.8	1 575	4 153
Other assets	3.9	75	92
Cash and cash equivalents	3.10	2 337	3 061
		4 014	**7 351**
Total Assets		**47 872**	**57 476**
Equity and liabilities			
Equity			
Share capital	3.11	44 018	44 018
Share Premium	3.11	97 932	97 932
Share based payment reserve	3.11	-	785
Retained earnings	3.11	-94 058	-115 833
Other comprehensive income	3.11	-8 917	-3 246
Loss/profit for the year	3.11	-3 298	21 775
Total equity		**35 677**	**45 431**
Non-current liabilities			
Other Non-current financial liabilities	3.13	10 810	10 408
		10 810	**10 408**
Current liabilities			
Interest-bearing loans and borrowings	3.12	781	784
Trade and other payables	3.14	295	234
Other liabilities	3.15	309	619
		1 385	**1 637**
Total liabilities		**12 195**	**12 045**
Total equity and liabilities		**47 872**	**57 476**

The accompanying notes form part of these financial statements.

STAND-ALONE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	31 Dec 2020	31 Dec 2019
		€ k	€ k
Other income	4.1	32	29 831
General and administrative expenses	4.2	-671	-480
Other operating expenses	4.3	-1 589	-4 038
Finance costs	4.4	-1 587	-5 687
Finance income	4.4	517	1 676
Loss/profit before income taxes		-3 298	21 302
Income taxes	4.5	-	473
Loss/profit for the year		**-3 298**	**21 775**
Other comprehensive income not to be reclassified to profit and loss in subsequent periods		-5 671	1 415
Total comprehensive income		**-8 969**	**23 190**

The accompanying notes form part of these financial statements.

STAND-ALONE STATEMENT OF CHANGES IN EQUITY THE YEAR ENDED 31 DECEMBER 2020

	Share Capital	Share Premium	Accumulated retained earnings	Loss for the year	Other reserves	Share-based payment reserves	**Total**
	€ k	**€ k**	**€ k**	**€ k**	**€ k**	**€ k**	**€ k**
1 Jan 2020	**44 018**	**97 932**	**-115 833**	**21 775**	**-3 246**	**785**	**45 431**
Appropriation of prior year results	-	-	21 775	-21 775	-	-	-
Share capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit or loss for the year	-	-	-	-3 298	-	-	-3 298
Other comprehensive income	-	-	-	-	-5 671	-	-5 671
Total comprehensive income	**-**	**-**	**-**	**-3 298**	**-5 671**	**-**	**-8 969**
Share based payment	-	-	-	-	-	-785	-785
31 Dec 2020	**44 018**	**97 932**	**-94 058**	**-3 298**	**-8 917**	**-**	**35 677**

STAND-ALONE STATEMENT OF CHANGES IN EQUITY THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share Capital € k	Share Premium € k	Accumulated retained earnings € k	Loss for the year € k	Other reserves € k	Share-based payment reserves € k	**Total** € k
1 Jan 2019		**9 518**	**97 932**	**-100 330**	**-15 503**	**-4 661**	**1 086**	**-11 958**
Appropriation of prior year results	3.11	-	-	-15 503	15 503	-	-	-
Share capital	3.11	**34 500**	**-**	**-**	**-**	**-**	**-**	**34 500**
Profit or loss for the year		-	-	-	21 775	-	-	21 775
Other comprehensive income		-	-	-	-	1 415	-	1 415
Total comprehensive income		**34 500**	**-**	**-**	**21 775**	**1 415**	**-**	**57 690**
Share based payment	3.11	-	-	-	-	-	-301	-301
31 Dec 2019		**44 018**	**97 932**	**-115 833**	**21 775**	**-3 246**	**785**	**45 431**

The accompanying notes form part of these financial statements.

