INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)

Key figures

Income statement figures	**1 Jan - 30 Jun 2016 € k**	**1 Jan - 30 Jun 2015 € k**
Revenue	18 856	22 661
EBITDA	1 635	3 058
EBIT	-5 302	-3 424
Profit or loss for the period	-11 475	-347

	30 Jun 2016 € thousand	**31 Dec 2015 € thousand**
Balance sheet figures		
Total assets	161 993	165 079
Non-current assets	149 419	155 388
Current assets	12 574	9 691
Total equity	32 648	47 545
Non-current liabilities	110 633	105 274
Current liabilities	18 712	12 260

Cash flow figures	**1 Jan - 30 Jun 2016 € k**	**1 Jan - 30 Jun 2015 € k**
Cash flow from operating activities	-4 850	-5 035
Cash flow from investing activities	924	-5 044
Cash flow from financing activities	4 524	-2 000
Cash flow-related changes in cash and cash equivalents	1 960	8 004

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)

	Note	1 Jan - 30 Jun 2016 € k	1 Jan - 30 Jun 2015 € k
Revenue	4.1	18 856	22 661
Cost of sales	4.2	-15 887	-19 163
Gross profit		**2 969**	**3 498**
Income from investments		321	357
Other income		966	2 303
Depreciation, amortization and impairments	4.3	-6 938	-6 481
Selling and distribution expenses	4.4	-3	-36
Other operating expenses	4.5	-1 254	-1 439
General and administrative expenses	4.6	-1 364	-1 626
Operating profit		**-5 303**	**-3 423**
Finance revenue	4.7	676	11 594
Finance costs	4.7	-7 007	-6 119
Profit or loss before income taxes		**-11 635**	**2 052**
Income taxes	4.8	160	-2 399
Profit or loss from continuing operations		**-11 475**	**-347**
Profit or loss after tax from discontinued operations		0	0
Profit or loss for the year		**-11 475**	**-347**

The accompanying notes form part of these interim financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016 (UNAUDITED)

	Note	30 Jun 2016 € k	31 Dec 2015 € k
Assets			
Non-current assets			
Intangible assets	3.1	23 444	22 154
Property, plant and equipment	3.2	63 348	64 781
Investments accounted for using the equity method	3.3	61 745	67 966
Other financial assets		478	87
Deferred tax assets	3.8	404	461
		149 419	155 449
Current assets			
Inventories		3 985	2 753
Trade and other receivables		5 057	4 350
Other current financial assets		1 514	1 204
Other assets		58	57
Cash and cash equivalents	3.4	1 960	1 327
		12 574	9 691
Total Assets		161 993	165 140
Equity and liabilities	-		
Equity			
Issued capital	3.5	6 792	6 792
Capital reserves	3.5	87 562	87 562
Share Based Payment Reserves	3.5	762	618
Accumulated retained earnings	3.5	-29 136	-29 136
Profit or loss for the period	3.5	-9 964	-19 404
Other reserves	3.5	-33 110	-17 076
Equity attributable to owners of the parent		22 906	29 357
Non-controlling interest	3.5	9 742	6 999
		32 648	36 356
Non-current liabilities			
Other provisions		11 514	10 983
Interest-bearing loans and borrowings	3.6	69 798	76 693
Other non-current financial liabilities	3.7	16 710	12 338
Deferred tax liabilities	3.8	11 356	16 511
		110 633	116 525
Current liabilities			
Other provisions		1 516	1 471
Interest-bearing loans and borrowings	3.6	399	399
Other current financial liabilities		7 933	469
Trade and other payables		8 260	9 345
Liabilities from income taxes		7	0
Other liabilities		597	576
		18 712	12 260
Total liabilities		129 343	128 785
Total equity and liabilities		161 993	165 140

The accompanying notes form part of these interim financial statements (unaudited)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)

		Equity attributable to owners of the parent									
		Issued capital			Profit or loss for the period		Other reserves			**Non-controlling interest**	
	Note	Ordinary shares **€ k**	Capital reserves **€ k**	Accumulated retained earnings **€ k**	Continuing operations **€ k**	Discontinued operations **€ k**	**€ k**	Share Based Payment **€ k**	**Total** **€ k**	**€ k**	**Total equity** **€ k**
1 Jan 2016	3.5	**6 792**	**87 562**	**-29 136**	**-6 090**	**0**	**-18 648**	**618**	**41 098**	**6 447**	**47 545**
Appropriation of prior year results	3.5		0	-6 090	6 090	0	0		0	0	0
Profit or loss for the period	3.5	0	0	0	-9 964	0	0	0	-9 964	-1 360	-11 475
Other comprehensive income	3.5	0	0	6 090	0	0	-14 462	0	-8 372	347	-3 568
Total comprehensive income		**0**	**0**	**0**		**0**	**1 903**		**-18 336**	**-1 013**	**-15 040**
Share based Payment		0	0	0	0	0	0	144	144	0	144
		0	0	0	0	0	0	144	144	0	144
30 Jun 2016	3.5	**6 792**	**87 562**	**-29 136**	**-9 964**	**0**	**-33 110**	**762**	**22 906**	**9 742**	**32 648**

