



ICHOR COAL N.V. GROUP (53748662)

Consolidated Annual Financial Statements

31 December 2015

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Report of the Management Board

Group structure and activities

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

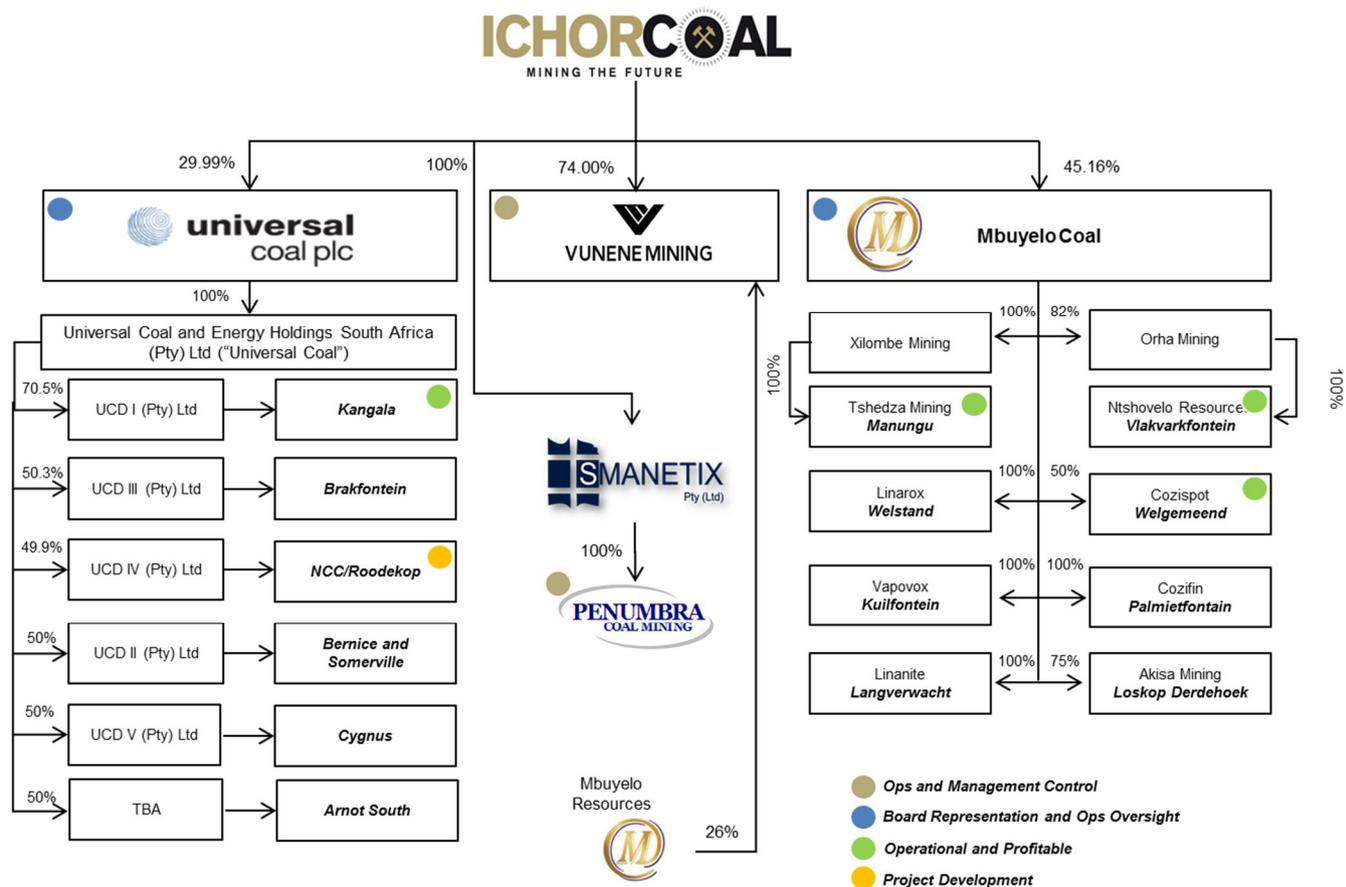
Ichor Coal N.V. and its subsidiaries (the IchorCoal Group or the Group) is an international mining company incorporated in the Netherlands with a focus on thermal coal production in South Africa. With access to approximately 2.4 billion metric tonnes of coal resources on 16 properties, IchorCoal has a stated long-term ambition to increase its current attributable production of around 2.7 mt per annum to 15 mt per annum by 2019 through both organic and acquisitive growth. The IchorCoal Group has strong existing relationships with Eskom and all other relevant authorities and institutions in the South African market. IchorCoal also has enviable access to experienced and capable management and operational teams and an unwavering commitment to achieving best-in-class safety, health, environmental and social development standards.

During the year Ichor Coal N.V acquired 100% interest in Penumbra Coal Mining (Pty) Ltd, a South African based mining company with one operating site in Ermelo, Mpumalanga province. Subsequent to year end, 26% of the interest in Penumbra Coal Mining was divested to our preferred Black Broad Based Economic Empowerment (BBBEE) partner, Mbuyelo Resources, as per the requirements of the South African Mining Charter. The transfer to Mbuyelo Resources was made at no value.

Ichor Coal N.V issued no shares during the financial year ended 31 December 2015. As of 31 December 2015, the issued and paid up capital therefore amounted to " 6 792 000. The authorised capital amounted to " 25 000 000 and is divided into 250 000 000 shares, with a nominal value of " 0.10 each.

In 2013 Ichor Coal N.V. issued " 35 000 000 of unsecured and unsubordinated corporate bonds. The bonds were issued at par and . subject to early prepayment . matured in June 2015. The bonds had a nominal value of " 100 000 and carried a fixed interest rate of 6.5% per annum until the maturity date. The bonds were fully settled on maturity date.

As of year-end 2015, Ichor Coal N.V. held interest in the following active entities:



Strictly private and confidential

Financial review

Analysis of consolidated statement of comprehensive income

Revenues

Reported revenues of IchorCoal Group reached "46 236 000 in the year ended 31 December 2015 (2014: "48 630 000). This was in line with the revenue achieved in the 2014 financial year. Lower sales volumes of 1 658 000 tonnes compared to 1 864 000 tonnes in 2014, were offset with price increases on the coal supply agreement with the energy utility.

Cost of sales

Purchased goods and services amounted to "40 174 000 (2014: "36 520 000). The increase in cost of sales relates largely to a rise in mining costs due to a deterioration in geological conditions at Vunene open cast operations.

Income from investments

The Group recorded its share of the profit/loss from its investments in associates. The associate investment companies performed better in the current financial year compared to prior year, with the Group realising income of "8 786 000 (2014: loss of "246 000).

Other income

Other income mainly consists of management fees received at IchorCoal Group level and fair value gains on investments at Vunene level. During the year, the company acquired Penumbra coal mining out of business rescue and realised a gain on bargain purchase. The gain on bargain purchase resulted in the increase in other income in the current year as compared to prior year. Prior year other income mainly consisted of foreign exchange gains as the Group's functional currency changed from euro to rand in 2014. The Group incurred foreign exchange losses during the reporting period due the weakening of the rand against the euro. The resultant loss was recognised in expenses.

Depreciation, amortisation and impairments

Depreciation and impairment charges amounted to "22 996 000 (2014: "7 374 000) and mainly include depreciation of equipment and mineral assets of Vunene Mining, and impairment loss recognised on investment in Vunene Mining at year end. Increases in depreciation relates mainly to higher mine closure cost provisions that have been capitalised

on mining assets. Included therein are impairment losses of " 10 769 000 that has been recorded on mining assets in relation to the purchase and development of Vunene Mining. No amortisation was recorded on the mining right identified on consolidation of Penumbra Coal Mining in the Group financials as the operation was in care and maintenance at year end. An impairment test was performed on the mining right identified on the acquisition of Penumbra Coal Mining, and there were no indications of impairment identified at year end.

Operating expenses

Operating expenses increased from " 2 777 000 to " 19 606 000 due to foreign exchange losses recognised during the financial year, further increase is due to operating expenses at Penumbra Coal Mining, that were incurred while the mine is in care and maintenance. Foreign exchange losses to the amount of " 14 887 000 were recognised during the financial year.

General and administrative expenses

General and administrative expenses decreased from " 4 110 000 to " 3113 000 mainly due to costs related to the restructure of Ichor Coal N.V incurred in 2014 and the move of the company's head office to South Africa in the 2014 financial year.

EBIT and EBITDA for the year

During the year, the Group reported an EBIT loss of " 24 378 000 (2014: " 108 000) and an EBITDA gain of " 1 382 000 (2014: " 7 266 000 gain).

Financial result

Finance income increased significantly in the current year compared to 2014 financial year as a result of a revaluation gain of " 18 938 000 (2014: " 1 341 000 loss) that was recognised on the conversion option component of the convertible bonds.

Finance expenses primarily consist of interest on convertible and corporate bonds. The corporate bonds were fully settled in June 2015 resulting in a decrease in finance costs for the year.

Income taxes

Income tax benefit for the period of " 8 062 000 (2014: benefit of " 1 306 000) is a result of deferred tax liabilities being offset with unrecognised taxable losses.

Result for the year

The Group reported a loss after tax of " 8 843 000 for the year ended 31 December 2015 (2014: loss " 15 386 000).

Analysis of consolidated statement of financial position

Intangible assets

Customer relationship which had been recognised in the course of the acquisition of Vunene Mining has been further realised during the 2015 financial year, and as such depreciated by " 704 000. The remaining book value as of year-end is " 887 000.

Property, plant and equipment

Property, plant and equipment decreased during the year by " 10 045 000 mainly as a result of foreign exchange translation losses offset by the addition of production preparation and refurbishment of underground operations at Vunene Mining as well as the purchase of Penumbra Coal Mining. Changes in closure cost provisions that were capitalised resulted in a significant addition to the mining assets of " 11 719 000. The mining assets were depreciated and impaired by " 21 416 000 based on the ongoing operations.

Non-current financial assets

On 3 December 2015 Ichor Coal N.V. acquired 100% interest in Penumbra Coal Mining for a purchase consideration of " 3 604 000 and assumed control with effect from that date. Penumbra Coal Mining was kept under care and maintenance for the remainder of the financial year. Subsequent to year end, 26% of the interest in Penumbra Coal Mining was divested to our preferred BBBEE partner, Mbuyelo Resources, as per the requirements of the South African Mining Charter. The transfer to Mbuyelo was made at no value.

Net working capital

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

The Group's net working capital as of 31 December 2015 amounted to a negative " 3 497 000. The change can be analysed as follows:

	31 Dec 2015	31 Dec 2014	Change
	€ k	€ k	€ k
Inventories	2 753	866	1 887
Trade and other receivables	4 350	4 324	26
Other current financial assets	1 204	1 360	-156
Other assets	57	506	-449
Other provisions	-1 471	-1 350	-121
Other current financial liabilities	-469	-292	-177
Trade and other payables	-9 345	-4 127	-5 218
Liabilities from income taxes	-	-19	19
Other non-financial liabilities	-576	-1 021	445
	<u>-3 497</u>	<u>247</u>	<u>-3 744</u>

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

Shareholder equity

Ichor Coal N.V. did not issue any shares during the financial year ended 31 December 2015. As at year end, the issued and paid up capital therefore remained " 6 792 000. The authorised share capital amounted to " 25 000 000 divided into 250 000 000 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 2015 amounts to " 41 098 000 (2014: " 52 891 000). A detailed analysis of movements in equity during the year is presented in the Consolidated Statement of Changes in Equity in the Group financial statements.

The stand-alone financial statements as at 31 December 2015 report a positive net equity of " 45 208 000 (2014: " 63 208 000) and a loss after tax for the financial year of " 9 588 000 (2014: loss of " 16 487 000).

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.

The IchorCoal Group is seeking the conversion of the interest bearing bonds to equity shares. The details of this transaction has not been finalised on the signing of the financial statements.

Financial risk management policy

The Group is exposed to various financial risks which arise out of its business activities. These risks include investment risks, financial market risks such as currency and interest rate risks, liquidity risks, credit risks and commodity price risks.

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

Business risk

The company operates in the coal mining sector and the sector has been experiencing challenges both locally and internationally. The market challenges poses major risk in the mining industry and has resulted in few players in the industry closing down and selling their assets. Mining companies have been experiencing challenges with regard to export markets and the cost of exporting coal. The company has noted this risk and thus has put measures in place to manage and control as such. The company has taken a decision not to export coal until such time that that export prices recover to reasonable levels.

Risks Tolerance/Appetite

The level of risk that IchorCoal 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 of mining and the threats that any change will bring.

In IchorCoal the risk appetite adopted as a response to the risks occurrence was set to a minimal to moderate level considering the nature of the environment in which the company operates, the substantial investments that have to be done for mining operations.

However, the appropriate approach may be different across the entire Group depending on the type of the project, circumstances, level of risks versus rewards etc. In each and every case the Supervisory Board has an ultimate opinion and it supervises 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.

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

Risk Category	Category description	Risk appetite
Operational risk	The risk associated with the daily operational activities	Low . moderate depending on a case by case basis and following the normal business operations
Financial risk	The risk associated potential financial losses and the uncertainty of returns, structure of debt and cash flows	Low . moderate depending on a case by case and following financing and cash flow activities
Business risk	The risk associated with the business environment and the commodity markets	Low
Environmental and compliance risk	The risks that may arise from health and safety and environmental matters, intellectual property, rights, compliance with local/ international laws	Zero . none

Future research and development activities

The Group has not carried out any research and development activities during the year and, due to the nature of its business, does not expect to conduct any research and development activities in 2016.

Going concern

IchorCoal management adopted the going concern assumption in the preparation of the company's 2015 annual accounts based upon a review of the group business plan for 2016 and 2017 together with our capital expenditure plan. In addition, this was compared with our peer universe to verify the validity of some of the underlying assumptions.