STAND-ALONE STATEMENT OF CASHFLOWS THE YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020 € k	31 Dec 2019 € k
Profit or loss	-3 298	21 775
Reconciliation of profit or loss to the cash flow from operating activities:		
Depreciation and amortisation of fixed assets	2	33
Impairment loss	1 034	3 212
Loss/(Profit) on sale of assets	-	-14 777
Gain on remeasurement of convertible bond	-	-8 204
Interest on Convertible Bonds	-	5 284
Interest received	-4	-2 166
Other interest on debts and borrowings	440	326
Interest Income	-459	-719
Changes due to foreign currency changes	1 318	-2 673
Changes in share based payment expense	-600	-301
Loss from disposal of shares in affiliates	-	-
Changes in foreign currency changes in equity	-	-
Changes in deferred taxes	-	-473
Changes in trade and other receivables	11	-3
Changes in trade and other payables	45	-279
Changes in other financial liabilities	170	-177
Changes in other assets	586	-2
Cash flow from operating activities	**-757**	**856**
Proceeds from disposal of intangible assets and property, plant and equipment	-	6
Proceeds from disposal of shares in affiliates	-	29 413
Purchases of intangible assets and property, plant, and equipment	-	-3
Cash flow from investing activities	**-**	**29 416**
Proceeds from interest-bearing loans and borrowings received	3	-
Repayments of interest-bearing loans and borrowings received	-	-41 572
Cash-outflow from interest-bearing loans and borrowings given	-292	-179
Cash-inflow from interest-bearing loans and borrowings	719	3 329
Cash flow from financing activities	**430**	**-38 422**
Cash flow-related changes in cash and cash equivalents	**-327**	**-8 150**
Changes in cash and cash equivalents due to exchange rates	-397	291
Cash and cash equivalents at beginning of period	3 061	10 919
Cash and cash equivalents at end of period	**2 336**	**3 061**

Notes to the Stand-Alone Financial Statements

1 GENERAL INFORMATION

1.1 Corporate information

Ichor Coal N.V. KVK 53748662, is a public 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 Frankfurt (delisted June 2021), Hamburg and Hanover Stock Exchanges (non-regulated market). The head office is located at 210 Amarand Ave, Menlyn Maine, Pretoria, South Africa.

Ichor Coal is an international mining company focusing on investments in thermal coal production in South Africa. The Company holds a substantial non-controlling interest in one South African coal mining company. At 31 December 2020, Africa Coal Partners Limited is the single largest shareholder in Ichor Coal NV.

The financial statements were approved by the Supervisory Board on 30 October 2023.

1.2 Basis of preparation

Overview

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Section 2:362(9) of the Netherlands Civil Code. The financial statements have been prepared on the historical cost basis and presented in euro with all values rounded to the nearest thousand (€ k).

The same basis of preparation applies as described in the notes to the consolidated financial statements. Please refer to note 2: 'Basis of Preparation' in the consolidated financial statements.

Foreign currencies

The functional currency of the Company was changed to South African rand (ZAR) in the 2014 financial year, but the presentation currency remains the euro. The reason for the change of functional currency was due to the fact that South Africa is the primary economic environment in which the Company operates. 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 at the spot rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

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 reporting date. Any foreign exchange gains or losses resulting from such translations are recognised in the statement of comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES AND VALUATION METHODS

The same accounting and valuation methods apply as described in the notes to the consolidated financial statements. We therefore refer to note 3: ‘Accounting Policies’ of the consolidated financial statements. Subsidiaries and associates are stated applying the cost method in the stand-alone financial statements which is different to the consolidated financial statements.

3 NOTES TO THE STAND-ALONE STATEMENT OF FINANCIAL POSITION

3.1 Intangible assets

The changes in intangible assets were as follows:

	Purchased rights € k	Total € k
Acquisition or production cost		
1 Jan 2020	20	20
Currency effects	-3	-3
31 Dec 2020	**17**	**17**
Amortisation and impairment		
1 Jan 2020	-	-
Currency effects	-	-
31 Dec 2020	**-**	**-**
Carrying amounts		
31 Dec 2020	**17**	**17**
1 Jan 2020	20	20

	Purchased rights € k	Total € k
Acquisition or production cost		
1 Jan 2019	36	36
Disposals	-17	-17
Currency effects	1	1
31 Dec 2019	**20**	**20**
Amortisation and impairment		
1 Jan 2019	17	17
Disposals	-17	-17
Currency effects	-	-
31 Dec 2019	**-**	**-**
Carrying amounts		
31 Dec 2019	**20**	**20**
1 Jan 2019	19	19

The purchased right relates to costs associated with the corporate website used by the entity.