The accompanying notes form part of these interim financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)

		Equity attributable to owners of the parent									
		Issued capital			Profit or loss for the period		Other reserves			**Non-controlling interest**	
	Note	Ordinary shares **€ k**	Capital reserves **€ k**	Accumulated retained earnings **€ k**	Continuing operations **€ k**	Discontinued operations **€ k**	**€ k**	Share Based Payment **€ k**	**Total** **€ k**	**€ k**	**Total equity** **€ k**
1 Jan 2015	3.5	**6 792**	**87 562**	**-13 352**	**-15 784**	**0**	**-12 543**	**216**	**52 891**	**11 345**	**64 236**
Appropriation of prior year results	3.5		0	-15 784	15 784	0	0		0	0	0
Profit or loss for the period	3.5	0	0	0	1 013	0	0	0	1 013	-1 360	-347
Other comprehensive income	3.5	0	0	0	0	0	1 903	0	1 903	347	2 250
Total comprehensive income		**0**	**0**	**0**	**1 013**	**0**	**1 903**		**2 916**	**-1 013**	**1 903**
Share based Payment		0	0	0	0	0	0	194	194	0	194
		0	0	0	0	0	0	194	194	0	194
30 Jun 2015	3.5	**6 792**	**87 562**	**-29 136**	**1 013**	**0**	**-10 640**	**410**	**56 001**	**10 332**	**66 333**

The accompanying notes form part of these interim financial statements (unaudited).

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)

	Note	30 Jun 2016 € k	30 Jun 2015 € k
Profit or loss for the period		**-11 475**	**-347**
Reconciliation of profit or loss to the cash flow from operating activities:			
Depreciation, amortization and impairments	4.4	6 938	6 481
Profit or loss from investments in associates	3.3	-321	-357
Loss/Profit on sale of assets		0	17
Share based payments		245	193
Gain or loss on conversion component of convertible bonds	4.8	-661	-11 362
Interest on other debts and borrowings	4.8	2 009	0
Interest on convertible	4.8	6 791	2 859
Other non-cash items		-422	0
Changes due to foreign currency changes		9 662	-3 138
Changes in deferred taxes	3.7	9 828	2 364
Changes in inventories		-1 160	-3 750
Changes in trade and other receivables		-633	-2 685
Changes in trade and other payables		877	4 734
Changes in provisions		414	-72
Changes in other financial assets and liabilities		0	0
Changes in other working capital items		-385	28
Cash flow from operating activities		**-4 814**	**-5 035**
Proceeds from disposals of intangible assets and property, plant and equipment		1 211	18
Purchases of intangible assets and property, plant and equipment	3.1 / 3.2	-288	-5 063
Cash flow from investing activities		**924**	**-5 044**
Proceed from interest bearing loans and borrowings		4 524	
Repayments of interest-bearing loans and borrowings received	3.6	0	-2 000
Cash flow from financing activities		**4 524**	**-2 000**
Cash flow-related changes in cash and cash equivalents		**634**	**-12 079**
Cash and cash equivalents at beginning of period	3.4	1 327	19 140
Cash and cash equivalents at end of period	3.4	**1 960**	**8 004**

The accompanying notes form part of these interim financial statements (unaudited).

SELECTED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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.

The interim financial statements are not subject to a mandatory audit review as per the Duch Civil Code. This interim results have not been reviewed by an external auditors.

1.2 Basis of Preparation

The interim consolidated financial statements for the six months ended 30 June 2016 were prepared in accordance with IAS 34 *Interim Financial Reporting*, as issued by the IASB and as in effect and adopted by the European Union (EU). They do not include all of the information required for full annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2015. The Annual Report for the financial year 2015, including the annual financial statements as at 31 December 2015, is available upon request at the Group’s office at 30 Jellicoe Avenue, Rosebank 2196, South Africa and can also be downloaded at www.ichorcoal.com.