The company presents accumulated losses of " 35 226 000 (including a loss for the year of " 6 090 000). The company also has significant debt maturing in May 2017 which is convertible, at the option of the bond holder, which will result in a current liability of " 67 855 000. IchorCoal currently does not have sufficient cash reserves or cash flows to settle these convertible bonds as and when they become repayable. As a result conditions that indicate material uncertainty about the going concern exist.

The elements of our business plan most pertinent to supporting the application of the going concern assumption are briefly outlined below:

Convertible bonds

Management has commenced discussions with the bond holders to extend the duration of the bonds or to exercise their rights to convert these bonds to IchorCoal shares. In the meantime, management expects that the majority shareholder will continue its financial support including the company's interest payment obligations as they have done up to the preparation of these financial statements. There are no hard commitments from the shareholder.

Operating climate

The business plan forecast assumes a continuation of current favourable market conditions with ongoing adherence to the level of off-take stipulated in the coal supply agreements with the electricity utility. The plan is constructed against a backdrop of continued reliance on coal by the electricity utility. In addition, all the subsidiaries and associate companies have operating entities that are producing coal and are generating positive cash flow from operations.

For the Vunene Mining activities capital expenditure is needed for the new underground coal mine. The timing of these capital related cash outflows are flexible based on available financing. Delay of this expenditure however will also result in postponing related proceeds.

Business performance

Year-on-year year improvement in operational performance achieved in 2015 compared to 2014. The improved operational performance in 2015 compared to 2014 was mainly as a result of improved production at the various sites. This has been maintained in 2016 against the background of a deterioration in geological conditions. Therefore revenue will be at similar levels to prior year but EBITDA will be higher, reflecting lower operational costs. The IchorCoal group is achieving EBITDA profits based on most recent management accounts.

Cash flow and liquidity

Capital expenditure for 2016 and cash outflows forecasted for 2017 (besides the cash flows related to the expiring bond loan) mainly relates to the re-establishment of the underground operation at Vunene Mining, which is budgeted at " 16m. Additional funds of estimated " 4m is also required to start up Penumbra Coal Mining as it was purchased out of business rescue. Estimated cash flow for the year will be insufficient to fully cover this expense and shareholder funding will be required to fund these expenses. There are no hard commitments from the shareholder.

Notwithstanding the described uncertainties above, management is confident that adequate financing will be obtained to apply the going concern assumption based on current business and financing plans as described above.

Subsequent events

In April 2016 IchorCoal accepted an offer from Coal of Africa, where Coal of Africa will acquire all the interest of IchorCoal in Universal Coal Plc. The offer will close on 17 June 2016. IchorCoal held 151 660 000 share in Universal Coal and has accepted the offer from Coal of Africa to acquire all the shares held, and elected to receive a mix and match between a cash offer and a share option, as well as loan instruments.

Under the terms of the offer, IchorCoal has elected to receive A\$0.20 in cash and 1 Consideration share of Coal of Africa share, for the 101 106 000 Universal Coal shares held, and will further receive a non-converting, secured loan note with a principal amount of A\$0.25 per loan note for a total of 50 554 000 Universal Coal share held.

Coal of Africa has announced on 21 July 2016, the Coal of Africa offer to purchase the entire share capital of Universal Coal Plc lapsed as Coal of Africa did not meet the requirements of the offer as obtained in the offer document as published on 21 December 2015. This has resulted in the decision to take up the offer by IchorCoal to dispose its share in Universal Coal Plc to Coal of Africa being suspended permanently.

Supplier VB Minerals (Pty) Ltd took legal action against Vunene Mining (Pty) Ltd regarding services rendered for alleged breach of contract. The matter is due to go to trial in the next two months. The maximum financial exposure of the Group is approximately " 297 000.

During the year Ichor Coal N.V acquired 100% interest in Penumbra Coal Mining (Pty) Ltd, a South African based mining company with one operating site in Ermelo, Mpumalanga province. Subsequent to year end, 26% of the interest in Penumbra Coal Mining was divested to our preferred BBEE partner, Mbuyelo Resources, as per the requirements of the South African Mining Charter. The transfer to Mbuyelo Resources was made at no value.

Outlook

Ichor Coal N.V. was founded in 2011 with the intention of developing and participating in the value chain from coal production, marketing and distribution to national and international markets. IchorCoal subsequently re-evaluated its strategy and decided to henceforth concentrate exclusively on the expansion of coal production. This emphasis would ensure greater focus on cost efficient production and the development and growth of our current assets to generate attractive returns for our shareholders.

The company will continue to actively look for new prospective resource assets in South Africa to expand our asset portfolio. Of particular interest will be projects that are near or already in production and provide opportunities for production increases. New investment opportunities are continually evaluated against strict investment criteria.

In 2016 we will continue the implementation of our strategy of becoming a mid-tier coal producer and supplier with attributable production reaching circa 15 million tonnes in 3 to 4 years. It is expected that the current depressed international coal market will remain a challenge throughout 2016 and into the first half of 2017. Our focus on cost efficiency will remain absolute on an ongoing basis to ensure that we produce at benchmark levels taking due regard of geological conditions.

Dutch Act on management and supervision

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

The Dutch Act on Management and Supervision provides a guideline for gender diversity with no sanctions imposed for non-compliance with the guideline. The act indicates target figures for a balanced gender distribution on boards with at least 30% occupied by women and at least 30% by men. In 2015 IchorCoal's supervisory board did not meet the new guidelines in terms of gender diversity but it commits itself to striving to achieve adequate and balanced board composition when making future appointments. This will be done taking into account all relevant selection criteria, including but not limited to gender balance and executive experience.

Compliance statement

The board of management hereby declares that to the best of its knowledge the financial statements for the year ended 31 December 2015 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 2015 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.

Johannesburg, 28 December 2016



Nonkululeko Nyembezi-Heita
Chief Executive Officer



Andries Engelbrecht
Chief Operating Officer

Independent auditor's report

To: the shareholders of Ichor Coal N.V.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements 2015 of Ichor Coal N.V., Amsterdam, which comprise the consolidated and company statement of financial position as at 31 December 2015, the consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

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

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

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Ichor Coal N.V. as at 31 December 2015 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Emphasis of uncertainty with respect to the going concern assumption

We draw attention to note 1.2 to the consolidated financial statements which indicates that the company incurred a net loss during the year ended 31 December 2015 and, as of that date, the company's current liabilities exceeded its total assets. The company also has significant debt maturing in May 2017 which is convertible, at the option of the bond holder, which will result in a current liability of €67.855.000. These conditions, along with other matters as set forth in note 1.2, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

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

Amsterdam, 28 December 2016

Ernst & Young Accountants LLP

signed by J.J. Vernooij

ICHOR COAL N.V. GROUP 53748662
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 2015 € k	31 Dec 2014 € k
<u>Assets</u>			
Non-current assets			
Intangible assets	6.1	22 154	2 166
Property, plant and equipment	6.2	64 781	74 826
Investments accounted for using the equity method	6.3	67 966	72 347
Other financial assets		88	94
Deferred tax assets	6.4	399	999
		155 388	150 432
Current assets			
Inventories	6.5	2 753	866
Trade and other receivables	6.6	4 350	4 324
Other current financial assets	6.7	1 204	1 360
Other assets	6.8	57	506
Cash and cash equivalents	6.9	1 327	19 140
		9 691	26 196
Total Assets		165 079	176 629
<u>Equity and liabilities</u>			
Equity			
Issued capital	6.10	6 792	6 792
Capital reserves	6.10	87 562	87 562
Share Based Payment Reserves	6.10	618	216
Accumulated Loss	6.10	-29 136	-13 352
Profit or loss for the year	6.10	-6 090	-15 784
Other reserves	6.10	-18 648	-12 543
Equity attributable to owners of the parent		41 098	52 892
Non-controlling interest	6.10	6 447	11 345
		47 545	64 236
Non-current liabilities			
Other provisions	6.11	10 983	6 909
Interest-bearing loans and borrowings	6.12	70 738	80 545
Other non-current financial liabilities	6.13	15 838	956
Deferred tax liabilities	6.4	7 715	14 789
		105 274	103 199
Current liabilities			
Other provisions	6.11	1 471	1 350
Interest-bearing loans and borrowings	6.12	399	2 384
Other current financial liabilities	6.13	469	292
Trade and other payables	6.14	9 345	4 127
Liabilities from income taxes		0	19
Other liabilities	6.15	576	1 021
		12 260	9 193
Total liabilities		117 534	112 392
Total equity and liabilities		165 079	176 629

The accompanying notes form part of these financial statements.

ICHOR COAL N.V. GROUP 53748662
CONSOLIDATED STATEMENT COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

		1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
	Note	€ k	€ k
Revenue	7.1	46 236	48 630
Cost of sales	7.2	-40 174	-36 520
Gross profit		6 062	12 110
Income from investments	7.3	8 786	-246
Other income	7.4	6 569	2 369
Depreciation, amortisation and impairments	7.5	-22 996	-7 374
Selling and distribution expenses		-80	-81
Other operating expenses	7.6	-19 606	-2 777
General and administrative expenses	7.7	-3 113	-4 110
Operating loss		-24 378	-108
Finance income	7.8	19 849	394
Finance costs	7.8	-12 376	-16 978
Profit or loss before income taxes		-16 905	-16 693
Income taxes	7.9	8 062	1 306
Profit or loss from continuing operations		-8 843	-15 386
Profit or loss for the year		-8 843	-15 386
Other comprehensive income			
Items that can be reclassified to profit or loss			
Differences from currency translation	7.10	-8 250	526
Other comprehensive income from continuing operations		-8 250	526
Other comprehensive income after income taxes		-8 250	526
Total comprehensive income		-17 093	-14 860
Profit or loss attributable to:			
Owners of the parent		-6 090	-15 784
Non-controlling interest		-2 753	397
		-8 843	-15 386
Total comprehensive income attributable to:			
Owners of the parent		-12 195	-15 255
Non-controlling interest		-4 898	395
		-17 093	-14 860
Basic earnings/ Diluted earnings per share from continuing operations attributable to owners of parent	7.11	-0.09	-0.27
Basic earnings/ Diluted earnings per share from total operations attributable to owners of parent	7.11	-0.09	-0.27

The accompanying notes form part of these financial statements.

ICHOR COAL N.V. 53748662

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

Note	Equity attributable to owners of the parent							Non-controlling interest		
	Issued capital	Capital reserves	Accumulated retained earnings	Profit or loss for the period		Share Based Payment	Total	Continuing operations	Total equity	
	Ordinary shares			Continuing operations	Other reserves					
€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k	€ k		
1 Jan 2015	6 792	87 562	-13 352	-15 784	-12 543	216	52 891	11 345	64 236	
Appropriation of prior year results	6.10	0	-15 784	15 784	0	0	0	0	0	
Profit or loss for the period	6.10	0	0	-6 090	0	0	-6 090	-2 753	-8 843	
Other comprehensive income	6.10	0	0	0	-6 105	0	-6 105	-2 145	-8 250	
Total comprehensive income		0	0	-6 090	-6 105		-12 195	-4 898	-17 093	
Share based Payment	6.10	0	0	0	0	402	402	0	402	
		0	0	0	0	402	402	0	402	
31 Dec 2015	6.10	6 792	87 562	-29 136	-6 090	-18 648	618	41 098	6 447	47 545

The accompanying notes form part of these financial statements.

ICHOR COAL N.V. 53748662

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

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

The accompanying notes form part of these financial statements.

ICHOR COAL N.V. GROUP 53748662
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

		31 Dec 2015	31 Dec 2014
	Note	€ k	€ k
Profit or loss for the period		-8 843	-15 386
Reconciliation of profit or loss to the cash flow from operating activities:			
Depreciation, amortization and impairments	7.5	22 996	7 374
Profit or loss from investments in associates	7.3	-8 786	-256
Gain on bargain purchase	2	-5 903	0
Loss/Profit on sale of assets	6.1 / 6.2	16	0
Sharebased payment expense	6.10	402	0
Gain or loss on conversion component of Convertible Bonds	7.8	-18 938	1 341
Interest on Convertible and Corporate Bonds	7.8	12 106	20 613
Interest paid	7.8	-6 248	-7 581
Changes due to foreign currency changes		15 729	-2 630
Other non-cash items	2 / 6.1	-8 845	0
Changes in deferred taxes	6.4	-6 474	-624
Changes in inventories	6.5	-1 887	982
Changes in trade and other receivables	6.6	-26	-64
Changes in trade and other payables	6.14	5 218	2 317
Changes in provisions	6.11	4 195	3 584
Other interest on debts and borrowings	7.8	205	2 605
Interest income	7.8	-325	-394
Changes in other working capital items		22	-1 975
Cash flow from operating activities		-5 386	9 906
Proceeds from disposals of intangible assets and property, plant and equipment	6.1 / 6.2	17	98
Cash outflow (proceeds) from disposals of consolidated subsidiaries, less cash given up in the exchange		0	12 072
Purchases of intangible assets and property, plant and equipment	6.1 / 6.2	-13 972	-12 684
Purchases of shares in consolidated subsidiaries, less cash acquired	2	-3 468	0
Purchases of investments in associates and other non-current financial assets	6.3	0	-17 766
Cash flow from investing activities		-17 423	-18 280
Proceeds from share capital increase	6.10	0	25 000
Proceeds from interest-bearing loans and borrowings received	6.12	6 996	0
Repayments of interest-bearing loans and borrowings received	6.12	-2 000	0
Cash inflow from interest-bearing loans and borrowings given		0	202
Cash outflow from interest-bearing loans and borrowings given		0	-7 024
Cash flow from financing activities		4 996	18 178
Cash flow-related changes in cash and cash equivalents		-17 813	9 804
Cash and cash equivalents at beginning of period	6.9	19 140	9 335
Cash and cash equivalents at end of period		1 327	19 140

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial statements

1 GENERAL INFORMATION

1.1 Corporate information

Ichor Coal N.V. is a limited liability company incorporated in Amsterdam, Netherlands. The shares of Ichor Coal N.V. are admitted for trading on the High Risk Market of the Hamburg Stock Exchange and the Entry Standard of the Frankfurt Stock Exchange. Ichor Coal N.V. head office is located at 30 Jellicoe avenue, Rosebank, South Africa, 2196.