The entity experienced stronger currency movements at year end resulting in foreign exchange translation loss realised on intangible assets to the amount of €1 000 in 2019 and €3 000 in the current year.

3.2 Property, plant and equipment

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

	Office equipment	Computer equipment	Furniture	Total
	€ k	€ k	€ k	€ k
Acquisition or production cost				
1 Jan 2020	-	29	11	40
Currency effects	-	-4	-1	-5
31 Dec 2020	**-**	**25**	**10**	**35**
Depreciation and impairments				
1 Jan 2020	-	26	10	36
Additions		1	1	2
Currency effects	-	-3	-1	-4
31 Dec 2020	**-**	**24**	**10**	**34**
Carrying amounts				
31 Dec 2020	**-**	**1**	**-**	**1**
1 Jan 2020	-	3	1	4

	Office equipment	Computer equipment	Furniture	Total
	€ k	€ k	€ k	€ k
Acquisition or production cost				
1 Jan 2019	18	46	131	195
Additions	-	3	-	3
Disposals	-18	-22	-123	-163
Currency effects	-	2	3	5
31 Dec 2019	**-**	**29**	**11**	**40**
Depreciation and impairments				
1 Jan 2019	16	40	111	167
Additions	-	1	-	1
Disposals	-16	-16	-103	-135
Currency effects	-	1	2	3
31 Dec 2019	**-**	**26**	**10**	**36**
Carrying amounts				
31 Dec 2019	**-**	**3**	**1**	**4**
1 Jan 2019	2	6	20	28

The entity realised foreign exchange loss at the end of the reporting period to the amount of €9 000 (2019: 8 000) on the translation of values of property, plant and equipment into the presentation currency.

Management did not identify any impairment trigger at the reporting date.

3.3 Shares in subsidiaries

Shares in subsidiaries are as follows:

	31 Dec 2020 € k	31 Dec 2019 € k
Shares in Ismanetix (100%)	-	-
Shares in affiliates	**-**	**-**

Ichor Coal holds a 100% share in Ismanetix (Pty) Ltd.

3.4 Investments in associates

Investments in associates are as follows:

	31 Dec 2020 € k	31 Dec 2019 € k
Shares in Mbuyelo Coal (45.16%)	43 730	49 980
Investment in associates	**43 730**	**49 980**

The Company holds a 45% interest in Mbuyelo Coal. The investment in associate is accounted for using the cost method. The decrease in the cost of the invstment in Mbuyelo of €6 250 000 (2019: €2 279 000) is as a result of foreign exchange translation losses realised at the end of the reporting period. Mbuyelo Coal is incorporated in South Africa with all operating activities in South Africa.

For a further discussion on the movement in the value of the investments in associates, please refer to note 6.3: “Investments accounted for using the equity method” in the consolidated financial statements.

The value in use for the investment in Mbuyelo Coal was determined based on a discounted cashflow method.

3.5 Other non-current financial assets

	31 Dec 2020 € k	31 Dec 2019 € k
Restricted reserve	110	121
Other non-current financial assets	**110**	**121**

The Company has a deposit account in the amount of €110 000 (2019: €121 000) held at a local bank. It is used to back up a guarantee issued by the bank in relation to the lease agreement for the head office premises.

3.6 Deferred tax

The net deferred tax asset and liability recognised in the statement of financial position is detailed below:

	31 Dec 2020		31 Dec 2019	
	Deferred tax assets € k	Deferred tax liabilities € k	Deferred tax assets € k	Deferred tax liabilities € k
Non-current financial assets	-	-	-	-
Other liabilities	-	-	-	-
Temporary differences	**-**	**-**	**-**	**-**
Tax loss carry-forwards	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**
Offsetting	-	-	-	-
Amounts as per balance sheet	**-**	**-**	**-**	**-**

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

	2020	2019
	€ k	€ k
Deferred tax assets at the beginning of the period	-	-
Deferred tax liabilities at the beginning of the period	-	-464
Net tax position at the beginning of the period	**-**	**-464**
Deferred tax benefit/ (expense) of current year	-	473
Net tax position as of 31 December	**-**	**9**
Deferred tax assets at the end of the period	-	-
Deferred tax liabilities at the end of the period	-	-
Forex exchanges	-	9

A deferred tax asset has not been recognised in respect of a portion of the accumulated tax losses of because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

3.7 Trade and other receivables

	31 Dec 2020	31 Dec 2019
	€ k	**€ k**
Trade receivables	27	45
Trade and other receivables	**27**	**45**

Management believes that the trade receivables are fully recoverable.