1.3 Accounting Policies

The accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Group in its annual financial statements as at 31 December 2015, except for the following aspects.

Standards and interpretations effective as of 1 January 2016 were applied accordingly and may represent a change to the standards and interpretations applied in the Group's annual financial statements as at 31 December 2015.

1.4 New and amended Standards and Interpretations

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

IFRS 9 Financial Instruments

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

2. IMPAIRMENTS

Annually or when circumstances indicate that the carrying amount of significant mining related assets may not be recoverable, an impairment test is performed. At each interim reporting date, management also assesses whether there is any indication that the carrying amount of significant mining related assets may not be recoverable.

No circumstances have been identified that the carrying amount of the Group's significant mining related assets may not be recoverable.

2.1 Intangible assets

	Purchased rights	Exploration and Evaluation Asset	Mining right	Customer Relationship	Total
	€ k	€ k	EUR k	€ k	€ k
Acquisition or production cost					
1 Jan 20156	432	1 024	20 185	2 934	24 575
Additions	0	723	0	0	723
Disposals	0	0	0	0	0
Effect of translation to presentation currency	33	16	245	521	815
30 Jun 2016	**465**	**1 763**	**20 430**	**3 455**	**26 113**
Amortization and impairments					
1 Jan 2015	374	0	0	2 047	2 421
Additions	45	0	0	291	336
Effect of translation to presentation currency	0	0	0	-88	-88
30 Jun 2016	**419**	**0**	**0**	**2 250**	**2 669**
Carrying amounts					
30 Jun 2016	**46**	**1 763**	**20 430**	**1 205**	**23 444**

2.2 Property, plant and equipment

	Mine Assets	Land and Buildings	Technical equipment and machinery	Other equipment, operational and office equipment	Total
	€ k	€ k	€ k	€ k	€ k
Acquisition or production cost					
1 Jan 2016	80 055	3 391	1 923	1 136	86 505
Additions	4 208	10	13	57	4 288
Disposals	0	0	0	0	0
Transfers	-255	0	0	255	0
Reallocation	-7 051	0	7 692	-125	516
Effect of translation to presentation currency	-6 709	-153	-41	-202	-7 105
					0
30 Jun 2016	**70 248**	**3 248**	**9 587**	**1 121**	**84 204**
Depreciation and impairments					
1 Jan 2016	10 657	16	468	537	11 678
Additions	6 046	49	75	56	6 226
Effect of translation to presentation currency	2 750	120	35	47	2 952
30 Jun 2016	**19 453**	**185**	**578**	**640**	**20 856**
Carrying amounts					
30 Jun 2016	**50 795**	**3 063**	**9 009**	**481**	**63 348**

2.3 Investment accounted for using the equity method

As at 30 June 2016, the carrying amount of the investment in associates amounted to €61 745 000. The Group's share of the realized gains in Mbuyelo Coal (Pty) Ltd and Universal Coal Plc. for the period between 1 January 2016 to 30 June 2016 amounted to €321 000. No dividend has been received by Ichor Coal N.V. from either investment in the first half year of 2016.

2.4 Cash and cash equivalents

As at 30 June 2016, IchorCoal Group's cash and cash equivalents amounted a favorable balance of €1 960 000.

2.5 Equity

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

Issued capital

The issued capital of €6 791 996 is divided into 67,919,966 common shares, with a nominal value of €0.10 each. There was no change to issued capital since 31 December 2015.

The issued capital as at 30 June 2016 consisted entirely of fully paid-up ordinary shares. Each fully paid ordinary share carries the right to dividends as declared and carries the right to one vote at shareholders meetings.

Capital reserves

There was no change in capital reserves for the period ended 30 June 2016.

Share-based payment reserve

The company issued equity-settled instruments to certain qualifying employees under an employee share option scheme to purchase shares in the company's authorized but unissued ordinary shares as well as a deferred share plan scheme as part of the long term incentives. Equity share based payments are measured at the fair value of the equity instrument at the date of the grant, which was €655 000. 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.

Share based payment at 30 June 2016 amounted to €762 000.

Non-controlling interest

As at 30 June 2016 the following entities were consolidated in the Group's consolidated financial statements which include non-controlling interest stakes held by third parties of:

	30 Jun 2016	31 Dec 2015
	€ k	**€ k**
Vunene Mining (Pty) Ltd., South Africa	9 742	6 999
Indawo Estate (Pty) Ltd., South Africa	0	1
Non-controlling interest	**9 742**	**6 999**

2.6 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.