Ichor Coal N.V. is an international mining company focusing on thermal coal production in South Africa. The company owns and operates its coal resources and sells the output coal both locally and in international markets. Furthermore, the company holds substantial minority equity positions in two South African coal mining companies.

1.2 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.

Going concern

IchorCoal management adopted the going concern assumption in the preparation of the company's 2015 annual accounts based upon a review of the group business plan for 2016 and 2017 together with our capital expenditure plan. In addition, this was compared with our peer universe to verify the validity of some of the underlying assumptions.

The company presents accumulated losses of " 35 226 000 (including a loss for the year of " 6 090 000). The company also has significant debt maturing in May 2017 which is convertible, at the option of the bond holder, which will result in a current liability of " 67 855 000. IchorCoal currently does not have sufficient cash reserves or cash flows to settle these convertible bonds as and when they become repayable. As a result conditions that indicate material uncertainty about the going concern exist.

The elements of our business plan most pertinent to supporting the application of the going concern assumption are briefly outlined below:

Convertible bonds

Management has commenced discussions with the bond holders to extend the duration of the bonds or to exercise their rights to convert these bonds to IchorCoal shares. In the meantime, management expects that the majority shareholder will continue its financial support including the company's interest payment obligations as they have done up to the preparation of these financial statements. There are no hard commitments from the shareholder.

Operating climate

The business plan forecast assumes a continuation of current favourable market conditions with ongoing adherence to the level of off-take stipulated in the coal supply agreements with the electricity utility. The plan is constructed against a backdrop of continued reliance on coal by the electricity utility. In addition, all the subsidiaries and associate companies have operating entities that are producing coal and are generating positive cash flow from operations.

For the Vunene Mining activities capital expenditure is needed for the new underground coal mine. The timing of these capital related cash outflows are flexible based on available financing. Delay of this expenditure however will also result in postponing related proceeds.

Business performance

Year-on-year year improvement in operational performance achieved in 2015 compared to 2014. The improved operational performance in 2015 compared to 2014 was mainly as a result of improved production at the various sites. This has been maintained in 2016 against the background of a deterioration in geological conditions. Therefore revenue will be at similar levels to prior year but EBITDA will be higher, reflecting lower operational costs. The IchorCoal group is achieving EBITDA profits based on most recent management accounts.

Cash flow and liquidity

Capital expenditure for 2016 and cash outflows forecasted for 2017 (besides the cash flows related to the expiring bond loan) mainly relates to the re-establishment of the underground operation at Vunene Mining, which is budgeted at " 16m. Additional funds of estimated " 4m is also required to start up Penumbra Coal Mining as it was purchased out of business rescue. Estimated cash flow for the year will be insufficient to fully cover this expense and shareholder funding will be required to fund these expenses. There are no hard commitments from the shareholder.

Notwithstanding the described uncertainties above, management is confident that adequate financing will be obtained to apply the going concern assumption based on current business and financing plans as described above.

Overview

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

The financial year of the Group and all subsidiary companies included in the consolidated financial statements corresponds to the calendar year, i.e. from 1 January to 31 December, except for the financial year of the subsidiary Penumbra and associates Mbuyelo Coal and Universal Coal, which have February and June year ends respectively. The consolidated financial statements relate to the period from 1 January 2015 until 31 December 2015. The current consolidated financial statements include the results of Mbuyelo Coal and Universal Coal for the entire financial year accounted for using the equity method. Penumbra Coal has been included in the consolidated financial statements for one month.

The Group's consolidated financial statements are presented in euro. The functional currency of the group is the South African rand. All figures are stated in thousands of euro (" 000 or " k) unless otherwise indicated. Amounts are rounded to the nearest thousand euro which may cause rounding differences.

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

Accounting policies

The accounting policies applied by the Group in these consolidated financial statements are the same as those applied by the Group in its annual financial statements as at 31 December 2014.

1.3 Basis of consolidation

The consolidated financial statements comprise Ichor Coal N.V. and its subsidiaries and associates as at 31 December 2015.

Subsidiaries

Subsidiaries are entities in 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 current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when

the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

Associates

An associate is an entity over which the company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Under this method, the investment is initially recorded at cost, including any goodwill, and is subsequently adjusted by the Group's pro-rata share of the 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.

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

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

1.4 Companies included in the consolidated financial statements

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

Company	Country of incorporation	31 Dec 2015 Share-holding in %	31 Dec 2014 Share-holding in %
Ichor Coal N.V.	Netherlands		
Subsidiaries			
Vunene Mining	South Africa	74.00	74.00
Buena Vista Trade 69	South Africa	74.00	74.00
Indawo Estates	South Africa	40.70	40.70
Ismanetix	South Africa	100.00	0
Penumbra Coal Mining	South Africa	100.00	0
Associates			
Mbuyelo Coal	South Africa	45.16	45.16
Akisa Mining Resources	South Africa	33.87	33.87
Xilombe Mining	South Africa	45.16	45.16
Thsedza Mining	South Africa	45.16	45.16
Orha Mining Resources	South Africa	37.03	37.03
Ntshovelo Resources	South Africa	37.03	14.81
Linanite	South Africa	45.16	45.16
Cozifin	South Africa	45.16	45.16
Vapovox	South Africa	45.16	45.16
Cozispot	South Africa	22.58	45.16
Linarox	South Africa	45.16	45.16
Universal Coal Plc	United Kingdom	29.99	29.99
UCD I (Pty) Ltd (Kangala)	South Africa	21.14	21.14
UCD II (Pty) Ltd (Brakfontein)	South Africa	15.08	15.08
UCD IV (Pty) Ltd (NCC/Roodekop)	South Africa	14.97	14.97
UCD II (Pty) Ltd (Bernice and Somerville)	South Africa	15.00	15.00
UCD V (Pty) Ltd (Cygnus)	South Africa	15.00	15.00
Arnot South	South Africa	15.00	15.00

2 BUSINESS COMBINATION

PENUMBRA COAL MINING (PTY) LTD

On 03 December 2015, IchorCoal purchased 100% interest in Penumbra Coal Mining (Pty) Ltd and became the majority shareholder in Penumbra Coal Mining. Penumbra Coal Mining was acquired out of business rescue, and was placed under care and maintenance. The total contribution value has been allocated to the provisional fair values of the identifiable assets and liabilities of Penumbra Coal Mining as at the time of the acquisition as follows:

	Carrying value at acquisition date € k	Adjustments € k	Fair value at acquisition date € k
Intangible Assets	-	22 271	22 271
Property, plant and equipment	24 709	-13 465	11 244
Trade and other receivables	343	-	343
Inventories	110	-	110
Cash and cash equivalents	36	-	36
Provisions	-35	-	-35
Shareholder loans	-13 192	-	-13 192
Rehabilitation - Provision	-2 604	-	-2 604
Long -term loan	-9 935	9 935	-
Trade and other payables	-5 856	-	-5 856
Deferred tax liability	-	-2 810	-2 810
Net assets			9 507
Non controlling interest			-
Acquisition costs			-
Consideration transferred			3 604
Gain on bargain purchase			-5 903

The purchase of Penumbra Coal Mining out of business rescue has resulted to IchorCoal paying a consideration that is less than the fair values of the identifiable assets and liabilities. The Group recognised a bargain on purchase amounting to " 5 903 000, which was accounted for in the statement of comprehensive income under other income. The contribution value is a cash payment of " 3 604 000.

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

IchorCoal used a discounted cash flow approach to determine the value-in-use of the mining right by determining the present value of future cash flows. These future cash flows projections are based on management best estimate regarding future production level, operating costs, capital expenditure and commodity prices.

The identifiable assets and liabilities were adjusted to their fair values on the acquisition date. The identified assets had no indefinite useful lives. The identified mineral asset is not tax deductible.

3 ACCOUNTING POLICIES

3.1 Foreign currency translation

Transactions in foreign currencies

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

Translation of separate financial statements denominated in foreign currency

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

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

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

1 Rand in foreign currency	Average exchange rate 2015	Exchange rate at balance sheet date	
		31 Dec 2015	31 Dec 2014
US dollar	0.08	0.06	0.09
Euro	0.07	0.06	0.07

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 acquiree.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Mineral reserves, resources and exploration potential that are able to be reliably valued are recognised in the assessment of fair values on acquisition.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the contingent consideration are recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

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

Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another company, is capitalised and carried forward as an asset if:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or

- it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves.

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

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

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

Mine development assets

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

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

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

When a mine construction project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as part of the cost of inventory or expensed.

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

Mine assets

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

Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, and for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Property, plant, and equipment is depreciated on a straight-line basis over the estimated useful life. Where parts of an asset have different useful lives, depreciation is calculated on each separate part. The assets' residual values, useful lives and methods of

depreciation/amortisation are reviewed at each reporting period, and adjusted prospectively if appropriate. For purposes of depreciation, the following useful lives are applied:

	<u>Useful life in years</u>	<u>Depreciation method used</u>
Leasehold improvements	6 - 15	straight line
Technical equipment and machinery	4 - 15	straight line
Other operational and office equipment	3 - 20	straight line

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

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

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

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.

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.

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

An intangible asset is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from 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.

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.

Financial assets

Initial recognition and measurement

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

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

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

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

Subsequent measurement

Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit and loss are carried at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance revenue

(positive net changes in fair value) in the statement of comprehensive income. The Group has not designated any financial assets at fair value through profit or loss.

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

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 6.6.

Derecognition

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

The rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either: (a) the Group has transferred substantially all the risks and rewards of the asset;

or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

Impairment of financial assets

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

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included

in a collective assessment of impairment. The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of interest-bearing loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, interest-bearing loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Loans and borrowings

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

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

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

Derecognition

A financial liability is derecognised when the associated obligation is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Derivative financial instruments

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

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

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

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 production cost and comprises direct raw material cost, direct labour cost, an allocation of production overhead, depreciation and amortisation of mining property, plant and equipment if it was incurred for bringing each product to its present location and condition.

Leases

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

Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.

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

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

Embedded leases

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

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.

Convertible Bonds

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

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

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

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

Provisions

Rehabilitation provisions

The Group records the present value of estimated costs of legal and constructive obligations required to restore mining and other operations in the period in which the obligation is incurred.

The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, 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 at the reporting date in the countries where the Group operates and generates taxable income.

Deferred taxes

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

Deferred income tax liabilities are 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 recognition

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when title or economic interest passes to the customer. At this point the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the commodities and the costs incurred, or to be incurred, in respect of the sale can be reliably measured. Service revenues are generated on a monthly basis on a care and maintenance service agreement upon the performance of the agreed service activities.

Stripping cost

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine are capitalised as set out in Section 2.4 Mine development assets.

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the coal to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to coal to be mined in the future, the costs are recognised as a non-current asset, referred to as a ~~stripping activity asset~~ stripping activity asset, if the following criteria are met:

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

- The costs associated with the improved access can be reliably measured

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

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

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

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

Borrowing costs

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

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available for a short term from funds borrowed specifically to finance a project, the income generated from the temporary investment of such amounts is also capitalised and deducted from the total capitalised

borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

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

4 Accounting estimates and assumptions

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

4.1 Coal resource estimates

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 including the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and discount rates. Estimates and assumptions may change if new information becomes available, which could have a material effect on the carrying value of the mine rehabilitation provision and the related mineral asset.

4.5 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

If the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, then fair value is determined using valuation techniques such as discounted cash flow or option price models. This may require judgements

regarding inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4.9 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.

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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 was no changes in accounting policies during the 2015 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 2014.

5.2 Standards and interpretations issued but not yet effective

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

IFRS 9 Financial Instruments

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The

amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement of comprehensive income and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions

Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all

leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees . leases of low-value assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

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 2015	410	268	0	3 509	4 187
Additions	112	951	0	0	1 063
Additions through business combinations	0	0	22 365	0	22 365
Disposals	-10	0	0	0	-10
Effect of translation to presentation currency	-80	-195	-2 180	-575	-3 030
31 Dec 2015	432	1 024	20 185	2 934	24 575
Amortization and impairments					
1 Jan 2015	278	0	0	1 743	2 021
Additions	167	0	0	704	871
Effect of translation to presentation currency	-71	0	0	-400	-471
31 Dec 2015	374	0	0	2 047	2 421
Carrying amounts					
31 Dec 2015	58	1 024	20 185	887	22 154
1 Jan 2015	132	268	0	1 766	2 166

	Purchased rights	Exploration and Evaluation Asset	Mining right	Customer Relationship	Total
	€ k	€ k	€ k	€ k	€ k
Acquisition or production cost					
1 Jan 2014	315	154	0	3 449	3 918
Additions	102	109	0	0	211
Additions through business combinations	0	0	0	0	0
Disposals	-16	0	0	0	-16
Effect of translation to presentation currency	9	5	0	60	74
31 Dec 2014	410	268	0	3 509	4 187
Amortization and impairments					
1 Jan 2014	108	0	0	1 034	1 142
Additions	166	0	0	701	867
Effect of translation to presentation currency	4	0	0	7	11
31 Dec 2014	278	0	0	1 743	2 021
Carrying amounts					
31 Dec 2014	132	268	0	1 766	2 166

Purchased rights

The purchased rights in 2014 relate to accounting software used by the parent company and the subsidiary for its daily accounting and office functions.

Exploration and evaluation asset

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

Customer relationship

The purchased customer relationship represents non-contracted interactions with a South African utility company. The amortisation of the customer relationship is based on future deliveries, while the expected remaining amortisation period for customer relationship is based on the projected contract period at the time of the acquisition. During the year, the customer relationship has been further depreciated by " 704 000 (2014: " 701 000)

Mining right

The mining right relates to the purchase of Penumbra Coal Mining. The mining right is part of the acquisition of on the business combination transaction.