3.8 Other current financial assets

Other current financial assets comprise the following:

	31 Dec 2020	31 Dec 2019
	€ k	**€ k**
Loan to Ismanetix (Pty) Ltd	1 507	3 966
Other financial assets	68	187
Other current financial assets	**1 575**	**4 153**

The loan to Ismanetix was used to finance the acquisition of Penumbra Coal Mining and to further finance the cost of care and maintainance at the mine. Interest on the loan was charged at the prime rate. The contractual loan amount as at year end amounted to €5 477 000 (2019: €7 269 000) inclusive of interest and has been impaired down to the recoverable amount of €1 507 000 (2019: €3 966 000). The loan has a maturity date of 31 December 2023.

3.9 Other assets

	31 Dec 2020 € k	31 Dec 2019 € k
Receivables from other taxes	75	92
Other assets	**75**	**92**

Receivables form other taxes mainly consist of VAT.

3.10 Cash and cash equivalents

The Company's cash and cash equivalents of €2 337 000 (2019: €3 061 000) represent cash at banks.

3.11 Equity

Share capital

The issued share capital of €44 018 457 (2019: €44 018 457) is divided into 440 184 577 (2019: 440 184 577) shares with a nominal value of €0.10 each.

The issued share capital consists of fully paid-up ordinary shares, each carrying the right to a dividend as declared and the right to one vote at shareholders' meetings.

All ordinary shares rank equally with regard to the Company's residual assets.

The authorised share capital amounts to €47 500 000 (2019: €47 500 000) and is divided into 475 000 000 (2019: 475 000 000) shares with a nominal value of €0.10 each.

Share Premium

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

Other reserves

Other reserves reflect differences from a currency translation loss of €8 917 000 (2019: €3 246 000). The change in the currency translation reserve for the year is €5 671 000.

Accumulated retained earnings

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

Share based payments

The Company issued equity-settled instruments to certain qualifying employees under an employee share option scheme to purchase shares in the Company's authorised but unissued ordinary shares. Equity share-based payment is measured at the fair value of the equity instrument at the date of the grant. 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 are 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;

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

(c) the current price of the underlying shares; -> Ichor Coal 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); -> to be derived from Ichor Coal's financial forecasts and dividend history

(f) the risk-free interest rate for the life of the option.-> German government 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 organisation. Beneficiaries are managing directors;

(d) expected volatility of the underlying shares.
The assessment is performed on the basis of the stock price movements.

For a further information on the movement in the share based payments, please refer to note 6.10: “Equity” in the consolidated financial statements.

Reconciliation of Consolidated and Stand-Alone Equity

		31-Dec-20	31-Dec-19
		€ k	€ k
Total consolidated equity		38 405	62 880
Difference in accumulated retained earnings			
Individual retained earnings	(1)	-94 058	-115 833
Consolidated retained earnings	(1)	97 028	97 798
Difference in net result			
Individual result	(1)	-3 298	21 775
Consolidated result attributable to the shareholders	(1)	11 973	-6 754
Accumulated other comprehensive income	(2)	3 070	5 084
Legal reserve	(3)	-17 443	-19 103
Share based payment Penumbra		-	-416
Total stand-alone equity		**35 677**	**45 431**

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

2) The comprehensive income results from translation differences.

3) The legal reserves participating interests represent the results from Mbuyelo Coal and Universal.

3.12 Interest-bearing loans and borrowings

	31 Dec 2020	31 Dec 2019
	€ k	€ k
Other interest	781	784
Interest-bearing loans and borrowings	**781**	**784**

Interest-bearing loans relate to €80 000 000 convertible bonds that were issued by the Company in 2012. Please refer to note 6.12: “Interest-bearing loans and borrowings” in the consolidated financial statements for further details.