As at 30 June 2016, total interest bearing loans and borrowings are composed as follows:

	30 Jun 2016 € k	31 Dec 2015 € k
Ichor Coal N.V. convertible bonds	70 177	67 456
Non-current loans and borrowings	**70 177**	**70 738**

	30 Jun 2016 € k	31 Dec 2015 € k
Ichor Coal N.V. convertible bonds	399	399
Ichor Coal N.V. corporate bonds	0	0
Current loans and borrowings	**399**	**399**

Convertible bonds

In 2012, Ichor Coal N.V. issued €80 000 000 convertible bonds, which - subject to early prepayment or conversion – mature in May 2017. The bonds had a nominal value of € 100,000 and carried a fixed interest rate of 8.0% per annum until the maturity date, to be paid quarterly in arrears. Under certain conditions standard adjustment mechanisms would apply to the conversion share price or Ichor Coal N.V. would obtain the right to pay back all - but not part – of the outstanding notes including the accrued interest. As at 30 June 2016, no such events occurred, which would have triggered an adjustment to the conversion share price or a clean-up option.

The conversion component, which was classified at inception as a financial instrument at fair value through profit or loss and has been revalued as at 30 June 2016 at €20 000 (31 December 2016: €687 000). The resulting gain of €667 000, which is a non cash item, has been recognized in the statement of comprehensive income. For purposes of the revaluation of the conversion component, the Group used a binomial options pricing model with Ichor Coal

N.V.'s share price, volatility of the share price (Frankfurt stock exchange) and remaining time to expiry being significant input factors. Based on accounting requirements in conjunction with the binomial options pricing model, a decreasing share price coupled with the share price volatility results in a significant decrease in the conversion liability thereby generating significant finance gains. On conversion of the convertible bonds, the conversion liability will be transferred to the capital reserve in equity.

In the absence of an eventual conversion, the liability will reduce down to zero based on the decreasing effects of the lapsing time to maturity.

As at 30 June 2016, the carrying value of the host component was €70 177 000 (31 December 2015: €67 168 000), including accrued interest.

The movement of the convertible bonds during the first six months of the 2016 financial year was as follows:

	30 Jun 2016	**31 Dec 2015**
	€ k	**€ k**
Host instrument opening balance	61 319	61 319
Conversion component opening balance	687	19 625
	67 855	80 944
Cash-effective movements		
Interest for the period	3 124	6 248
Interest payments during the period	-3 124	-6 248
Non-cash-effective movements		
Fair value movement of conversion component	-11 362	-18 938
Accrued effective interest portion	3 009	5 849
Foreign exchange	0	0
Ichor Coal N.V. Convertible bonds	**70 197**	**67 855**

Corporate bonds

In 2013, Ichor Coal N.V. issued € 35 million of up to €40 million unsecured and unsubordinated Corporate Bonds. The bonds were issued at par and will - subject to early prepayment – mature in May 2017. 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.

As at 30 June 2016, the carrying value of the corporate bonds was €0 (nil), as the maturity date for the bonds was 4 June 2015. The bonds were fully settled on that date.

The movement of the Corporate Bonds during the first six months of the 2015 financial year was as follows:

	30 Jun 2016 € k	31 Dec 2015 € k
Opening balance	0	1 985
Conversion of corporate bonds	0	0
Cash-effective movements		
Interest for the period	0	56
Interest payments during the period	0	-65
Non-cash-effective movements		
Accrued effective interest portion	0	18
Repayment (Settlement)	0	-2 000
Ichor Coal N.V. Corporate Bonds	**0**	**0**

2.7 Other financial liabilities

	30 Jun 2016 € k	31 Dec 2015 € k
Loan – Sapinda Group	11 356	6 782
Penumbra – Shareholder loan	0	11 799
Other financial liabilities	**11 356**	**18 581**

Sapinda Group Loans

Loan – Sapinda Holding B.V.

The company received additional funds from Sapinda Holding B.V amounting to €3 500 000, which were utilised to finance the purchase of Penumbra Coal Mining. The loan has no fixed term and attracts no interest and may be converted into equity at a later stage.

Loan – Sapinda Invest

During the year, the company utilised a drawdown facility from Sapinda Invest amounting to €7 854 000 including accrued interest, which was utilised for general corporate purposes.

The company took over shareholder loans in Penumbra Coal Mining to the amount of €11 799 000 during the 2015 financial year. The shareholder loans carried no interest, and in accordance with the terms of the business rescue, the shareholder loans are not repayable by the Group and have been written off.