Impairment testing was done on the mining right at year end, and no indications of impairment were identified.

6.2 Property, plant and equipment

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

	Mine Assets € k	Land and Buildings € k	Technical equipment and machinery € k	Other equipment, operational and € k	Total € k
Acquisition or production cost					
1 Jan 2015	80 055	3 391	1 923	1 136	86 505
Additions	11 719	120	518	217	12 574
Additions through business combination	2 929	343	8 835	19	12 126
Disposals	-25	0	0	-25	-50
Transfers	-94	-16	0	110	0
Disposal due to deconsolidation	0	0	0	0	0
Effect of translation to presentation currency	-15 344	-634	-1 804	-235	-18 017
					0
31 Dec 2015	79 240	3 204	9 472	1 222	93 138
Depreciation and impairments					
1 Jan 2015	10 657	16	468	537	11 679
Additions - depreciation	10 647	193	314	203	11 357
Impairment loss for the year	10 769	0	0	0	10 769
Disposals	0	0	0	-1	-1
Effect of translation to presentation currency	-5 168	-34	-126	-118	-5 446
31 Dec 2015	26 905	175	656	621	28 357
Carrying amounts					
31 Dec 2015	52 335	3 029	8 816	601	64 781
1 Jan 2015	69 398	3 375	1 455	599	74 826

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

Mine assets

Changes in closure costs at Vunene Mining has resulted in further capital expenditure on mine assets in 2015. The depreciation of mine assets is based on the unit of production method. An impairment assessment was done in relation to the mining assets (Vunene Mining), and the estimated future cash flows that the Group expects to derive from the mining assets has decreased.

During 2015, an assessment was done on the mine assets and indications of impairment were identified. The carrying value on the mine assets was identified to be higher than the value in use of the mine assets resulting in an impairment loss of " 10 769 000. The value in use was determined using a discounted cash flow of estimated future cash flows plus the resource multiple of resources remaining.

Land and buildings

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

Technical equipment and machinery

The technical equipment and machinery include the production preparation of underground operations and machinery purchased for open cast mining activities.

6.3 Investments accounted for using the equity method

Investment in Universal Coal Plc

In August 2015, IchorCoal converted its 71 220 000 non-cumulative preferred shares into ordinary shares at a ratio of 1:1. The shares were originally subscribed and paid for on 16 October 2014 at a price per share of A\$ 0.18. As at 31 December 2015, IchorCoal had 151 660 000 ordinary shares in Universal coal PLC.

The company initially acquired 29.99% stake in Universal Coal during October 2014. Under the terms of the transaction, the company paid a total consideration of AU\$24.5 million. The transaction was completed on 16 October 2014.

Universal Coal issued the following instruments to Ichor Coal N.V.:

- 80 440 000 ordinary shares at a purchase price of AU\$0.145 per share, in total AU\$11 663 800
- 71 220 000 non-voting, non-cumulative convertible preferred shares at a price of AU\$0.18 per share.
- 71 220 000 warrants to receive ordinary shares, exercisable for a period of 18 months at a strike price of AU\$0.36 per share.

The value at initial acquisition amounted to " 16 868 000 including acquisition costs of " 457 000 which were capitalised. As at 31 December 2015 the carrying value of the investment in Universal Coal Plc was " 17 870 000 (2014: " 17 236 000). The Group's share of profit of Universal Coal for the period 1 January 2015 to 31 December 2015 is " 4 619 000, and share of other comprehensive loss is (" 4 315 000) (2014: " 0). Universal Coal did not declare a dividend in the reporting period.

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There has been significant external interest in Universal Coal and the existing shareholders as at 31 December have received an offer for the acquisition of all issued shares in Universal from Coal of Africa at an offer price of AU\$0.20c made up of cash and shares in Coal of Africa or QU\$0.25 in loan notes. An impairment assessment was performed on the investment in Universal Coal at 31 December 2015 taking into account market conditions and the results indicated that no impairment should be recognised.

Summarised 31 December 2015 financial statement information of Universal Coal, which are not adjusted for the percentage of ownership held by the company, is outlined below:

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Current assets	16 573	22 098
Non-Current assets	105 044	81 364
Total assets	121 617	103 462
Current liabilities	8 983	3 696
Non-current liabilities	46 498	34 427
Total liabilities	55 481	38 123
Equity	66 136	65 339
Revenue	66 648	18 117
Profit (loss) after tax	15 474	2 780
Other comprehensive income	-14 387	2 787
Total comprehensive income	1 087	23

Investment in Mbuyelo Coal

On 30 November 2012 the company concluded the purchase of 30% of the shares from a capital increase in Mbuyelo Coal, a South African holding company, which in turn owns stakes in a suite of coal mining assets at varying stages from green field projects to pre-production mines. In 2013 our shareholding in Mbuyelo Coal was increased via a share capital increase that was fully subscribed by Ichor Coal N.V, raising the shareholding rising to 38%. In addition, various share purchase transactions were concluded to acquire shares in Mbuyelo during the

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same year which resulted in shareholding in Mbuyelo Coal of approximately 45% as at end 2014. There was no change in our shareholding in Mbuyelo Coal during the course of 2015.

The Group's share of profits of Mbuyelo Coal for the period 1 January 2015 until 31 December 2015 was " 4 167 000 (2014: " 157 000 loss).

As at 31 December 2015, the carrying amount of the investment in Mbuyelo Coal was " 50 096 000 (2014: " 55 111 000). No dividend has been received by the company from Mbuyelo Coal in 2015 and 2014. The decrease in the carrying amount of the investment in Mbuyelo Coal is mainly due to foreign currency translation losses " 9 734 000 resulting from the depreciation of the rand to euro currencies at the reporting date.

An impairment assessment was performed on 31 December for the investment in Mbuyelo, taking into account the economic and market conditions in the coal industry. Upon the assessment, substantial improvements in Mbuyelo were identified, including significant growth and performance of the assets within Mbuyelo group. Some of the entities in Mbuyelo that were not operational during 2014 financial year became fully operational in the reporting period resulting in significant improvement in the performance of the Mbuyelo group. Accordingly, there was no impairment indicated relating to the investment in Mbuyelo.

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Summarised 31 December 2015 financial statement information of Mbuyelo Coal, which are not adjusted for the percentage of ownership held by the company, is disclosed below:

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Current assets	12 858	12 732
Non-current assets	73 581	50 811
Total Assets	86 439	63 543
Equity	61 208	63 293
Current liabilities	3 898	0
Non-current liabilities	21 333	250
Total liabilities	25 231	250
Total equity and liabilities	86 439	63 543
Revenue	12 730	358
Share of profit(loss) of investements	200	516
Share of Profit (loss) in Joint venture	-1 679	-
Profit(loss) after tax	9 227	-347
Other comprehensive income(loss) for the period	-	-
Total comprehensive income(loss) for the period	9 227	-347

The financial year of Mbuyelo Coal ends on 28 February. Disclosures of financial information and the Group's share in its profits has been derived from interim financial statements ending 31 December 2015.

6.4 Deferred tax

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

	31 Dec 2015		31 Dec 2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€ k	€ k	€ k	€ k
Property, plant and equipment	140	5 168	25	14 789
Non-current financial assets	72	0	72	0
Other assets	0	2 547	0	0
Other provisions	124	0	110	0
Other liabilities	63	0	792	0
Temporary differences	399	7 715	999	14 789
Tax loss carry-forwards	0	0	0	0
Total	399	7 715	999	14 789
Forex differences	0	0	0	0
Amounts as per balance sheet	399	7 715	999	14 789

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

The company netted unrecognised deferred tax assets of " 9 494 000 (2014:" 0) in respect of losses amounting to " 33 908 000 (2014:" 0) in IchorCoal against the deferred tax liability recognised on first time consolidation as disclosed on property, plant and equipment and other liabilities per the deferred tax disclosure note.

The company did not recognise deferred tax assets of " 1 823 000 (2014:" 1 698 000) in respect of losses amounting to " 6 511 000 (2014:" 6 063 000) that can be carried forward against future taxable income.

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

	2015	2014
	€ k	€ k
Deferred tax assets at the beginning of the period	999	200
Deferred tax liabilities at the beginning of the period	-14 789	-14 964
Net tax position at the beginning of the period	-13 790	-14 765
Deferred tax benefit/ (expense) of current year	-483	985
Foreign exchange changes	1 439	-344
Group consol tax liability	5 518	334
Net tax position as of 31 December	-7 316	-13 790
Deferred tax assets at the end of the period	399	999
Deferred tax liabilities at the end of the period	-7 715	-14 789

6.5 Inventories

Inventories of " 2 753 000 (2014: " 886 000) consist solely of coal stockpiles at Vunene Mining. Refer to note 7.2 for inventory adjustments in cost of sales.

There were no inventories accounted for from Penumbra on consolidation.

6.6 Trade and other receivables

Trade and other receivables as at 31 December 2015 amounted to " 4 350 000 (2014: " 4 324 000). Trade receivables are mainly related to major South African utility company, Eskom. There are no valuation allowances recorded for doubtful trade receivables in 2015 and 2014 respectively.

As at 31 December 2015 receivables of " 82 000 (2014: " 277 000) were up to 60 days or more past their due date. There were no indications at the balance sheet date that would suggest that the customers would not fulfil their payment obligations.

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

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	31 Dec 2015 € k	31 Dec 2014 € k
up to 30 days	0	735
31 to 90 days	82	22
91 to 180 days	0	277
181 days and longer	0	0
Total trade receivables past due	82	1 034

6.7 Other current financial assets

Other current financial assets consist of the following:

	31-Dec-15 € k	31-Dec-14 € k
Rehabilitation investment fund	964	1 085
Miscellaneous	240	275
Other current financial assets	1 204	1 360

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

6.8 Other assets

The following table summarises the components of other assets:

	31 Dec 2015 € k	31 Dec 2014 € k
Receivables from value added tax	57	451
Miscellaneous	0	55
Other non-financial assets	57	506

6.9 Cash and cash equivalents

As at 31 December 2015 IchorCoal Group's cash and cash equivalents were made up as follows:

	31 Dec 2015 € k	31 Dec 2014 € k
Cash at banks	1 327	19 140
Cash and cash equivalents	1 327	19 140

Included in cash at banks is a balance of " 568 000 (2014: " 128 000) held by Vunene Mining which is only available for specified purposes in relation to infrastructure care and maintenance purposes.

6.10 Equity

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

Issued capital

The issued share capital of " 6 792 000 is divided into 67 919 963 shares with a nominal value of " 0.10 each. There was no change to issued capital as at 31 December 2015.

The issued capital at 31 December 2015 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.

The authorised capital amounts to " 25 000 000 (2014: " 25 000 000) and is divided into 250 000 000 (2014: 250 000 000) shares with a nominal value of " 0.10 each.

Capital reserves

There was no change in capital reserves during the period ended 31 December 2015.

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

Accumulated retained earnings

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

Other reserves

Other reserves reflects differences from currency translation.

Share based payment reserve

The company issued equity-settled instruments to certain qualifying employees under an employee share option scheme to purchase shares in the company's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instrument at the date of the grant, which was " 618 000 (2014 " 216 000). 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.

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 was " 4.8
- (b) the life of the option: 10 years maximum
- (c) the current price of the underlying shares: IchorCoal 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 IchorCoal'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 no fixed term, a potential early exercise needs to be estimated. Factors to consider in estimating early exercise include:

- (a) the length of the vesting period, because the share option typically cannot be exercised until the end of the vesting period. Hence, determining the valuation implications of expected early exercise is based on the assumption that the options will vest
- (b) the average length of time similar options have remained outstanding in the past. Since there is no history, empirical data was used
- (c) the employee's level within the organization. Beneficiaries are managing directors
- (d) expected volatility of the underlying shares

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

Non-controlling interest

As at 31 December 2015 the following entities were consolidated in the Group's consolidated financial statements whereas non-controlling interest stakes were held by third parties:

	31 Dec 2015	31 Dec 2014
	€ k	€ k
	<hr/>	<hr/>
Vunene Mining (Pty) Ltd, South Africa	6 835	11 344
Indawo Estate (Pty) Ltd, South Africa	-29	12
Foreign currency loss		-11
Non-controlling interest	6 806	11 345
	<hr/> <hr/>	<hr/> <hr/>

6.11 Other provisions

The environmental rehabilitation provision relates to the mining activities of Vunene Mining. In accordance with South African legal requirements, mining companies are required to provide for rehabilitation work as part of their ongoing operations. An annual estimate of the closure activities and associated costs is made by management, which are expected to meet the mine's environmental management programme obligation. The total provision varies depending on the development and depletion stages of open cast pits of Vunene Mining.

As at 31 December 2015 " 10 050 000 (2014: " 8 259 000) total cost - discounted at a prime rate of 9.25% (2014: 8.5%), were provided for restoration and rehabilitation relating to past and current mining operations at Vunene mining. Out of the total provision, " 1 156 000 is

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expected to be paid within the next 12 months and therefore included in the current provisions. A further rehabilitation provision of 2015 " 2 360 000 (2014 " 0) was raised at Penumbra Coal Mining.

Non-current provisions:

	31 Dec 2015 € k	31 Dec 2015 € k
Environmental rehabilitation current operations	10 983	6 909
Non-current other provisions	10 983	6 909

Current provisions are broken down as follows:

	31 Dec 2015 € k	31 Dec 2015 € k
Environmental rehabilitation current operations	1 156	1 094
Environmental rehabilitation past operations	271	256
Mining Royalty tax	32	0
Leave pay	12	0
Current other provisions	1 471	1 350

The provision for environmental rehabilitation on past operations relates to Vunene Mining's previous mining activities and is expected to be fully utilised in 2016. The provision for Leave pay and Royalty tax relates to Penumbra Coal Mining.