3.13 Other non-current financial liabilities

	31 Dec 2020 € k	31 Dec 2019 € k
Sapinda Invest s.a.r.l.	4 432	4 173
Tennor Holdings BV	6 370	6 227
Sapinda Asia Limited	8	8
Other Non-Current financial liabilities	**10 810**	**10 408**

3.14 Trade and other payables

	31 Dec 2020 € k	31 Dec 2019 € k
Trade payables	295	234
Trade and other payables	**295**	**234**

Trade and other payables solely relate to trade payables.

3.15 Other liabilities

Other liabilities comprise:

	31 Dec 2020 € k	31 Dec 2019 € k
Accrued liabilities	309	619
Other non-financial liabilities	**309**	**619**

Accrued liabilities mainly comprise liabilities resulting from personnel costs, accounting, legal and consulting services.

3.16 Maturity analysis of financial liabilities

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

	Carrying amount	Undiscounted cash outflows		
	31 Dec 2020	2020	2021 - 2023	2024 ff.
	€ k	€ k	€ k	€ k
Interest-bearing loans and borrowings	781	-	781	-
Other financial liabilities	10 810	-	10 810	-
Trade and other payables	295	295	-	-

	Carrying amount	Undiscounted cash outflows		
	31 Dec 2019	2019	2020 - 2022	2022 ff.
	€ k	€ k	€ k	€ k
Interest-bearing loans and borrowings	784	784	-	-
Other financial liabilities	10 408	-	10 408	
Trade and other payables	234	234	-	-

4 Notes to the stand-alone statement of comprehensive income

4.1 Other income

Other income is as follows:

	31 Dec 2020 € k	31 Dec 2019 € k
Profit on sale of Investment	-	14 777
Management and board fees	32	134
Gain on remeasurement of bonds	-	8 204
Investment income	-	6 705
Others	-	11
Other operating income	**32**	**29 831**

Management and board fees relate to fees received from Mbuyelo Coal and Universal respectively.

Profit on sale of investment relates to the sale of our stake in Universal Coal.

The gain on re-measurement of the bonds resulted from the settlement of convertible bonds during the 2019 year. (For more details, refer to note 6.12: “Interest bearing borrowings” in the consolidated financial statements).

Investment income relates to dividend income received from Mbuyelo Coal and Universal. The dividend was paid out in accordance with the Company’s interest in the two companies. Total dividend income amounted to €NIL for the financial year.

4.2 General and administrative expenses

General and administrative expenses consist of the following:

	31 Dec 2020 € k	31 Dec 2019 € k
Wages and salaries	558	697
Employee benefits	46	81
Share based payment expense	-600	-301
Other expenses	667	3
General and admin expenses	**671**	**480**

4.3 Other operating expenses

Other operating expenses are as follows:

	31 Dec 2020 € k	31 Dec 2019 € k
Legal and consulting costs	200	277
Audit and accounting services	248	104
Depreciation, amortisation and impairment	1 036	3 245
Other	105	412
Other operating expenses	**1 589**	**4 038**

Foreign exchange translation losses incurred during the current year are classified as other operating expense.

Depreciation and amortisation

	31 Dec 2020 € k	31 Dec 2019 € k
Depreciation	2	24
Amortisation	-	-
Depreciation and amortisation	**2**	**24**

Impairment Losses

	31 Dec 2020 € k	31 Dec 2019 € k
Impairment loss	1 034	3 221
Impairment loss	**1 034**	**3 221**

In 2020 the loan receivable from Ismanetix was impaired to a deemed recoverable value, this impairment amounted to €1 034 000 (2019:3 221 000)

4.4 Financial income and expense

The financial income comprises the following:

	31 Dec 2020 € k	31 Dec 2019 € k
Interest on other loans and borrowings	517	994
Total interest income	**517**	**994**
Foreign exchange	-	682
Total finance income	**517**	**1 676**

The financial expense is broken down as follows:

	31 Dec 2020 € k	31 Dec 2019 € k
Interest on Convertible Bonds	-	4 522
Other	405	1 165
Foreign exchange	1 182	-
Total finance costs	**1 587**	**5 687**

4.5 Income tax

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

	2020 € k	2019 € k
Income before income taxes	-3 110	21 302
Tax rate	28%	28%
Expected tax (expense)/ benefit	**-871**	**5 965**
Permanent differences	-168	-8 396
Nondeductable expenses	458	2 571
Deferred tax prior years	0	-144
Decrease in deferred tax not recognised	581	-468
Income taxes	**-**	**-472**
Effective tax rate	0%	-2%

The enacted tax rate is 28%.