Other financial liabilities

Other financial liabilities include insurance

2.8 Deferred tax assets and deferred tax liabilities

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

	30 June 2016		**31 Dec 2015**	
	Deferred tax assets	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
	€ k	**€ k**	**€ k**	**€ k**
Property, plant and equipment	25	15 308	25	14 789
Non-current financial assets	114	0	72	0
Other provisions	152	0	110	0
Other liabilities	0	1 564	792	0
Temporary differences	**291**	**16 872**	**999**	**14 789**

Tax loss carry-forwards	0	0	0	0
Total	**291**	**16 872**	**999**	**14 789**
Offsetting	0	0	0	0
Amounts as per balance sheet	**404**	**17 965**	**999**	**14 789**

3. SELECTED NOTES TO THE INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

3.1 Revenue

	1 Jan - 30 Jun 2016 € k	1 Jan - 30 Jun 2015 € k
Mining revenues	18 162	21 814
Care and maintenance services	515	670
Other services	180	177
Revenue	**18 856**	**22 661**

The decline in revenue was mainly due to a drop in coal off-take by Eskom and a further reduction in export revenue compared to prior year.

3.2 Cost of sales

	1 Jan - 30 Jun 2016 € k	1 Jan - 30 Jun 2015 € k
Equipment rental	7 990	11 190
Consumables	2 582	4 311
Labour	1 137	937
Outsourced mining services	4 246	5 480
Change in coal at stock	-1 137	-3 730
Other services	228	398
Cost of rendering care and maintenance services	841	576
Cost of sales	**15 887**	**19 164**

The decrease in cost of sales was due to lower production and stockpiles than the previous period. The cost of rendering care and maintenance was incurred at Penumbra Coal Mining.

3.3 Other income

	1 Jan - 30 Jun 2016 € k	1 Jan - 30 Jun 2015 € k
Foreign currency translation gain	894	2 213
Other	71	90
Other Income	**966**	**2 303**

The company realised gains in foreign curency translation for the period ended June 2016. The decrease in the currency translation gain year-on-year resulted from currency movements and the stregnthening of the rand against the euro.

3.4 Depreciation, amortization and impairments

The depreciation, amortization and impairments split up as follows:

	1 Jan - 30 Jun 2016 € k	1 Jan - 30 Jun 2015 € k
Depreciation of property, plant and equipment	6 983	6 481
Depreciation, amortization and impairments	**6 983**	**6 481**

Depreciation is primarily based on the unit of production method. The slight increase in depreciation can be attributed mainly to the additional box-cut capitalised as well as increase in rehabilitation assets.

3.5 Selling and distribution expenses

Selling and distribution expenses are incurred in relation to coal sales on the international export markets. The decrease in selling and distribution expenses at the end of June 2016 was a direct consequence of the drop in export sales from prior year.

3.6 Other operating expenses

	1 Jan - 30 Jun 2016 € k	1 Jan - 30 Jun 2015 € k
Consulting and legal expenses	426	1 219
Audit and accounting service expenses	91	74
Other professional services	98	80
Advertising expenses	2	5
Insurance contributions	118	21
Operating costs	380	0
Management fees	53	0
Miscellaneous	87	41
Other operating expenses	**1 254**	**1 439**

3.7 General and administrative expenses

	1 Jan - 30 Jun 2016 € k	1 Jan - 30 Jun 2015 € k
Salaries	1 023	969
Travel and entertainment expenses	18	50
IT and Communication	101	56
Head office expenses	222	551
General and administrative expenses	**1 364**	**1 626**

3.8 Financial result

The financing cost and income can be analyzed as follows:

	1 Jan - 30 Jun 2016 € k	1 Jan - 30 Jun 2015 € k
Interest income from bank accounts	27	232
Interest income	**27**	**232**
Fair value gain on conversion component convertible bonds	649	11 362

Finance Income	**676**	**11 594**

	1 Jan - 30 Jun 2016 € k	**1 Jan - 30 Jun 2015 € k**
Interest on convertible bonds	3 035	2 825
Effective interest portion on convertible bonds	3 075	2 841
Interest on corporate bonds	0	56
Effective Interest portion on corporate bonds	0	18
Interest on rehabilitation provision	408	337
Interest on debts and borrowings	366	42
Interest and similar expenses	**6 884**	**6 119**
Loss on conversion component of convertible bonds	0	0
Finance costs	**6 884**	**6 119**

3.9 Income tax and deferred tax

Total taxation benefit/expense comprises the following:

	1 Jan - 30 Jun 2016 € k	**1 Jan - 30 Jun 2015 € k**
Current taxes	0	35
Deferred taxes	160	2 364
Income taxes	**160**	**2 399**

4. OTHER SELECTED DISCLOSURES

4.1 Financial assets and liabilities

Presentation by categories

The balance sheet items as at 30 June 2016 comprising financial assets and liabilities can be attributed to the measurement categories according to IAS 39 as follows:

Fair value hierarchy

The Group uses the hierarchy below 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.