6.12 Interest-bearing loans and borrowings

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

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As at 31 December 2015, current interest bearing loans and borrowings are as follows:

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Ichor Coal N.V. Convertible Bonds	399	399
Ichor Coal N.V. Corporate Bonds	0	1 985
Miscellaneous	0	0
Current loans and borrowings	399	2 384

The current portion of the company's convertible bonds originates from accrued interest expenses to be paid at the next quarterly interest day. The settlement date of the corporate bonds was June 2015 and interest and the principal portion of " 2 000 000 was settled.

As at 31 December 2015, non-current interest bearing loans and borrowings are shown below:

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Ichor Coal N.V. Convertible Bonds	67 456	80 545
Loan . Sapinda Holdings B.V.	3 282	0
Non-current loans and borrowings	70 738	80 545

Convertible bonds

In 2012 the company issued convertible bonds worth " 80 000 000 at par, which - subject to early prepayment or conversion . mature in June 2017. The convertible bonds carry a fixed interest rate of 8% per annum to be paid quarterly in arrears. Under certain conditions, such as the issuance of new shares or payment of dividends in the form of ordinary shares, standard adjustment mechanisms would apply to the conversion share price or the company would obtain the right to pay back all - but not part . of the outstanding notes including the accrued interest. Furthermore, there was a conversion of 19 bonds during 2014, there was no conversion of the bonds during the current financial year.

The convertible bonds have a nominal value of " 100 000 and an initial conversion price of " 4.50, which entitles each bond holder to convert into 22 222 new ordinary bearer shares of the company.

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If at any point the outstanding principal falls below 20% of the principal amount or if at any time after 7 June 2014, the ten consecutive days average opening price of the ordinary shares of the issuer amounts to 140% of the conversion price on each such day, the company has the right to pay back all - but not part . of the outstanding notes including the accrued interest as of the day on which such clean-up option is exercised.

The interest rate of the convertible bond is fixed until the maturity date.

As at 31 December 2015 no events occurred which triggered an adjustment to the conversion share price or a clean-up option.

At issuance in 2012, management determined that the convertible bond was a combined financial instrument, which contains two components: the bond liability (host component) and a conversion option (conversion component).

Based on accounting standards, the conversion component was classified as a financial instrument at fair value through profit or loss and was initially recognised as a liability at the fair value of " 25 100 000. The Group used a binomial options pricing model for the initial and subsequent determination of the fair value. Significant input factors for the model are the company's share price, the volatility of the share price and the remaining time to expiry. Although the company's share price rose in the reporting period, the fair value of the conversion component as at 31 December 2015 has been increased due to the reduced remaining time to expiry as well as a lower volatility. At 31 December 2015 the fair value of the conversion component was " 687 000 (2014: " 19 625 000). The resulting gain of " 18 938 000 (2014: " 1 341 000 loss) has been recognised in the statement of comprehensive income.

The fair value of the host component of " 52 155 000 at inception date has been derived as the residual amount of the issue price less the conversion component and pro rata transaction costs. Transaction costs of 2.5% of the face value of the convertible bonds were apportioned between the host and conversion component based on the allocation of proceeds to the components. The host component was subsequently carried at the amortised cost using the effective interest method. As at 31 December 2015, the total carrying value of the host component was " 67 168 000 (2014: " 61 319 000) including accrued interest.

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

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Host instrument opening balance	61 319	58 434
Conversion component opening balance	19 625	18 284
	<u>80 944</u>	<u>76 718</u>
Cash-effective movements		
Interest for the period	6 248	6 374
Interest payments during the period	-6 248	-6 374
Non-cash-effective movements		
Fair value movement of conversion component	-18 938	1 341
Accrued effective interest portion	5 849	4 970
Conversion of two bonds into equity	0	-2 085
Ichor Coal N.V. convertible bonds	<u>67 855</u>	<u>80 944</u>

Corporate bonds

In June 2013 the company issued " 25 000 000 of up to " 40 000 000 unsecured and unsubordinated corporate bonds. A further " 10 000 000 was issued in October 2013. The bonds were issued at par and would - subject to early prepayment - mature in June 2015. The bonds had a nominal value of " 100 000 and carried a fixed interest rate of 6.5% per annum until the maturity date, to be paid quarterly in arrears.

The carrying value of the corporate bonds of " 33 600 000 at inception date was derived as the residual amount of the issue price less transaction costs of 4% of the corporate bonds' face value. The corporate bonds were subsequently carried at amortised cost using the effective interest method.

As at 31 December 2015 the carrying value of the corporate bonds was nil as the bonds matured and were fully settled in June 2015.

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The movement of the corporate bonds during the year was as follows:

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Opening balance	1 985	34 095
Conversion of corporate bonds		-32 677
Cash-effective movements		
Interest for the period	56	1 352
Interest payments during the period	-65	-1 207
Forex loss on settlement	6	
Non-cash-effective movements		
Accrued effective interest portion	18	423
Repayment (Settlement)	-2 000	
Ichor Coal N.V. Corporate Bonds	0	1 985

Loan – Sapinda Holding B.V.

During the year, the company utilised a drawdown facility from Sapinda Holdings B.V. amounting to " 3 283 000, which was utilised for the coupon payments on the convertible bonds and is payable by IchorCoal on 31 December 2017. Interest is charged at a rate of 6.5% per annum.

6.13 Other financial liabilities

	31 Dec	31 Dec
	2015	2014
	€ k	€ k
Shareholder loans	11 799	0
Loan . Sapinda Invest	3 500	0
Access fees	539	956
Non-current loans and borrowings	15 838	956

Other non-current financial liabilities of " 15 838 000 (2014: " 956 000), includes shareholder loans from Penumbra Coal Mining consolidated during the year amounting to " 11 799 000, which has been presented as a non-cash flow item in the statement of cash flows and " 539 000 access fees payable at Vunene Mining.

A sub area of the land at Vunene Mining belongs to farmers. For the right to mine on their land it was mutually agreed to pay the land owners a land access fee. The land access fee of " 539 000 is payable in monthly instalments through December 2016. According to the groups accounting policy this amount is discounted with the borrowing rate of the company. (2015: 8.5%; 2014: 8.5%).

The company took over shareholder loans in Penumbra Coal Mining to the amount of to " 11 799 000. The Shareholder loans form part of the identifiable assets and liabilities on acquisition. The shareholder loans carry no interest, and as part of the business rescue, will not be repaid by the Group.

The company further received additional funds from Sapinda Invest amounting to " 3 500 000, which was utilised to finance the purchase of Penumbra Coal Mining, the loan is to be converted to equity pending decision at an Annual General meeting to be held. There is no interest charge on the loan and the intention is that the loan balance will be converted to equity at a later stage.

Other current financial liabilities of " 469 000 (2014: " 292 000) pertains to outstanding access fees for mining activities on farmland at Vunene Mining.

6.14 Trade and other payables

The trade and other payables of " 9 345 000 (2014: " 4 127 000) mainly relate to payables to mining contractors at Vunene mine and trade and other payables assumed on consolidation of Penumbra Coal.

6.15 Other liabilities

The other liabilities composed as follows:

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Accrued liabilities	576	988
Miscellaneous	0	33
Other non-financial liabilities	576	1 021

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

6.16 Maturity analysis of financial and non-financial liabilities

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

	Carrying amount 31-Dec-15 € k	Undiscounted cash outflows		
		2016 € k	2017 - 2020 € k	2021 ff. € k
Non-current loans and borrowings	70 738	0	78 100	0
Current loans and borrowings	399	399	0	0
Trade and other payables	9 345	9 345	0	0
Other non-current financial liabilities	15 838	0	15 383	0
Other current financial liabilities	469	469	0	0
Other liabilities and liabilities from income taxes	576	576	0	0

	Carrying amount 31-Dec-14 € k	Undiscounted cash outflows		
		2014 € k	2015 - 2018 € k	2020 ff. € k
Non-current loans and borrowings	80 545	0	78 100	0
Current loans and borrowings	2 384	2 000	0	0
Trade and other payables	4 127	4 127	0	0
Other non-current financial liabilities	956	0	956	0
Other current financial liabilities	292	292	0	0
Other liabilities and liabilities from income taxes	1 040	1 040	0	0

7 NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

7.1 Revenue

The following table provides information regarding the split of revenue:

	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
	€ k	€ k
Mining revenues	44 681	47 524
Care and maintenance services	1 215	1 104
Other services	340	2
Revenue	46 236	48 630

Revenues from mining were generated from the Group's mining activities and the sale of the run-of-mine coal to national customers. Care and maintenance services consist of costs recovered under agreement to maintain the Vunene Mining underground mine infrastructure on behalf of a third party. The decline in revenue is mainly due to a reduction in export revenue year-on-year which was significantly impacted by the decline in export prices over the last 12 months.

7.2 Cost of sales

The following table provides information regarding purchased goods and services:

	1 Jan - 31 Dec 2015 € k	1 Jan - 31 Dec 2014 € k
Equipment rental	20 779	16 573
Consumables	9 231	7 834
Labour	1 731	1 416
Outsourced mining services	10 550	4 924
Change in coal stock	-2 287	979
Other services	170	4 004
Cost of rendering care and maintenance services	0	790
Cost of sales	40 174	36 520

Purchased service costs from mining were incurred through the mining activities of the Group and relate to contractors as well as operating supplies and consumables. Other service costs are incurred on the care and maintenance of the Vunene Mining underground mine infrastructure on behalf of a third party.

Furthermore, a favourable change in inventory of " 2 286 000 was realised due to valuation differences in inventory based on an increase of coal stockpiles at year end, and this resulted in decrease in the cost of sales.

7.3 Income from investments

Income from investments amounted to " 8 786 000 (2014: " 246 000 loss). Total income from investments contains the Group's share of profit of Mbuyelo Coal for the period ended 31 December 2015 which amounted to " 4 167 000 (2014: loss of " 157 000) and its share of profit of Universal Coal for the period 1 January 2015 to 31 December 2015 of " 4 619 000 (2014: loss of " 89 000).

7.4 Other income

Other income amounted to " 6 569 000 (2014: " 2 369 000). The significant increase was as a result of the Group recognising a bargain purchase gain on the acquisition of Penumbra Coal Mining amounting to " 5 903 000. The Group incurred foreign exchange losses for the 2015

financial year which were classified as expenses. The foreign exchange losses resulted from the conversion of monetary items in currencies other than the functional, which mainly relates to the translation of the convertible bonds from Euro to Zar. The translation loss recognised in Other operating expenses in current year amounts to " 14 900 000. In the prior year a translation gain of " 2 400 000 was recognised in Other Income.

7.5 Depreciation, amortisation and impairments

Depreciation, amortisation and impairments were as follows:

	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
	€ k	€ k
Depreciation of property, plant and equipment	11 356	6 481
Amortisation of intangible assets	871	852
Impairment loss	10 769	42
Depreciation, amortisation and impairments	22 996	7 374

7.6 Other operating expenses

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

	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
	€ k	€ k
Consulting and legal expenses	2 342	1 191
Royalty tax	0	777
Audit and accounting service expenses	151	199
Other professional services	227	186
Foreign exchange losses	14 887	170
Insurance contributions	56	51
Loss from disposal of shares in affiliates	0	16
Advertising expenses	8	9
Management fees	151	0
Loss on sale of assets	16	
Miscellaneous	1 768	179
Other operating expenses	19 606	2 777

7.7 General and administrative expenses

General and administrative expenses are as follows:

	1 Jan - 31 Dec 2015 € k	1 Jan - 31 Dec 2014 € k
Salaries	2 212	3 252
IT and communication	169	59
Head office expenses	732	799
General and administrative expenses	3 113	4 110

7.8 Finance income and costs

Financing revenue and cost split as follows:

	1 Jan - 31 Dec 2015 € k	1 Jan - 31 Dec 2014 € k
Interest income from bank accounts	156	348
Interest on other loans and borrowings	169	0
Interest income	325	348
Gain on option adjustment	0	46
Fair value gain on conversion component of convertible bonds	18 938	0
Foreign exchange	586	0
Finance income	19 849	394

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	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
	€ k	€ k
Interest on convertible bonds	12 097	11 235
Interest on corporate bonds	74	1 797
Interest on debts and borrowings	-436	2 333
Interest on rehabilitation provision	640	426
Other	1	-154
Interest and similar expenses	12 376	15 637
Loss on conversion component of convertible bonds	0	1 341
Finance costs	12 376	16 978

The technical equipment and machinery include the production preparation of underground operations and machinery purchased for open cast mining activities. During the year borrowing costs of " 596 000 (2014: " 389 000) were incurred.

7.9 Income tax

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

	2015	2014
	€ k	€ k
Income before income taxes	-16 905	-16 922
Tax rate	28.00%	28.00%
Expected tax (expense)/ benefit	4 733	4 738
Differing Tax Rate	0	71
Permanent differences	-1 580	-3 679
Adjustments to carrying amounts of deferred taxes	0	785
Current Income Taxes for prior years	-3	0
Deferred income taxes for prior years	3	0
Unrecognized tax losses and interest carry forwards	4 909	-2 675
Provisions/ Capital allowances	0	2 090
Other effects / Change in Tax Rate	0	-23
Income taxes	8 062	1 306
Effective tax rate	48%	8%

The company did not recognise deferred tax assets of " 1 823 000 (2014:" 1 698 000) in respect of losses amounting to " 6 511 000 (2014:" 6 063 000) that can be carried forward against future taxable income.

The tax rate used for the above reconciliation is the corporate tax rate payable by corporate entities in South Africa on taxable profits under tax law in that jurisdiction.

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

	1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
	€ k	€ k
Current tax	0	0
Deferred tax	8 062	1 306
Income tax from continuing operations	8 062	1 306
Current tax	0	0
Deferred tax	0	0
Income tax from discontinued operations	0	0
Income tax for the year	8 062	1 306

7.10 Other comprehensive income

The other comprehensive income relates to currency translation differences and the inclusion of share of other comprehensive income in equity accounted investments.