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

	31 Dec 2020 € k	31 Dec 2019 € k
Deferred taxes	-	473
Income taxes	**-**	**473**

A deferred tax asset has not been recognised in respect of a portion of the accumulated tax losses because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

5 Other disclosures

5.1 Capital management

For a further analysis and discussion on capital management, refer to note "10.1: "Capital management" in 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" in 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 entities that are controlled by key management and their close family members are also related parties.

Transactions with subsidiaries and associates

The Company served on the board of Universal and Mbuyelo Coal and received directors' fees amounting to €32 000 (2019: €134 000).

The Company further granted a loan to Ismanetix (Pty) Ltd, which in turn granted a loan to Penumbra Coal Mining which was used to finance the cost of care and maintenance. The loan amount as at year end amounted to €5 477 000 (2019: €7 269 000). Interest on the loan amounted to €459 000 (2019: 711 000) The balance is inclusive of €3 500 000 which was used to finance the acquisition of Penumbra.

Transactions with shareholders

The outstanding balance on the loans from Tennor Holding B.V. and Sapinda Invest s.a.r.l. amounted to €10 810 000 (2019: €10 408 000) as at 31 December 2020. Interest of €402 000 (2019: €326 000) was incurred on the loans during the reporting period.

Service fees payable to Tennor Holding B.V. amounted to €172 000 (2019: €142 000)

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. Please refer to note 3.11: “Equity” and 10.4: “Relationships with related parties” of this document for further details.

5.4 Other financial commitments

The maturity of other financial obligations resulting from rental and lease agreements are shown below:

	31 Dec 2020 € k	**31 Dec 2019 € k**
Due within one year	12	51
Due in one to five years	-	-
Due in more than five years	-	-
Total	**12**	**51**

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

5.5 Events after the reporting date

On 30 June 2022 one of Ichor Coal’s subsidiaries, Ismanetix (Pty) Ltd, closed out a preference share scheme and received €389 000 (ZAR7 000 000) as return.

On 7 July 2022 Tennor Holding B.V. transferred and assigned the rights and ownership of its two loans valued at €3 143 000 and €3 227 000 respectively to Ichor Coal, to Montrachet Investments SA as part of a commercial transaction. Montrachet Investments SA became the majority shareholder in Ichor Coal during Q2 2022.

On 5 July 2023 Sapinda Invest s.a r.l. transferred and assigned the rights and ownership of its loan valued at €4 432 000 to Montrachet Investments SA as part of a commercial transaction. The loan maturity date was also subsequently extended by Montrachet to 31 December 2024.

On 4 June 2021 Ichor Coal was delisted from the Frankfurt Stock Exchange but continued to be listed on the Hamburg and Hanover Stock Exchanges.

There were no further subsequent events.

31 October 2023

Reinhardt van Wyk Management Board	Markus Meister Supervisory Board Member
Hans-Jörg Gatt Supervisory Board Member	Markus Mair Supervisory Board Member

Other information

Appropriation of result

Under article 30 of the Company's Articles of Association, the Management Board, with approval of the Supervisory Board may decide that part of profits realised be set aside to increase and or form reserves. The profits remaining after the above will be put at the disposal of the General Meeting. The Management Board, with the approval of the Supervisory Board, is required to make a proposal for that purpose, which is then dealt with at the general meeting of shareholders. The Management Board is permitted, subject to certain requirements and subject to approval of Supervisory Board, to declare interim dividends without the approval of the general meeting of shareholders.