	30 Jun 2016			
	Carrying amount € k	Loans and receivables € k	Financial liabilities measured at amortised cost € k	Financial liabilities at fair value through profit or loss € k
Assets				
Trade and other receivables	5 057	5 057	0	0
Other current financial assets	1 514	1 514	0	0
Cash and cash equivalents	1 960	1 960	0	0
Liabilities				
Interest-bearing loans and borrowings	70 197	0	70 176	21
Other non-current financial liabilities	16 710	0	16 710	0
Trade and other payables	8 260	0	8 260	0
Other current financial liabilities	2 579	0	2 579	0

As at 30 June 2016, the financial assets and liabilities measured at fair value are categorized in the following classes:

	30-Jun-16			
	Carrying amount € k	Level 1 € k	Level 2 € k	Level 3 € k
Liabilities				
Interest-bearing loans and borrowings	71 197	0	687	0

During the first six months of the 2016 financial year, no transfers occurred between Level 1 and Level 2 and no transfers occurred into or out of Level 3.

Valuation techniques

The conversion component of the IchorCoal convertible bonds has been valued using a binomial options pricing model. Significant input factors for the model are the Ichor Coal N.V. share price, the volatility of the share price and the remaining time to expiry. The conversion component is very exposed to the sensitivities of the share price and share price volatility.

The Group furthermore held a coal commodity derivative in 2015, at fair value through profit or loss, to mitigate price risks from fluctuations in the underlying coal price index. The derivative is traded at a commodity derivative exchange and has been classified as Level 1. The derivative expired in October 2015.

Fair values

The balance sheet items as at 30 June 2016, comprising financial assets and liabilities have a fair value as follows:

	30 Jun 2016	
	Carrying amount € k	**Fair Values € k**
Assets		
Trade and other receivables	5 057	5 057
Other current financial assets	1 514	1 514
Cash and cash equivalents	1 960	1 960
Liabilities		
Interest-bearing loans and borrowings	70 197	70 176
Other current financial liabilities	16 710	16 710
Trade and other payables	8 260	8 260
Other current financial liabilities	2 579	2 579

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 the fair value. The convertible bonds have been listed on the Entry Standard of the Frankfurt Stock and traded at 90% of par as at 30 June 2016.The above fair value disclosure is based on that market value. However, it remains that for purposes of these interim financial statements, the carrying amount of the host component represents the discounted nominal amount and the carrying amount of the conversion component represents the fair value of the conversion option as at 30 June 2016.

4.2 Relationships with related parties

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

Transactions with subsidiaries and associates

Intercompany transactions within IchorCoal Group have been eliminated in the consolidated financial statements. Since 2013, Ichor Coal N.V. entered into various loan agreements with its subsidiary Vunene Mining (Pty) Ltd. for mine development purposes on a basis equal to third party agreements. As at 30 June 2016, €21 891 000, including accrued interest of €1 097 000, was outstanding. Furthermore, Ichor Coal N.V. performed certain group functions, which have been reimbursed from Vunene Mining (Pty) Ltd. by way of a management fee of €154 000.

Transactions with key management personnel

Key management personnel are also related parties and comprise the members of the Supervisory Board and the Management Board of Ichor Coal N.V and Vunene Mining (Pty) Ltd. No significant transactions with key management personnel occurred during the first six months ending 30 June 2016 beyond the incentive compensation.

4.3 Contingent liabilities and commitments

As at 30 June 2016, the Goup's purchase obligations from contract mining companies amount to €30 527 000 relating to the period from 2016 to 2018. Underground mine expansion capital expenditure commitments amounts to €34 318 000.

The Group is currently not involved as a defendant in any litigations and there are no contigent liabilities identified as at 30 June 2016.

Events after the balance sheet date

There was no event after the balance sheet date identified to be material.

Rosebank, 7 March 2017

Nonkululeko Nyembezi-Heita	Andries Engelbrecht
Chief Executive Officer	Chief Operating Officer