7.11 Earnings per share

Basic earnings per share

The basic earnings per share for the 2015 financial year amounted to " -0.09 (2014: -" 0.27). 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, adjusted by the weighted average number of own treasury shares held by the Group during the period.

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

	<u>2015</u>	<u>2014</u>
Shares issued and fully paid as of 1 January	67 920	55 000
Effect of share capital increase	0	4 413
Weighted average number of shares outstanding	<u>67 920</u>	<u>59 413</u>

The basic earnings per share were calculated as follows:

	<u>2015</u>	<u>2014</u>
	€ k	€ k
Total Profit or (Loss)	-8 843	-15 386
Less Non-controlling interest	<u>-2 753</u>	<u>397</u>
Profit or Loss attributable to Owners of parent	<u><u>-6 090</u></u>	<u><u>-15 783</u></u>
Basic earnings per share	-0.09	-0.27

Diluted earnings per share

During 2012, the company issued convertible bonds of " 80 000 000, which resulted in an adjustment to weighted average shares outstanding of 17 714 000 in 2014. Those shares as well as any income or loss adjustment in relation to them were excluded from the computation of diluted earnings per share as their effect is non-dilutive. There was no conversion made during the current financial year.

8 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOW

The cash flow statement was prepared using the indirect method.

IchorCoal Group's cash and cash equivalents as at 31 December 2015 amounted to " 1 327 000 (2014: " 19 140 000).

The Group's cash flow from investing activities was mainly influenced by the acquisition of Penumbra Coal Mining in which the Group held a 100% share at year end. The cash flow from financing activities was influenced by the settlement of corporate bonds during the year.

9 NOTES TO THE CONSOLIDATED SEGMENT REPORT

9.1 Basic principles of segment reporting

Ichor Coal N.V. is the parent company of IchorCoal Group, being responsible for all investments in coal resources and all central control functions such as strategy, finance, accounting/controlling. In 2015 mining activities were performed by Vunene Mining. The core business of the IchorCoal Group is investment in attractive coal resources in South Africa. Subsequent to the disposal of the trading arm, the Group is organised into one reporting segment being coal production. Group focus is on the acquisition and subsequent development of coal resources in South Africa.

10. OTHER DISCLOSURES

10.1 Capital management

To provide the financial stakeholders of the Group with satisfactory returns, Group management aims to own and operate medium sized coal assets which are expandable and promise upstream development potential. Vunene Mining still represents the Group's major mining asset as at 31 December 2015. On 03 December 2015 the Group acquired Penumbra Coal Mining, which will form part of the mining assets within the Group. Penumbra Coal was purchased out of Business rescue and was in care and maintenance at year end.

Throughout the year, Group management continually reviews existing assets to identify whether they remain within set financial limits. We also continue to review assets in the South African market which potentially fit the strategy and only invest capital in those meet our investment criteria. The Group's requirements for investments are projects that carry attractive rates of return, generate consistent cash flows and have potential for future value creation to ultimately allow the Group to return excess capital to our shareholders.

To ensure consistent and secure funding for the development of our projects, Group management monitors capital in the light of changes in economic conditions and significant transactions. Capital requirements are assessed and evaluated in conjunction with the Supervisory Board and any additional debt or equity issuance to meet those requirements is assessed for the likely impact on the capital structure of the Group. The Group did not issue any new shares.

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

	31-Dec-15	31-Dec-14
	€ k	€ k
Interest bearing loans and borrowings	71 137	82 929
Accounts payable and accrued liabilities	9 921	5 148
Less Cash and cash equivalent	-1 327	-19 140
Net debt	79 731	68 937
Equity	47 545	64 236
Equity and net debt	127 276	133 172
Gearing ratio	63%	52%

10.2 Financial assets and liabilities

Presentation by categories

The balance sheet items as at 31 December 2015, comprising financial assets and liabilities can be attributed to the measurement categories according to IAS 39 as follows:

	31 December 2015			
	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	4 350	4 350	0	0
Other current financial assets	1 204	1 204	0	0
Cash and cash equivalents	1 327	1 327	0	0
Other assets	57	57	0	0
Liabilities				
Interest-bearing loans and borrowings	71 137	0	70 450	687
Other non-current financial liabilities	15 838	0	15 838	0
Trade and other payables	9 345	0	9 345	0
Other current financial liabilities	469	0	469	0
Other liabilities	576	0	576	0

	31 December 2014			
	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	4 324	4 324	0	0
Other current financial assets	1 360	1 360	0	0
Cash and cash equivalents	19 140	19 140	0	0
Liabilities				
Interest-bearing loans and borrowings	82 929	0	63 304	19 625
Other non-current financial liabilities	956	0	956	0
Trade and other payables	4 127	0	4 127	0
Other current financial liabilities	292	0	292	0

As at 31 December 2015, 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 2015, the Group held the conversion component of the convertible bond at fair value through profit or loss in the statement of financial position. The conversion component has been valued using a binominal option pricing model, with share volatility and share price and time to maturity being significant input factors, and as such is classified as a Level 3. At inception the conversion option was valued at " 25 100 000. As at year end, a gain of " 18 938 000 (2014: loss of " 1 341 000) has been recognised and recorded in profit and

loss. For purposes of the conversion option valuation, management also took into account any adjustment necessary to measure the company's default risk on its derivative liability. Consequently, the credit risk of the company is incorporated into the fair value of the conversion option liability.

	31 Dec 2015	
	Carrying amount	Fair Values
	€ k	€ k
<hr/>		
Assets		
Trade and other receivables	4 350	4 350
Other current financial assets	1 204	1 204
Cash and cash equivalents	1 327	1 327
Other assets	57	57
Liabilities		
Interest-bearing loans and borrowings	71 137	61 070
Other financial liabilities	15 838	15 838
Trade and other payables	9 345	9 345
Other current financial liabilities	469	469
Other liabilities	576	576

Except for the convertible bonds which mature in 2017, the financial assets and liabilities largely have short terms to maturity. Therefore, carrying amounts at the reporting date approximate fair value. The convertible bonds are listed on the Entry Standard of the Frankfurt Stock and traded at 90% as at 31 December 2015. The above fair value disclosure is based on that market value. However, it remains that for purposes of these financial statements, the carrying value of the host component represents the discounted nominal amount and the carrying value of the conversion component represents the fair value of the conversion option as at 31 December 2015.

	31 Dec 2015			
	Carrying amount	Level 1	Level 2	Level 3
	€ k	€ k	€ k	€ k
<hr/>				
Liabilities				
Interest-bearing loans and borrowings	71 137	61 070	0	0
Other financial liabilities	15 838	0	0	0
Trade and other payables	9 345	0	0	0
Other current financial liabilities	469	0	0	0
Other liabilities	576	0	0	0

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 " 18 938 000. Total interest income and total interest expense for financial assets and liabilities that are not at fair value through profit or loss were " 325 000 (2014: " 394 000) and " 12 376 000 (2014: " 16 978 000), 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 across all entities to identify risk exposures and to mitigate material negative effects on the financial performance or to secure achievement of Group objectives. In order to steer the Group's approach to risk mitigation from the top, an annual assessments of risk acceptance levels is performed by the management board and reviewed by the supervisory board. The risk management system of the Group is an integrated approach, segregated to fit its coal mining operations beyond any investment activities that the Group constantly undertakes.

The risk management associated with the IchorCoal Group's coal mining activities involves the identification, classification, evaluation, controlling and monitoring of risks inherent to coal mining in a South African environment. 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 investment risks, financial market risks such as currency and interest rate risks, liquidity risks, credit risks and commodity price risks. The following sections

describe those risks and opportunities that could have a significant impact on the Group's net assets, financial position and results of operations.

Investment risks

IchorCoal Group is exposed to investment risks which originate in the selection of investment projects. Investments may not meet expected rates of return in the future, which would have a negative impact on the Group's financial results. IchorCoal 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 certain thresholds require the approval of the company's supervisory board. Furthermore, significant cost and timeline overruns in asset development activities subsequent to an acquisition also pose risks to IchorCoal Group. These risks are mitigated by IchorCoal Group management via experienced in-house project controlling supported by professional local advisors.

Financial market risks

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

IchorCoal Group is exposed to unwanted effects of foreign exchange transactions and translation. 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. IchorCoal Group 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 2015, the Group had no foreign exchange derivatives.

In 2015, the Group realised a net loss of " 14 887 000 from currency translation differences. The Group's exposure to the volatility of the rand reaches its peak at year end. Had the rand weakened by a further 10%, the Group's net currency loss would have increased by " 1 489 000. Similarly, if the rand had strengthened by 10%, the net currency loss would have decreased by " 1 489 000. 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 the year end.

The Group's current finance facilities are provided on a fixed interest rate basis that vary from facility to facility. Interest related risks may originate from finance facilities at fixed interest rates. Interest cash flow risks may originate from finance facilities at variable interest rates on the Group's possible future borrowings for investments. Any such risk is evaluated within the Group and may be mitigated by interest derivatives, if deemed necessary. As at 31 December 2015, the Group had no interest rate derivatives.

Liquidity risk

The Group's liquidity risk arises from the possibility that it may not be able to meet its financial obligations as they fall due. Mitigating activities include forecasting and monitoring of operational and capital cash requirements. The main sources of liquidity come from the operating businesses and external borrowings. Management continually monitors the availability of financial resources to fund the Group's operating activities as well as its growth and development aspirations. This monitoring also contains an analysis of the due dates of the Group's financial obligations. The Group did not default on payment obligations during the financial period. The Group's future significant payment obligations result from the convertible bonds. The corporate bonds matured during June 2015 and the Group had no liquidity risk in relation thereto. The interest payment obligations of the convertible bonds of " 78 100 000 until maturity in 2017 totals " 6 200 000 in 2016 and " 3 1000 000 in 2017, subject to the exercise of the option to convert.

Credit risk

Credit risks arise from business relationships with customers and suppliers. Financial assets may be impaired if business partners do not adhere to their payment obligations.

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

	€ k
Trade and other receivables	4 350
Other current financial assets	1 204
Cash and cash equivalents	1 327

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 Group's management evaluates and monitors counterparties. Group 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. Management mitigates these risks appropriately by selecting creditworthy parties and by assessing individual conditions and structuring contracts accordingly. Prior to business relationships, management evaluates its potential customers using available financial information or its own trading records. During this reporting period, the Group generated the majority of its sales from Eskom, South Africa's electricity utility company which has not defaulted in 2015.

Commodity price risk

IchorCoal Group's commodity price risk exposure arises from transactions on the world coal market. Sale of coal transactions are either on a fixed price basis or index-based. Cash flow risks may originate from sales agreements at fixed rates. Price risks may originate from index based sales agreements. Price risks arising 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 2015, 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 IchorCoal Group, or that are controlled or subject to significant influence by IchorCoal Group. Key management personnel of the company as well as close family members of key management are also related parties.

Transactions with subsidiaries and associates

Intercompany transactions within IchorCoal Group have been eliminated in the consolidated financial statements. During the year, the company entered into various loan agreements with Vunene Mining for mine development purposes on an arm's length basis. At year end "20 144 000 (2014: "15 165 000) including accrued interest of "2 117 000 (2014: "1 845 000), is outstanding. Furthermore, the company performed certain group functions which have been reimbursed by Vunene Mining via a management fee of "314 000 (2014: "312 000).

During the year, the company utilised a drawdown facility from Sapinda Holdings BV amounting to "3 250 000 which is payable by IchorCoal on 31 December 2017 and also received additional funds from Sapinda Invest amounting to "3 500 000 which were utilised for the coupon payments on the convertible bonds, the loan is to be converted to equity pending decision at an Annual General meeting to be held. There is no interest charge on the loan and the intention is that the loan balance will be converted to equity at a later stage.

During the year Ichor Coal N.V acquired 100% interest in Penumbra Coal Mining (Pty) Ltd, a South African based mining company with one operating site in Ermelo, Mpumalanga province. Subsequent to year end, 26% of the interest in Penumbra Coal Mining was divested to our preferred Black Broad Based Economic Empowerment (BBBEE) partner, Mbuyelo Resources, as per the requirements of the South African Mining Charter. The transfer to Mbuyelo was made at no value.

Transactions with key management personnel

During the year, Nonkululeko Nyembezi-Heita and Andries Engelbrecht held director positions in the company and received the following compensation:

" thousand	Short Term Compensation	Share Based Payments	Total
Nonkululeko Nyembezi-Heita	856	261	1 117
Andries Engelbrecht	416	141	557
Total	1 272	402	1 674

The supervisory board of the company consisted of four individuals throughout the year. The supervisory board members received no compensation for their services during the financial year.

As at end December 2015, the Group's purchase obligations from contract mining companies amounted to " 23 500 000. Further payment obligations for 2017 amount to approximately " 268 000. Capital commitments amounted to " 2 943 000 which relates to the underground development at Vunene Mining.

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

	31 Dec 2015 € k	31 Dec 2014 € k
Due within one year	169	195
Due in one to five years	382	682
Due in more than five years	0	0
Total	551	877

The Group is currently involved in a legal case against VB Minerals (Pty) Ltd. The supplier VB Minerals (Pty) Ltd took legal action against Vunene Mining (Pty) Ltd regarding services

rendered for alleged breach of contract. The matter is due to go to trial in the next two months. The maximum financial exposure of the Group is approximately " 297 000. Based on the opinion of the Group's legal representatives about VB Minerals' likelihood of success, no provision has been made in this regard.

10.6 Audit fees

Total audit fees of " 150 800 (2014: " 162 000) have been incurred from Ernst & Young, Europe " 94 100 (2014: " 86 000), KPMG, South Africa " 15 000(" 23 000) and SizweNtsalubaGobodo Inc, South Africa " 41 700(" 53 000).