The Management Board may, subject to the approval of our Supervisory Board, resolve to make distributions on the ordinary shares not in cash, but in ordinary shares, or resolve that shareholders shall have the option to receive a distribution in cash and/or in ordinary shares, provided that the Management Board is designated by the general meeting of shareholders as the competent corporate body to resolve to issue ordinary shares.

The Company may make distributions to shareholders only to the extent that the Company's equity exceeds the amount of the paid-in and called-up part of the issued share capital, increased by the reserves which it is required to maintain pursuant to the articles of association or the provisions of applicable law. Any distribution of profits will be made after the adoption of the annual accounts showing that such distribution of profits is permitted.The management proposes to the Supervisory Board to deduct the loss for the year from retained earnings. This proposal has been reflected in the stand-alone financial statements and consolidated financial statements.

Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Ichor Coal N.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Ichor Coal N.V. as at 31 December 2020 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 (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2020 of Ichor Coal N.V. ('the Company') based in Amsterdam, the Netherlands.

The financial statements comprise:

1. the consolidated and company statement of financial position as at 31 December 2020;
2. the following consolidated and company statements for 2020: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Ichor Coal N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Audit approach

Summary

Materiality
Consolidated financial statements
Materiality of EUR 1.1 million
1% of EUR 116,398 million (Total Assets)
Company financial statements
Materiality of EUR 0.6 million
0,8% of EUR 79,904 million (Total Assets)

Group audit
100% of total assets
100% of revenue

Key audit matters
Estimation of the provision for environmental rehabilitation of the mining sites
The recoverable amounts of the mining rights and assets

Opinion
Unqualified

Materiality

Based on our professional judgement, we determined the materiality for the consolidated financial statements as a whole at EUR 1.1 million (2019: EUR 0.9 million) and for the company financial statements as a whole at EUR 600 thousand (2019: EUR 600 thousand).

The materiality for the consolidated and company financial statements is determined with reference to Total Assets (1%). We consider Total Assets as the most appropriate benchmark as the mining assets are driving the Company's result. We find the Profit Before Tax not an appropriate benchmark due to its volatility. Therefore, we consider Total Assets the primary focus for the users of the financial statements.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated and company financial statements for qualitative reasons.

We agreed with the Supervisory Board that unadjusted misstatements in excess of EUR 58,000 and EUR 30,000, which are identified during the audit of the consolidated and company financial statements respectively, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Ichor Coal N.V. is at the head of a group of components. The financial information of this group is included in the consolidated financial statements of Ichor Coal N.V.

For the purpose of our group audit we determined that all components are significant. Significant components are components, which are either individually financially significant from a group perspective and/or components comprising a significant risk. The significant components all operate (through their investments) in the South African coal mining industry.

The Company operates through a number of legal entities and these form reporting components that are primarily country based. To provide sufficient coverage over the Company's financial information, including the identified significant risks of material misstatements, we performed a full-scope audit for the three significant components.

We instructed component auditors in such way that all significant areas are covered, including the key audit matters as detailed further in the section 'Key audit matters' and the information to be reported back. We instructed the component auditors to use a component specific materiality in their local audits, reflecting the mix of size and risk profile of the Company across the components.

We instructed for two components to perform full scope audits for group reporting purposes, besides the audit procedures we performed at the significant component Ichor Coal N.V.

We have:

— made use of the work of KPMG South Africa for the audit of Penumbra Coal mining; and

— made use of the work of SizweNtsalubaGobodo Grant Thornton for the audit of Mbuyelo Coal.

We performed file reviews of the work performed by both component auditors. The findings reported to us as the group audit team were discussed in detail with component auditors and any additional audit procedures required by the group audit team were followed up by the component auditors.

By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters (KAM) are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to management and the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimation of the provision for environmental rehabilitation of the mining sites

Description

Following the decision and agreement to sell the investment in Penumbra, the related assets and liabilities were moved to Assets and liabilities held for sale in 2019, including this provision valued at EUR 5 million. The estimation of the provision for environmental rehabilitation (ER) of the mining sites as included in note 6.9 to the financial statements is highly judgmental. The calculation is cost model based and depends on assumptions that are impacted by the costs associated to the legal and constructive obligations for restoration of the environment, the estimated life of the operations and information 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 over time.

Our response

In auditing the ER provisions, we performed the following procedures:

- obtained an understanding of the management process in place and evaluated the design and implementation of controls regarding the process of measurement of the provisions;
- identified the cost assumptions that have the most significant impact on the provisions and tested the appropriateness of these assumptions using third party evidence, mainly cost of machinery and diesel rates;
- performed an evaluation to ensure that all key movements of the rehabilitation provision were understood, corroborated and recorded correctly;
- engaged an environmental specialist to perform procedures over the accuracy, completeness and obligation assertions relating to the material legal and constructive obligations for restoration of the environment, the estimated life of the operation and other factors as accounted for in accordance with IAS 37;
- information about geological and technical data on the size, depth, shape and grade of the coal body and suitable production techniques and recovery rates over time were assessed by the environmental specialist;

- engaged valuation specialists to evaluate the reasonableness of the discount rate and valuation model applied to the Rehabilitation Provision calculation;
- evaluate the reasonableness of the cash flow projections applied in the valuation model based on legal requirements and the outcome of the calculation of the quantity model;
- verified the completeness of the cost estimate data by comparing it with work performed on coal reserves and testing of PP&E;
- assessed the historical accuracy of management's estimates (retrospective review);
- assessed whether ER movements should be recorded in the income statement or capitalised by understanding the reason for the change and by comparing the movement with the carrying amount of the related mining asset; and
- assessed whether the disclosures meet the requirements of IFRS-EU.

Our observation

Management's assessment of the estimated environmental provision is considered reasonable and the provision is adequately disclosed in note 6.9 to the financial statements.

The recoverable amounts of the mining rights and assets

Description

Following the decision and agreement to sell the investment in Penumbra, the related assets and liabilities were moved to Assets and liabilities held for sale in 2019, including these assets amounting to EUR 137 thousand. These mining rights and assets are depreciated using a unit of production method based on the estimated economical recoverable reserves to which they relate. The Company assesses per asset at each reporting period whether any indication of impairment exists in accordance with IAS 36. As management has identified an impairment trigger, the Company's assessment required the use of a model and assumptions to assess whether the recoverable amount is exceeding the carrying amount. These assumptions are judgmental in nature.

The relevant assumptions in determining the recoverable amount of an asset include the commodity prices, discount rates, operating costs, expected future capital requirements, future closure and rehabilitation costs, exploration potential, remaining lifetime, reserves and resources and operating performance. A change in these assumptions could have a significant impact on the recoverable amounts of the Company's mining rights and assets.

Our response

In auditing the recoverable amounts of the mining rights and assets we:

- obtained an understanding of the management process in place and evaluated the design and implementation of controls regarding the mining rights and assets;
- tested indicators of impairment and validated the appropriateness of the impairment testing performed by management and audited by component auditors;
- assessed the input parameters by:
    - assessing whether the net profit included in the cash flow forecast is appropriate;
    - confirming that operating expenditure profiles and capital costs are supported by approved budgets;
    - reconciling coal reserve volumes to the assumptions used in the impairment models (like discount rate, exploration potential) and confirming that the lifetime assumptions were consistent with those applied in the environmental rehabilitation provision models; and
    - performing sensitivity analyses on certain key variables in the cash flow models to understand the impact of changes in certain assumptions (including coal prices, production and operating expenditure levels and resources and operating performance).
- assessed whether the disclosures meet the requirements of IFRS-EU.

Our observation

Management's assessment of the recoverable amount of the mining rights and assets is considered reasonable. The assessment is adequately disclosed in note 3.3 of the financial statements.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

— is consistent with the financial statements and does not contain material misstatements; and
— contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Management is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the General Meeting of Shareholders on 22 May 2017 as auditor of Ichor Coal N.V. as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Management and the Supervisory Board for the financial statements

The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as the Board of Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board of Management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is added to the Appendix to this report.

This description forms part of our independent auditor's report

Amsterdam, 31 October 2023

KPMG Accountants N.V.

L.M.A. van Opzeeland RA

Appendix:
Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit 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 Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management;
- concluding on the appropriateness of the Board of Management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.