10.7 Events after the balance sheet date

In April 2016 IchorCoal accepted an offer from Coal of Africa, where Coal of Africa will acquire all the interest of IchorCoal in Universal Coal Plc. The offer will close on 15 July 2016. IchorCoal held 151 660 000 share in Universal Coal and has accepted the offer from Coal of Africa to acquire all the shares held, and elected to receive a mix and match between a cash offer and a share option, as well as loan instruments.

Under the terms of the offer, IchorCoal has elected to receive A\$0.20 in cash and 1 Consideration share of Coal of Africa share, for the 101 106 000 Universal Coal shares held, and will further receive a non-converting, secured loan note with a principal amount of A\$0.25 per loan note for a total of 50 554 000 Universal Coal share held.

Coal of Africa has announced on 21 July 2016, that the Coal of Africa offer to purchase the entire share capital of Universal Coal Plc lapsed and Coal of Africa did not meet the terms and conditions of the offer as obtained in the offer document as published on 21 December 2015. This has resulted in the decision by IchorCoal to take up the offer to dispose its share in Universal Coal Plc to Coal of Africa being suspended permanently.

During the year Ichor Coal N.V acquired 100% interest in Penumbra Coal Mining (Pty) Ltd, a South African based mining company with one operating site in Ermelo, Mpumalanga province. Subsequent to year end, 26% of the interest in Penumbra Coal Mining was divested to our preferred BBBEE partner, Mbuyelo Resources, as per the requirements of the South African Mining Charter. The transfer to Mbuyelo was made at no value.

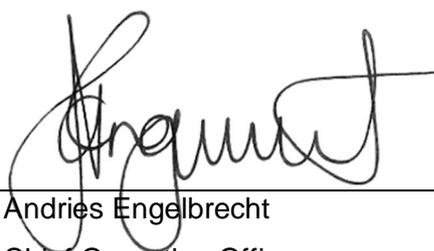
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OTHER DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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There were no further subsequent events.

Johannesburg, 28 December 2016



Nonkululeko Nyembezi-Heita
Chief Executive Officer



Andries Engelbrecht
Chief Operating Officer

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	31 Dec 2015	31 Dec 2014
Note	€ k	€ k
Assets		
Non-current assets		
Intangible assets	3.1 19	9
Property, plant and equipment	3.2 119	192
Shares in affiliates	3.3 37 848	41 296
Investments in associates	3.4 60 763	72 563
Other non-current financial assets	3.5 4 475	8 890
Deferred tax assets	3.6 0	792
	<u>103 224</u>	<u>123 742</u>
Current assets		
Trade and other receivables	3.7 515	555
Other current financial assets	3.8 16 683	5 823
Other assets	3.9 57	129
Cash and cash equivalents	3.10 525	17 294
	<u>17 780</u>	<u>23 801</u>
Total Assets	<u>121 004</u>	<u>147 543</u>
Equity and liabilities		
Equity		
Issued capital	3.11 6 792	6 792
Capital reserves	3.11 89 291	89 291
Share based payment reserve	3.11 618	216
Accumulated retained earnings	3.11 -33 866	-17 379
Profit or loss for the year	3.11 -9 588	-16 487
Foreign currency translation reserve (Other comprehensive income)	3.11 -8 039	774
Total equity	<u>45 208</u>	<u>63 208</u>
Non-current liabilities		
Interest-bearing loans and borrowings	3.12 70 738	80 545
Other Non-current financial liabilities	3.13 3 500	0
Deferred tax liabilities	3.6 0	0
	<u>74 238</u>	<u>80 545</u>
Current liabilities		
Interest-bearing loans and borrowings	3.12 399	2 384
Other current financial liabilities	3.14 297	0
Trade and other payables	3.15 291	385
Other liabilities	3.16 571	1 021
	<u>1 558</u>	<u>3 790</u>
Total liabilities	<u>75 796</u>	<u>84 335</u>
Total equity and liabilities	<u>121 004</u>	<u>147 543</u>

The accompanying notes form part of these financial statements.

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

		1 Jan - 31 Dec 2015	1 Jan - 31 Dec 2014
	Note	€ k	€ k
Other operating income	4.1	422	2 659
General and administrative expenses	4.2	-1 868	-3 181
Depreciation		-43	-32
Write-off of current assets		0	-42
Other operating expenses	4.3	-16 965	-1 301
Finance costs	4.4	-12 207	-17 150
Finance income	4.4	21 862	1 776
Loss before income taxes		-8 799	-17 272
Income taxes	4.5	-789	785
Loss for the year		-9 588	-16 487
Other comprehensive income not to be reclassified to profit and loss in subsequent periods		-8 813	774
Total comprehensive income		-18 401	-15 713

The accompanying notes form part of these financial statements.

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Ordinary shares	Capital reserves	Accumulated retained earnings	Profit or loss for the year	Other reserves	Share-based payment reserves	Total
Note	€ k	€ k	€ k	€ k	€ k	€ k	€ k
1 Jan 2015	6 792	89 291	-17 379	-16 487	774	216	63 208
Appropriation of prior year results	0	0	-16 487	16 487	0	0	0
Profit or loss for the year	0	0	0	-9 588	0	0	-9 588
Other comprehensive income	0	0	0	0	-8 813	0	-8 813
Total comprehensive income	0	0	0	-9 588	-8 813	0	-18 401
Share capital increases	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
Share based payment	0	0	0	0	0	402	402
						402	402
31 Dec 2015	6 792	89 291	-33 866	-9 588	-8 039	618	45 208

The accompanying notes form part of these financial statements.

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

The accompanying notes form part of these financial statements.

STAND-ALONE FINANCIAL STATEMENTS

STAND-ALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 2015 € k	31 Dec 2014 € k
Profit or loss		-9 588	-16 487
Reconciliation of profit or loss to the cash flow from operating activities:			
Depreciation and amortisation of fixed assets		43	32
Write off of current assets		0	42
Loss/(Profit) on sale of assets		16	0
Gain on conversion component of Convertible Bonds	4.4	-18 938	1 341
Effective interest on Convertible Bonds	4.4	12 106	20 872
Interest paid	4.4	-6 248	-7 581
Other interest on debts and borrowings	4.4	36	2 518
Interest Income	4.4	-2 337	-1 776
Changes due to foreign currency changes	4.3	12 588	-2 448
Changes in share based payment expense	3.11	402	216
Changes in deferred taxes	3.6	792	-792
Changes in trade and other receivables	3.7	40	-155
Changes in trade and other payables	3.14	-94	85
Changes in other financial assets and liabilities	3.13/3.8	-450	0
Changes in other assets and liabilities		72	-1 012
Cash flow from operating activities		-11 560	-5 144
Proceeds from disposal of intangible assets and property, plant and equipment	3.1/3.2	36	17
Proceeds from disposal of shares in affiliates	3.1/3.2	0	12 073
Purchases of intangible assets and property, plant, and equipment	3.1/3.2	-31	-224
Purchases of investments in affiliates, associates and other non-current financial assets	3.3	-3 266	-17 532
Cash flow from investing activities		-3 261	-5 666
Proceeds from share capital increase	3.11	0	25 104
Proceeds from interest-bearing loans and borrowings given	3.3	-925	0
Proceeds from interest-bearing loans and borrowings received	3.13	297	0
Repayments of interest-bearing loans and borrowings received	3.12	-1 985	0
Cash outflow from interest-bearing loans and borrowings given	3.12	-6 117	-7 740
Cash inflow from interest-bearing loans and borrowings given	3.12	6 782	2 873
Cash flow from financing activities		-1 948	20 237
Cash flow-related changes in cash and cash equivalents		-16 769	9 427
Cash and cash equivalents at beginning of period		17 294	7 867
Cash and cash equivalents at end of period	3.10	525	17 294

STAND-ALONE FINANCIAL STATEMENTS

RECONCILIATION OF CONSOLIDATED AND STAND-ALONE EQUITY FOR THE YEAR ENDED
31 DECEMBER 2015

		31-Dec-15	31-Dec-14
		€ k	€ k
Total consolidated equity		40 260	64 237
Difference in accumulated retained earnings			
Individual retained earnings	(1)	-33 866	-17 379
Consolidated retained earnings	(1)	29 136	13 352
Difference in net result			
Individual result	(1)	-9 588	-16 487
Consolidated result attributable to the shareholders	(1)	14 758	15 784
Acquisition of HMS Bergbau AG shares	(2)	1 730	1 730
Non-controlling interest in the Group due to the acquisition of Vunene Mining Group	(3)	-15 737	-15 737
Non-controlling interest in the Group due to the annual result and comprehensive income	(4)	8 931	4 392
Accumulated other comprehensive income	(5)	6 358	13 317
Acquisition of interest in Penumbra	(6)	3 226	-
Total stand-alone equity		<u>45 208</u>	<u>63 209</u>

- 1) Ichor Coal N.V.'s investments in its subsidiaries and associates are accounted for using the cost method in the stand-alone financial statements. The consolidated statement of comprehensive income reflects the share of the results of operations of the subsidiaries and associates. The difference in accounting policies applied causes a difference between the consolidated and stand-alone results.
- 2) In 2012 Ichor Coal N.V. purchased further 289,957 shares in HMS Bergbau AG for a total consideration of EUR 1,669 thousand, resulting in a relative adjustment of non-controlling interest of EUR 307 thousand and capital reserves of EUR 1,362 thousand. In 2013 Ichor Coal N.V. purchased further 111,515 shares in HMS Bergbau AG for a total consideration of EUR 544 thousand, resulting in a relative adjustment of non-controlling interest of EUR 176 thousand and capital reserves of EUR 368 thousand.
- 3) The non-controlling interest of EUR 15,737 thousand in the Group are due to the acquisition of shares in Vunene Mining (Pty) Ltd. by Ichor Coal N.V. and the subsequent first time consolidation of Vunene Mining Group.
- 4) The non-controlling interest in the Group due to the annual result and comprehensive income represent the share of those items attributable to the minority shareholder.
- 5) The comprehensive income results from translation.
- 6) The results from the acquisition of Penumbra Coal Mining

Notes to the Stand-Alone Financial Statements

1 GENERAL INFORMATION

1.1 Corporate information

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

Ichor Coal N.V. and its subsidiaries (the IchorCoal Group or the Group or the company) is an international mining company focusing on exploration, development and production of thermal coal in South Africa. With access to approximately 2.4 billion metric tonnes of coal resources on 16 properties, IchorCoal has a stated long-term ambition to increase its current attributable production of around 2.1 million tonnes per annum to 15 million tonnes per annum by 2019 through both organic and acquisitive growth. The IchorCoal Group has strong existing relationships with Eskom and all other relevant authorities and institutions in the South African market. The Group also has enviable access to experienced and capable management and operational teams and an unwavering commitment to achieving best-in-class safety, health, environmental and social development standards.

The financial statements were approved by the supervisory board on 31 August 2016.

1.2 Basis of preparation

Overview

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

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

Foreign currencies

The functional currency of the company was changed to South African rand (ZAR) in the 2014 financial year but the presentation currency remains the euro. 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 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 balance sheet 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 accounts. We therefore refer to note 3 *Accounting Policies* of the consolidated financial statements. Participating interests over which significant influence (including control) is exercised are stated applying the cost method.

3 NOTES TO THE STAND-ALONE STATEMENT OF FINANCIAL POSITION

3.1 Intangible assets

The changes in intangible assets were as follows:

	Purchased rights	Total
	€ k	€ k
Acquisition or production cost		
1 Jan 2015	23	23
Additions	23	23
Disposals	-9	-9
Currency effects	-5	-5
31 Dec 2015	32	32
Amortisation and impairments		
1 Jan 2015	14	14
Additions	1	1
Disposals	-1	-1
Currency effects	-1	-1
31 Dec 2015	13	13
Carrying amounts		
31 Dec 2015	19	19
1 Jan 2015	9	9

	Purchased rights	Total
	" k	" k
	<hr/>	
Acquisition or production cost		
1 Jan 2014	27	27
Additions	12	12
Disposals	-27	-27
31 Dec 2014	12	12
	<hr/> <hr/>	
Amortisation and impairments		
1 Jan 2014	4	4
Additions	11	11
Disposals	-12	-12
31 Dec 2014	3	3
	<hr/> <hr/>	
Carrying amounts		
31 Dec 2014	9	9
1 Jan 2014	23	23

The purchased right relates to the accounting software used by the entity. The accounting software is held through a license agreement which is renewable annually.

3.2 Property, plant and equipment

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

	Office equipment € k	Computer equipment € k	Furniture € k	Total € k
Acquisition or production cost				
1 Jan 2015	30	40	144	214
Additions	2	7	0	9
Disposals	-13	-5	0	-18
Currency effects	-3	-7	-23	-33
31 Dec 2015	16	35	121	172
Depreciation and impairments				
1 Jan 2015	10	2	10	22
Additions	1	17	24	42
Disposals	0	-1	0	-1
Currency effects	-2	-3	-5	-10
31 Dec 2015	9	15	29	53
Carrying amounts				
31 Dec 2015	7	20	92	119
1 Jan 2015	20	38	134	192
Acquisition or production cost				
1 Jan 2014	4	0	0	5
Additions	27	40	144	211
Disposals	-1	0	0	-2
31 Dec 2014	30	40	144	214
Currency effects				
Depreciation and impairments				
1 Jan 2014	1	0	0	1
Additions	9	2	10	21
Disposals	0	0	0	0
31 Dec 2014	10	2	10	23
Carrying amounts				
31 Dec 2014	20	38	133	192
1 Jan 2014	4	0	0	4

3.3 Shares in affiliates

Shares in affiliates are composed as follows:

	31 Dec 2015 € k	31 Dec 2014 € k
Shares in Vunene Mining (Pty) Ltd	34 581	41 296
Shares in Penumbra Coal Mining (Pty) Ltd	3 267	0
Shares in affiliates	37 848	41 296

The difference in the cost of the investment in Vunene Mining is due to the foreign currency exchange difference as a result of the weakening of the rand against the euro, and further translation of the balance of the investment into the presentation currency (euro) at the reporting date, i.e. 31 December 2015.

During 2015, an assessment was done on investment affiliates and no indications of impairment were identified. The value in use on affiliate investments was supported by valuation of the mine assets. The valuation was determined using a discounted cash flow of estimated future cash flows plus the resource multiple of resources remaining.

The Group acquired an interest in Penumbra Coal Mining in December 2015. Penumbra Coal Mining was placed in business rescue and is operated under care and maintenance. The company made a payment to the amount of " 3 604 000 and obtained control as set out in the sales agreement. The difference in the cost and the value is due to translation losses at year end.

3.4 Investments in associates

Investments in associates are composed as follows:

	31 Dec 2015 € k	31 Dec 2014 € k
Shares in Mbuyelo Coal	46 700	55 031
Shares in Universal Coal Plc	14 063	17 531
Investments in associates	60 763	72 563

The decrease in the value of investments in associates is due to foreign currency movements.

For a further discussion on the decrease 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.

3.5 Other non-current financial assets

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Loans to affiliates	4 389	8 796
Restricted reserve	86	94
Other non-current financial assets	4 475	8 890

During the 2013 financial year Vunene Mining significantly increased its mining operations through the development of three further opencast pits. In 2015 additional capital expenditure was incurred in relation to the refurbishment of the underground operations and machinery purchases. The financing for the increase was obtained through intercompany loans in the prior and current financial years. In the current financial year the intercompany loan amounts to " 20 144 000, including accrued interest, out of which " 4 389 000 is shown as non-current and " 15 755 000 as current financial assets.

The company has a deposit account in the amount of " 86 000 (2014:" 94 000) held at a local bank. It is currently 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 company's net deferred tax asset and liability recognised in the statement of financial position are as follows:

	31 Dec 2015		31 Dec 2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€ k	€ k	€ k	€ k
Non-current financial assets	0	0	0	0
Other liabilities	0	0	792	0
Temporary differences	0	0	792	0
Tax loss carry-forwards		0	0	0
Total	0	0	792	0
Offsetting	0	0	0	0
Amounts as per balance sheet	0	0	792	0

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

	2015 € k	2014 € k
Deferred tax assets at the beginning of the period	792	0
Deferred tax liabilities at the beginning of the period	0	0
Net tax position at the beginning of the period	792	0
Deferred tax benefit/ (expense) of current year	-789	785
Net tax position as of 31 December	3	785
Deferred tax assets at the end of the period	0	792
Deferred tax liabilities at the end of the period	0	0
Forex changes	-3	-7

The company netted unrecognised deferred tax assets of " 2 868 000 (2014:" 0) in respect of unrecognised taxable losses amounting to " 10 243 000 (2014:" 0) against the deferred tax liability recognised on convertible bonds as disclosed on other liabilities per the deferred tax disclosure note.

The company did not recognise deferred tax assets of " 1 823 000 (2014:" 1 698 000) in respect of losses amounting to " 6 511 000 (2014:" 6 063 000) that can be carried forward against future taxable income.

3.7 Trade and other receivables

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Receivable due from Vunene Mining (Pty) Ltd	407	486
Trade receivables	108	69
Trade and other receivables	515	555

3.8 Other current financial assets

Other current financial assets comprise the following:

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Loan to Vunene Mining (Pty) Ltd.	15 755	5 816
Loan to Penumbra	925	0
Miscellaneous	3	7
Other current financial assets	16 683	5 823

The loans to the company's subsidiary Vunene Mining have risen due to the significant ramp up of mining activities and the related capital expenditures for re-establishment of the underground operations.

During the year, the company made a loan to Penumbra coal, the loan was used to finance the cost of care and maintenance at Penumbra Coal Mining. The loan bears no interest

3.9 Other assets

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Receivables from other taxes	57	115
Prepayments	0	14
Other assets	57	129

Receivables from other taxes mainly consist of VAT.

3.10 Cash and cash equivalents

The company's cash and cash equivalents of " 525 000 (" 17 294 000) represent cash at banks.

3.11 Equity

The issued capital of " 6 792 000 is divided into 67 919 963 (2014: 67 919 963) ordinary shares, with a nominal value of " 0.10 each. There was no change to issued capital as at 31 December 2015.

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

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

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

The company issued equity-settled instruments to certain qualifying employees under an employee share option scheme to purchase shares in the company's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instrument at the date of the grant, which was " 618 000 (2014 " 216 000). 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.

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

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

- (a) the exercise price of the option; " 4.8
- (b) the life of the option; -> 10 years maximum
- (c) the current price of the underlying shares; IchorCoal 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 IchorCoal'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.

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

The foreign currency translation reserve of " 8 039 000 arose from the conversion of the Group's financial results from the functional currency, South African rand, to the euro,

3.12 Interest-bearing loans and borrowings

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Long term portion - Convertible bonds	67 456	80 545
Short term portion - Convertible bonds	399	2 384
Sapinda Holding B.V loan	3 282	0
Interest-bearing loans and borrowings	71 137	82 929

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.

The corporate bonds matured during June 2015, and had a nil balance at year end as the liability was fully settled

The loan from Sapinda Holding B.V. includes an amount received for the coupon payment on convertible bonds. The amount was received through a drawdown facility that the company utilised during the financial year under review, and the loan is repayable on 31 December 2017.

3.13 Other Non-Current financial liabilities

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Sapinda Invest Loan	3 500	0
Other Non-Current financial liabilities	3 500	0

The company received an amount of " 3 500 000 from Sapinda Invest, the funds were used for the purchase of Penumbra Coal Mining. There is no interest charge on the loan and the intention is that the loan balance will be converted to equity at a later stage.

3.14 Other current financial liabilities

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Loan from affiliates - Mbuyelo	297	0
Other current financial liabilities	297	0

3.15 Trade and other payables

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Trade payables	291	385
Trade and other payables	291	385

Trade and other payables solely relate to trade payables.

3.16 Other liabilities

Other liabilities are composed as follows:

	31 Dec 2015	31 Dec 2014
	€ k	€ k
Accrued liabilities	571	988
Miscellaneous	0	33
Other non-financial liabilities	571	1 021

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

3.17 Maturity analysis of financial liabilities

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

	Carrying amount 31 Dec 2015	Undiscounted cash outflows		
	€ k	2016 € k	2017 - 2019 € k	2020 ff. € k
Interest-bearing loans and borrowings	74 637	399	74 238	0
Trade and other payables	292	292	0	0

	Carrying amount 31 Dec 2014	Undiscounted cash outflows		
	€ k	2015 € k	2015 - 2018 € k	2019 ff. € k
Interest-bearing loans and borrowings	82 929	2 384	80 545	0
Trade and other payables	385	385	0	0

4 Notes to the stand-alone statement of comprehensive income

4.1 Other operating income

Other operating income is as follows:

	2015	2014
	€ k	€ k
Foreign exchange gains	0	2 114
Management Fees	422	336
Reversal of provisions	0	128
Others	0	81
Other operating income	422	2 659

Management fees relates to fees received from Universal Coal and Vunene Mining. Due to the weakening of the rand to the euro, the company incurred foreign exchange losses during the financial year.

Management fees are now presented as ~~other income~~

4.2 General and administrative expenses

General and administrative expenses consist of the following:

	2015	2014
	€ k	€ k
Wages and salaries	991	1 368
Social security	0	106
Share based payment expense	402	216
Other expenses	475	1 491
Personnel expenses	1 868	3 181

4.3 Other operating expenses

Other operating expenses are as follows:

	2015	2014
	€ k	€ k
Foreign exchange losses	14 887	0
Loss from disposal of shares in affiliates	0	16
Loss on disposal of fixed assets	16	0
Legal and consulting costs	1 864	891
Audit and accounting services	109	145
Advertising expenses	0	2
Transaction cost share capital increase	0	89
Listing fees	0	5
Miscellaneous	89	153
Other operating expenses	16 965	1 301

4.4 Finance income and costs

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

The financial income comprises the following:

	2015	2014
	€ k	€ k
Interest on other loans and borrowings	2 117	1 574
Total interest income	2 117	1 574
Other interest income	220	202
Gain on conversion component convertible bonds	18 938	0
Foreign exchange	587	0
Total finance income	21 862	1 776

Included in finance income is a gain on revaluation of the conversion component of the convertible bonds. The conversion option has been classified as finance income due to IFRS requirements.

The financial expense is broken down as follows:

	2015	2014
	€ k	€ k
Interest on Convertible Bonds	12 097	11 494
Effective interest on Corporate Bonds	74	1 797
Interest on debts and borrowings	0	2 332
Other	36	186
Total interest and similar expenses	12 207	15 809
Loss on conversion option of Convertible Bonds	0	1 341
Total finance costs	12 207	17 150

4.5 Income tax

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

	2015	2014
	€ k	€ k
Income before income taxes	-8 799	-17 272
Tax rate	28.00%	28.00%
Expected tax (expense)/ benefit	2 464	4 836
Permanent differences	-2 464	-2 231
Timing Differences	0	0
Adjustments to carrying amounts of deferred taxes	0	785
Unrecognized tax losses and interest carry forwards	-789	-2 675
Other effects / Change in Tax Rate	0	71
Income taxes	-789	785
Effective tax rate	9%	-5%

The enacted tax rate is 28%. The German office was closed during the 2014 financial year. An exit tax filing has been finalised and there were no taxable activities during the financial year in Germany. The company has been registered in South Africa for taxation purposes and complies with all South African taxation requirements.

The company did not recognise deferred tax assets of " 1 823 000 (2014:" 1 698 000) in respect of losses amounting to " 6 511 000 (2014:" 6 063 000) that can be carried forward against future taxable income.

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

	2015	2014
	€ k	€ k
	<u> </u>	<u> </u>
Deferred taxes	-789	785
Income taxes	<u>-789</u>	<u>785</u>

5 Other disclosures

5.1 Capital management

For a further analysis and discussion on capital management, refer to note %0.1 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 %0.3 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 their close family members are also related parties.

Relationship

Ultimate holding company	Sapinda holding B.V
Party related to holding company	Sapinda Invest
Subsidiaries	Vunene Mining
	Penumbra Coal Mining
Associates	Mbuyelo Coal
	Universal Coal Plc
Members of Key management	Nonkululeko Nyembezi-Heita . Chief Executive
	Andries Engelbrecht . Chief Operations Officer

Transactions with holding company, subsidiaries and associates

During the year, the company entered into various loan agreements with Vunene Mining for mine development purposes on an equivalent basis to third party agreements. As at year end, " 20 144 000 (2014: " 15 165 000), including accrued interest of " 2 117 000 (2014: " 1 845 000), is outstanding. Furthermore, the company performed certain group functions, which have been reimbursed by Vunene Mining via a management fee of " 314 000 (2014: " 312 000). The company also performed group functions to Universal Coal Plc and received directors fees amounting to " 108 000.

During the year, the company utilised a drawdown facility from Sapinda Holdings B.V. amounting to " 3 250 000, which was utilised for the coupon payments on the convertible bonds and is payable by IchorCoal on 31 December 2017 and also further received additional funds from Sapinda Invest amounting to " 3 500 000, which was utilised to finance the purchase of Penumbra Coal Mining, the loan is to be converted to equity pending decision at an Annual General meeting to be held. There is no interest charge on the loan and the intention is that the loan balance will be converted to equity at a later stage.

Mbuyelo Coal made a loan to the company during the year amounting to " 297 000. There was no interest charged on the loan at year end.

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 %0.4 Relationships with related parties+ of notes to the consolidated financial statements 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 2015 EUR k	31 Dec 2014 EUR k
Due within one year	169	195
Due in one to five years	382	682
Due in more than five years	0	0
Total	551	277

The company is currently not involved as a defendant in any litigation. The company has no contingent liabilities.

5.5 Events after the balance sheet date

In April 2016 IchorCoal accepted an offer from Coal of Africa, where Coal of Africa will acquire all the interest of IchorCoal in Universal Coal Plc. The offer will close on 15 July 2016. IchorCoal held 151 660 000 share in Universal Coal and has accepted the offer from Coal of Africa to acquire all the shares held, and elected to receive a mix and match between a cash offer and a share option, as well as loan instruments.

Under the terms of the offer, IchorCoal has elected to receive A\$0.20 in cash and 1 Consideration share of Coal of Africa share, for the 101 106 000 Universal Coal shares held, and will further receive a non-converting, secured loan note with a principal amount of A\$0.25 per loan note for a total of 50 554 000 Universal Coal share held

Coal of Africa has announced on 21 July 2016, that the Coal of Africa offer to purchase the entire share capital of Universal Coal Plc lapsed and Coal of Africa did not meet the terms and conditions of the offer as obtained in the offer document as published on 21 December 2015. This has resulted in the decision by IchorCoal to take up the offer to dispose its share in Universal Coal Plc to Coal of Africa being suspended permanently.

During the year Ichor Coal N.V acquired 100% interest in Penumbra Coal Mining (Pty) Ltd, a South African based mining company with one operating site in Ermelo, Mpumalanga province. Subsequent to year end, 26% of the interest in Penumbra Coal Mining was divested to our

OTHER DISCLOSURES

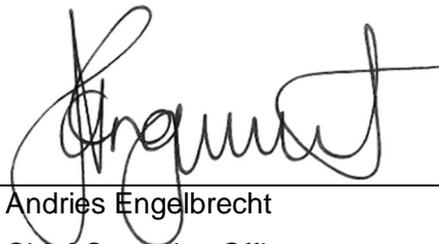
preferred BBEE partner, Mbuyelo Resources, as per the requirements of the South African Mining Charter. The transfer to Mbuyelo was made at no value.

There were no further subsequent events.

Johannesburg, 28 December 2016



Nonkululeko Nyembezi-Heita
Chief Executive Officer



Andries Engelbrecht
Chief Operating Officer

Other information

Appropriation of result

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

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